Factoring Key Fact Sheet

The Key Fact Sheet is provided to customers informing them about the key aspects and features of CBI Factoring product (with recourse) which is meant to finance receivables due from domestic open account sales along with additional services such as sales ledger management, debt collections, credit protection (if availed).

This is mainly to help you as a customer to understand and have a fair idea of what CBI is offering you under its trade finance product range and be able to compare the same with other banks offering similar products in the market.

Key Fact Statement

Open account Sales are a key method of trade terms wherein sellers supply goods and/or deliver services to buyers against an agreed payment term due on a future date. The time taken for buyers to pay against these sales results in the sellers' working capital being blocked in the form of account receivables impacting their cashflows required for business.

The factoring product has been introduced by the bank to address client's requirements for factoring their account receivables while at the same time enabling them to grow business with their regular customers and avail of additional services or benefits in the form of sales ledger management, debt collections etc.

This product is available to customers with an approved credit facility offered as per bank's credit policy and internal credit assessment.

Product Description

Factoring (with recourse) is part of CBI Trade Finance Product offerings wherein CBI provides financing against domestic invoices raised on approved debtors along with at least one of the following functions:

- Maintenance of accounts (sales ledgers) relating to assigned receivables.
- Collections of receivables.
- Protection against default of payment by debtors (against credit insurance indicating CBI as loss payee or Co – insured subject to its terms and conditions).

Sub-related Product

- Covering Factoring (with recourse) Amendments.

Tenor

Maximum tenor will be specified in the Bank's Facility Offer Letter (FOL). The standard tenor will be up to 180 days from shipment/delivery date and will be determined based on factors such as existing credit payment terms, average receivable conversion cycle, maximum period under credit insurance policy etc.

Collateral

- Credit Facility collateral and documentation as approved internally and expressly specified in facility offer letter along with other terms and conditions.
- Notice of assignment served to approved debtors for their acknowledgement / acceptance (as per approval terms).
- Credit insurance policy covering the approved debtors assigned to CBI as loss payee / co insured (where applicable).

Terms and Conditions

Terms and expressions used in this Key Facts Statement shall have the meanings assigned to them in the Bank's applicable Terms and Conditions governing the Product.

In the event of any conflict or inconsistency between the Bank's applicable Terms and Conditions governing the Product, the Bank's applicable Application Form and the Facility Offer Letter, the following order of precedence shall apply, solely to the extent of such conflict or inconsistency: (i) the Facility Offer Letter; (ii) the applicable Application Form; and (iii) the Bank's applicable Terms and Conditions governing the Product.

This KFS is intended to provide a summary of the key features, risks, fees and other material information relating to the Product and does not amend or override the contractual terms applicable to the Product.

Tariff (Commission, Charges, and fees)

Please refer to **Wholesale Banking Trade Tariff*** - English / Arabic*
in conjunction with the terms specified in facility offer letter (FOL) as the case may be.
***CBI reserves the right to change Trade tariff from time to time and same will be updated in our website.**

General Warnings

1. The Bank, without referring to the customer, may debit the customer's accounts with any charges, expenses, or commission payable against the banking services rendered in accordance with the approved banking charges and commissions.
2. The Bank may, from time to time and at its sole discretion, make changes to the Terms and Conditions pertaining to this Product without prejudice to the uncommitted nature of the facility. Each request for financing or disbursement under the facility is subject to the Bank's transaction-level assessment and approval, and the Bank may approve or decline any such request at its sole discretion.
3. The Terms and Conditions (including any relevant applications and documents) shall be read and implemented in line with this KFS.
4. This is a Key Fact Statement only. It means that the documents provided is not an offer from the Bank to provide services. The Bank has the right to refuse to provide any services at any time without liability or penalty.
5. The Bank reserves the right, at its absolute discretion, to amend any of the terms and conditions as well as respective tariff and where required by applicable law, will provide the Customer with a 60 days notice prior to making such changes and/or as mutually agreed in the facility offer letter signed by you.

Product Features and Warning Statements

You must be aware of some of the Factoring (with recourse) financing features details as follows: -

1. CBI assumes no liability for non-payment of dues from the approved debtors as all facilities are with recourse to CBI clients.
2. CBI reserves the right to approve debtors under the factoring facilities (at their discretion).
3. Approved debtors will be assigned pre-approved sub-limits capping the maximum value of invoices that can be funded.
4. Disbursements against approved invoices will be restricted up to 90% of the invoice value.
5. All invoices raised on approved debtors are to be submitted to CBI on whole turnover basis (irrespective of financing) for sales ledger management.
6. All payments due from approved debtors are to be exclusively remitted to a dedicated collections account opened in the Client name with CBI.
7. Bank reserves the right to modify sub-limits or cancel debtor sub limits at its sole discretion.
8. Bank reserves the right to contact the assigned debtors for follow-up and collection of dues.
9. Invoices submitted for financing by CBI clients should bear and include an assignment clause will clear intimation to debtors to pay client collections account with CBI.

10. CBI clients availing this product must keep themselves aware of the terms and conditions specified in the FOL and the Factoring application form.
11. CBI clients must adhere to the bank's terms and conditions to ensure smooth processing of this product. Any deviations or discrepancies could result in delays in processing the transaction or further actions, including the bank exercising its right to settle the underlying exposure with penalties for overdue payments.
12. CBI clients must provide the bank with updated documentation and information that may affect their account and transactions.

Benefits (Payment Vs. Performance Risks)

Benefits to CBI clients:

- Ease and predictability in cashflow planning as funds can be received once invoicing is done.
- Ability to extend credit terms to regular customers in light of early payments being received against invoices.
- Ability to grow business with larger customers without worrying about funds being blocked in accounts receivable.
- Support in debt follow up and sales ledger management enabling company management to focus on their core business activities.

Acknowledgement

By signing this document, you acknowledge the receipt and understand Key fact Sheet highlighting the product / service key features, description, and get an idea on terms and conditions, standard tariff (commission, charges, and fees), which may be incurred by applying for this product. All the provisions of any banking product/services are at the sole discretion of CBI and subject to the applicable terms and conditions of CBI General terms and conditions of Accounts and Banking Services for establishments, companies and other legal entities that may be revised from time to time.

Customer Name: _____

Customer Signature: _____

Date of Signature: _____

Disclaimer

The information in this Key Facts Statement is not the full terms of the contract, which is contained within the final terms of the account along with the documentation required to proceed with enclosed product mentioned therein.

For further enquiries, assistance, or complaints you may approach your designated relationship managers or our Trade Finance Team or by visiting its website www.cbiuae.ae. You can also contact us on 600544440 (within the UAE) and +971 4 503 9000 (outside the UAE).