

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

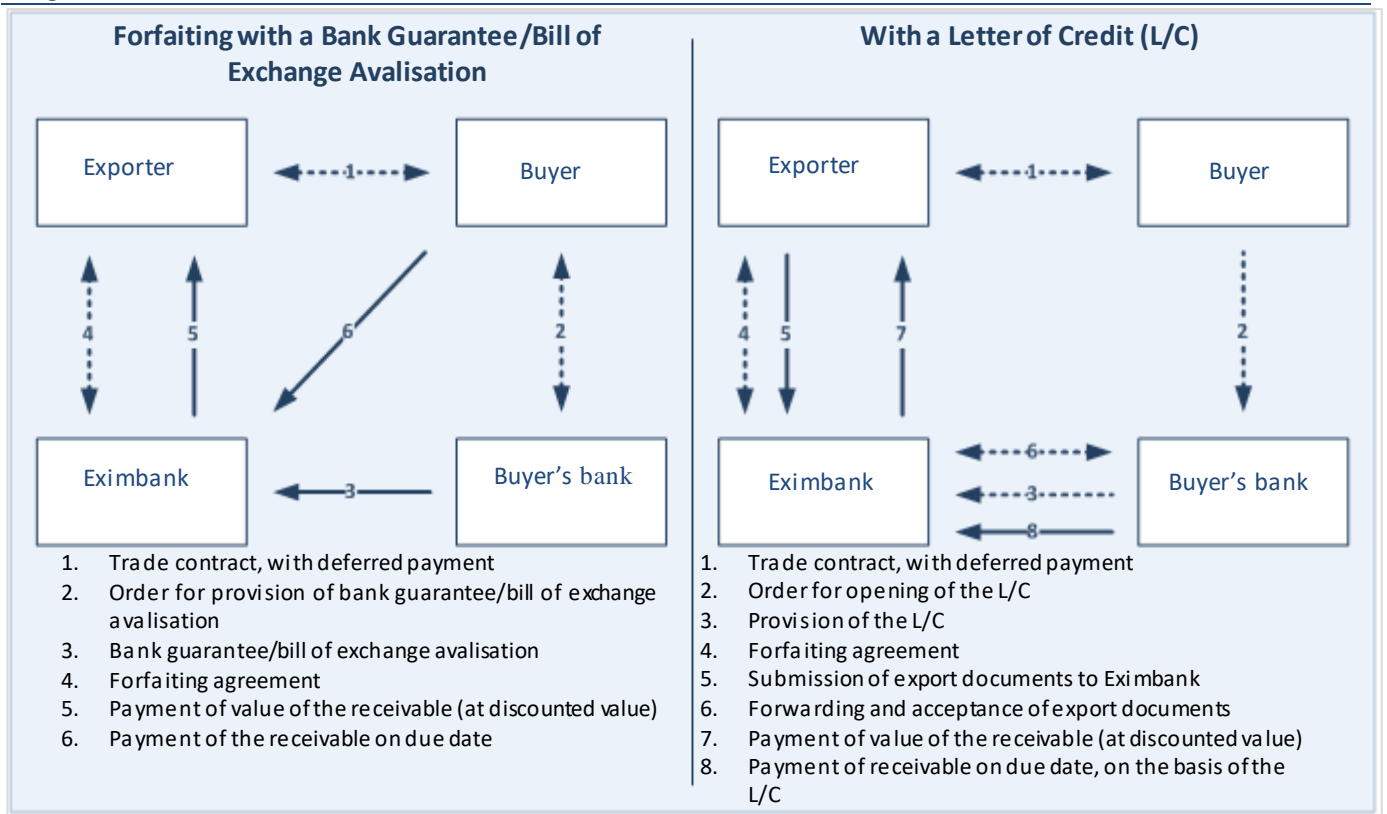
risks arising from the receivable.

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 <ul style="list-style-type: none"> - 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	-
Currency	EUR or USD
Term	Typically 75-360 days, maximum 24 months – 1 day Maximum 18 months for agricultural products ¹
Discount interest (forfaiting/discounting fee)	EURIBOR or USD LIBOR corresponding to the term of financing + premium rate
Commitment fee	If a forfaiting limit is made available, the commitment fee is maximum 0.5% of 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.
Instrument or security	<ul style="list-style-type: none"> ▪ deferred-payment letter of credit ▪ bank guarantee ▪ bill of exchange avalised by the bank

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

Diagram:



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