



## End-of-year business opportunity – Working capital optimising solutions at MKB Bank

**Dear Partner,**

With the end of the year approaching, we would like to draw your attention to the balance sheet optimisation and working capital improvement solutions of MKB Bank in debt purchase transactions. The international and domestic large companies increasingly strive for balance sheet optimisation, i.e. to sell active deferred receivables without recourse to the Bank, and thereby reduce the risk of buyer insolvency, and optimise turnover ratio and balance sheet structure.

**Check out the tailored solutions offered by MKB Bank and all the benefits involved!**

### Balance sheet reduction, indebtedness repair and KPI optimisation

It is a solution successfully applied by numerous large companies particularly at quarter-end and year-end essentially to reduce the company's balance sheet, debts or maturity of receivables by means of selling specific, typically substantial receivables to the Bank at full value, generally without recourse. Contrary to traditional factoring, it means the elimination of specific accounts receivable from the company's books, with the bank transfer shown on the bank deposits line. Having this money freely available (for paying suppliers, repaying debts and parent company loans, etc.) **can optimise your balance sheet, significantly reduce indebtedness and improve the accounts receivable turnover ratio.**

## When is it recommended?

1. If the following KPIs are vital and the amount/ratio of the company's accounts payable and accounts receivable and their turnover ratio are substantial;
2. **High indebtedness**, poor debt-to-equity ratio;
3. **The company has a substantial rate of bank financing, or plans to issue bonds** and seeks to optimise and make more attractive its balance sheet,
  - liquidity ratios,
  - accounts receivable turnover ratios,
  - debt ratios, orcompliance with covenants is essential.
4. The business is typically foreign-owned, or it is a listed company whose ownership / stock market perception relies on **its level of indebtedness and balance sheet ratios**.

## Accounts receivable purchase

The Bank is to fully purchase specific accounts receivable from the Customer (supplier) without recourse. The Bank is to pay the Purchase Price to the Customer upon issue of the specific invoice, possibly on the next day, thus making the buyer an instant payer.

Upon assignment the buyer will become liable to make payment to the Bank, allowing for elimination of the specific accounts receivable from the company's balance sheet, and the funds made available for repaying credits/loans and paying suppliers.

**Compliance with the mandatory provisions of the US GAAP, IFRS and the Hungarian Accounting Standards ensured.**

We hope that you will find our competitive solution attractive and that we will be able to welcome you as a satisfied factoring partner of MKB Bank in the near future.

Yours faithfully,  
**MKB Bank Nyrt.**

### **Additional factoring products:**

- Reverse factoring (supplier)
- Export factoring
- Import factoring with insurance
- Domestic factoring with or without insurance
- Factoring agriculture accounts receivable with EU funding



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