



Credit guide for commercial finance brokers and Connective BDMs

Prepared from Octet policy sources current to February 2026.

How to use this guide

This guide is designed to help pre-screen opportunities before a full credit submission is prepared. It is not a credit policy, not a commitment to lend and not a replacement for a formal assessment. The guide reflects the externally sensible parts of the underlying Octet policy settings as adapted for the Connective Cashflow market offer.

- Use it to identify likely fit, key evidence requirements and the main structuring issues that drive outcomes
- Use it to improve application quality and reduce avoidable knock backs
- Do not use it as a promise of pricing, structure, limit, tenor or approval

1. Credit philosophy

- Quality of repayment source: The primary question is how Connective Cashflow gets repaid - from short-dated trade cycles, debtor collections or clearly serviceable operating cash flow
- Quality of underlying asset or transaction: Completed trade, deliverable receivables and acceptable hard security all improve credit quality
- Transparency: Applicants should be able to present current financials, ledgers, bank statements and tax information without gaps

2. Trade/payables finance

Best suited to businesses that need supplier payment support for short-dated, genuine B2B trading cycles, including inventory procurement and selected service-based transactions.

Trade/payables finance—external guide

Topic	External Guide
Typical fit	Importers, wholesalers, distributors, manufacturers, labour hire businesses and other trading businesses with identifiable supplier payment events and a clear downstream repayment source
Repayment structures	30, 60, 90 or 120 day structures, with interest-free periods and/or staged repayments depending on product set-up and transaction type
What can be funded	Completed and stand-alone B2B transactions for goods or services. Deposits may be considered on selected orders, but are not the norm for every deal
Geography	Australian buyers are the primary focus. Domestic and international supplier transactions can be supported
Security expectation	General Security Agreements (2nd & 3rd ranking are ok) and guarantees are common. Stronger security can support larger or more complex structures

Core credit themes

- The buyer should generally be an Australian trading entity with a verifiable operating history, acceptable credit conduct and satisfactory tax position
- Profitability matters. For standard policy settings, at least two full years of trading and evidence of satisfactory profitability are preferred
- An established, arms-length trading relationship with the supplier is crucial
- A clear repayment pathway is required. Larger facilities are commonly sized with reference to turnover, working capital quality and net tangible worth rather than revenue alone
- For streamlined approvals, stronger attributes are generally expected: longer trading history, current profitability, stronger margins, a sound working capital profile and a meaningful security package

What brokers should obtain

- Last 2 years financial statements and YTD management accounts, for all group entities
- Last 6 months Aged debtors and aged payables, by invoice date, for all group entities
- Evidence of tax position and any payment arrangement if tax is not fully current.

- If Trade finance, Supplier relationship summary: tenure, terms, product flow and any disputes or claims history
- If Debtor finance, a sample of an invoice and proof of delivery chain
- Director’s assets and liabilities statement

3. Debtor finance

Debtor Finance is the broadest Connective Cashflow product family. It can support a revolving working capital need against eligible receivables, either on a confidential or notified basis.

Receivables finance—product variants

Variant	Where it fits	What to expect
Confidential Invoice Discounting	Businesses wanting debtor funding without routine customer notification	Strong financial discipline, clean debtor behaviour and consistent management reporting are important
Notified Receivables Finance	Businesses comfortable with customer notification and more direct receivables control	Can suit a wider range of profiles where collections visibility is important

What brokers should obtain

- Australian registration and trading footprint
- Satisfactory business verification, site visit and principal credit profile
- Acceptable existing security position, or a structure that allows Connective Cashflow to obtain the needed priority over receivables and related assets
- Evidence that recently raised invoices are real, supported and collectible
- Bank statement conduct that broadly supports the sales ledger and collection pattern

Availability and structure

- Funding availability is determined by eligible receivables after reserves and exclusions
- Advance rates up to 85%

- A general reserve applies to all structures, and additional reserves can apply for aged accounts, overdue invoices, high concentrations, contractual exclusions and unallocated cash
- The ledger is expected to be uploaded at least weekly, with invoices and credit notes reviewed as part of ongoing management

Factorability matters

The single biggest driver in receivables finance is whether the debt is truly factorable. Brokers should assume extra scrutiny wherever the ledger contains any of the following:

- Progress claims, stage claims or retentions
- Pre-invoicing, bill-and-hold, or invoicing before delivery is complete
- Consignment, sale-or-return or exchange arrangements
- Hidden rebates, set-offs, contras or non-standard customer deductions
- Contract work with liquidated damages, warranties or partial completion risk
- Low-value, high-volume invoices with frequent disputes or irregular credits

Debtor mix and concentration

- Concentration above 30 percent requires credit sign off
- The strongest ledgers have several meaningful debtors rather than a single dominant debtor
- Where the top two debtors dominate the book, the quality of those names becomes critical and may determine whether the structure is viable
- Blue-chip debtors can materially strengthen a case, especially where buyer takes trade credit insurance or robust collections evidence is available

Special situations

- Start-up businesses: Can be considered selectively, in the right form of notified facility, in sectors the lender understands well, and with experienced directors plus a credible debtor acquisition pathway
- Turnaround businesses: Can be considered selectively on disclosed structures where there is a clear recovery case, transparent administration documentation and conservative advance settings

4. Secured term loan—add on

The secured term loan is designed as an adjunct product. Advance rates up to 85% of invoice/debtor ledger value. It is not a standalone lending line and must sit alongside an existing or concurrent trade / payables or receivables finance relationship.

Secured Term Loan - external guide

Topic	External Guide
Positioning	Adjunct product only; must accompany a Connective Cashflow working capital relationship
Purpose	Can support business purposes including working capital and the acquisition or refinance of acceptable business assets
Repayment	Usually amortising over 6 to 36 months, with alternatives such as balloon or interest-only style structures considered only in selected cases
Serviceability	Applicant must show clear ability to service total debt commitments after the proposed loan is introduced
Security	Cross-collateral support is expected. Security must include acceptable real property or non-specialised plant and equipment

Accepted security - high level

- Selected residential, commercial and industrial property. 2nd ranking registered mortgage is acceptable
 - LVR up to 80% on residential and 70% on commercial
- New or used non-specialised plant and equipment
- Existing unencumbered non-specialised business assets, where valuation and security quality are acceptable
- General security over appropriate entities in the client group is normally part of the structure

Common exclusions

- Standalone land and certain properties with contamination, hazard or prolonged sale concerns
- Highly specialised or difficult-to-liquidate equipment

- Assets outside Australia or assets not yet in existence at the time of financing
- Uninsured or effectively uninsurable higher-value assets
- Certain industry-specific equipment and other collateral types that sit outside standard appetite

Broker evidence checklist for term loan deals

- Purpose of funds and full source / use summary
- Asset schedule and ownership details
- Valuations or indicative values, plus current mortgage / encumbrance position if property is involved
- Insurance details where applicable
- Cash flow or serviceability explanation showing how the term debt is supported alongside the working capital line

5. Security and guarantees

- General Security Agreements are common across the product set
- Personal guarantees are commonly expected from materially involved owners and can extend to related entities where group support is needed
- Where real property is offered, mortgage security or priority arrangements will be required
- Where stronger external security is available, Connective Cashflow may be able to support larger, more nuanced or more specialised structures

6. Information usually needed

Submission pack - practical external guide

Information	Why it is asked for
Recent financial statements and current management accounts	To assess profitability, leverage, working capital, and serviceability
Aged debtors and aged creditors	To understand collections quality, supplier pressure and real working capital behaviour
Bank statements	To validate trading conduct, cash-flow pattern and consistency with the ledgers
Tax portal evidence or formal repayment arrangements	To assess statutory conduct and any arrears strategy
Sample invoices, proof of delivery, and contracts if relevant	To test invoice quality, factorability, and dispute risk
Existing financier payout or security details	Needed whenever a refinance, payout, or priority issue must be solved
Asset details and indicative values for term loans	To determine collateral fit, leverage, and structure

7. Common escalation points

- Material undisclosed tax issues or unresolved statutory arrears
- Weak integrity in the financial information, unexplained ledger movements or evidence that sales cannot be verified
- Receivables with heavy set-off rights, retentions, contract dependencies or persistent disputes
- Related-party trade presented as third-party trade
- Single-name or highly concentrated debtor books without a compelling credit-quality explanation
- Security already heavily encumbered with no workable priority solution
- Industries or asset types that sit outside policy appetite

8. Broker structuring tips

- Lead with the how the client will repay (repayment source), not just the funding request
- Explain the full trade cycle or receivables cycle in a few clean sentences
- Call out any exception early, together with the mitigant
- Show the client is cooperative on security, guarantees and information delivery
- Where concentration exists, emphasise debtor quality, payment history and the plan to diversify

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