

FORFAITING

Forfaiting means the purchase, without recourse, of bank-guaranteed receivables from export sales, transforming a deferred-payment transaction into a prompt-payment one, and thus relieving the exporter from the

- commercial,
- country (political and transfer),
- exchange rate, and
- collection

risks arising from the receivable.

The export receivables must be embodied or guaranteed by an unconditional, irrevocable banker instrument (e.g. deferred-payment letter of credit, bank guarantee). If the bank concerned is acceptable, there is no need for any additional securities. The transaction can be concluded quickly and requires only simple documentation, so there are no substantial administrative and legal costs.

EXPORTERS ELIGIBLE FOR FINANCING

A business with at least one year of operating history

- with a registered office or a fixed establishment in Hungary, or
- a registered office in the territory of the European Economic Area and a branch in Hungary, or
- with a foreign seat, whose Hungarian subsidiary or branch is the manufacturer of the product delivered.

AMOUNT OF THE RECEIVABLE

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CURRENCY

EUR or USD

TERM

Typically 75-360 days, maximum 24 months – 1 day
Maximum 18¹ months for agricultural products

GRACE PERIOD

5 working days
(in addition to the term of the receivable, we take additional interest days into account when forfaiting, depending on the country risk)

INSTRUMENT OR SECURITY

- deferred-payment letter of credit
- bank guarantee
- bill of exchange availed by the bank

¹ From 1 January 2018, in the case of goods listed in the annex to the WTO Nairobi agreement

THE EXTENT OF FINANCING Up to 100% of the claims offered for purchase, up to the amount of the underlying bank asset.

DISCOUNT INTEREST (FORFAITING/DISCOUNTING FEE) EURIBOR or CME Term SOFR corresponding to the term of financing + premium rate

COMMITMENT FEE If a forfaiting limit is made available, the based of the commitment fee is the unutilised part of the limit, payable in arrears every 3 months following the opening of the limit, and upon expiry of the availability period.
Fee according to the list of terms and conditions.

ONE-OFF FEE According to the list of terms and conditions.

COST OF DOCUMENTARY TRANSACTIONS According to the list of terms and conditions.

TYPICAL SECTORS Farming, agriculture, food industry, medical technology, chemical industry, pharmaceutical industry, smaller machinery and equipment, etc.

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