

## PRODUCT SHEET

Debt Collection Services | Debt Purchase

### Debt purchase

Improve cash flow – reduce costs

#### Your challenge

Not every customer pays their invoices on time – some might not pay at all. Simply clearing outstanding receivables puts a strain on profitability and also sends the wrong signal to the market. On the other hand, holding non-performing receivables ties up capital that can be better utilized for growth, investment or innovation. In addition, receivables affect your balance sheet and P&L, and can also burden your company's rating. Bad debt losses also have a negative impact on your competitiveness as they inevitably lead to price increases.

Alongside the commercial risk comes the great expense involved in processing a receivable: chasing payment of the receivable and, if necessary, seeking legal action, which takes up both time and personnel resources.

#### Our solution

Arvato Financial Solutions purchases loans and receivables from private individuals, mainly in the banking, insurance, utilities, telecommunications, e-commerce and mobility industries. We purchase both existing, large portfolios as well as regularly emerging portfolios at a previously agreed price.

Based on over 20 years of experience and more than 600 purchased portfolios, we develop tailored solutions, adapting them to changes in conditions as and when required. Our international intra-group network of debt collection companies guarantees high quality standards and professional debt collection across many countries. And with a central point of contact you can be sure that even cross-border debts will be handled quickly and easily.

#### Your benefits



Immediate liquidity



Optimization of balance sheet and P&L



Reduction of internal expenses



Increased competitiveness



Support in customer recovery



Transnational solution with a single partner



## How the purchase of receivables works

### ↓ Analysis and offer

For a transparent and sustainable determination of the purchase price, firstly, value-determining data and information about the receivables and details of the desired project path are exchanged. Arvato Financial Solutions evaluates the portfolios using mathematical-statistical methods.

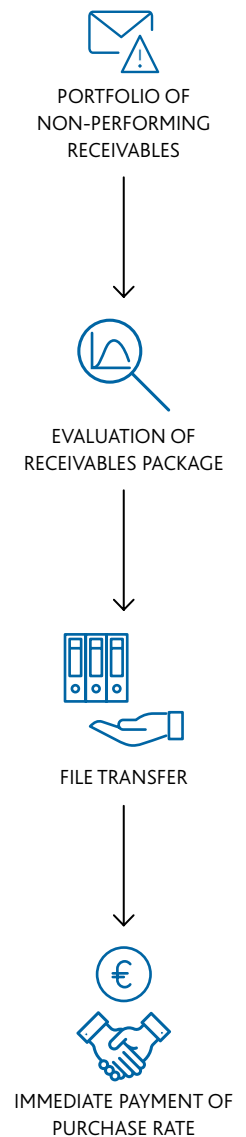
The basis for these includes previous recovery measures and the handling of receivables in account management, the previous progression of receivables, the quality and scale of the receivables and the demographic data. With decades of experience in receivables management, the analysts develop a comprehensible forecast and use this to create an individual offer.

### ↓ Implementation and payment

Upon agreement and conclusion of a corresponding contract, the purchase price will be paid. Arvato Financial Solutions then assumes responsibility for the files and professional recovery by our own local branches or partners. For simple and secure processing, interfaces are available that enable the data to be transferred directly into the collections system. The transfer of non-performing receivables can either be one-off or ongoing at the desired frequency.

## Outcome

By selling non-performing loans and receivables, companies free up capital and internal resources. The receivables sold can also be derecognized from the balance sheet and where there is a sufficient value adjustment, there will often be an increase in the equity ratio and, most importantly, the credit rating. Valuable customer relationships are protected by the cooperative and professional approach for processing receivables downstream.



## Our services

- Individual analysis and evaluation of the receivables portfolio
- Immediate payment of purchase price
- International purchase of receivables under one roof
- One-off or ongoing purchase of new receivables at the desired pace
- Flexible solutions and tailor-made IT interfaces
- Professional customer approach by intra-group debt collection companies
- Compliance with all relevant data protection regulations

Would you like more information? Feel free to contact us.

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