February 20th, 2024

Guarantee a conversion rate and a future deadline for non-deliverable foreign currencies.

BASIC PRINCIPLES

- The Non Deliverable Forward (NDF) allows a conversion rate to be fixed for a foreign currency not deliverable upon the deadline.
- Upon the deadline's expiry, there is no exchange of the foreign currency. The exchange must be carried out with a bank based in the country of the non-deliverable currency. On the other hand, the overall conversion rate is guaranteed by a cash payment made as per the spot rate on the date of the deadline.
- Upon expiry, the conversion rate fixed by the NDF is compared with the spot rate on expiry. The confirmed differential rate is subject to a cash payment in favour of the bank or the client depending on whether the final spot rate if favourable or unfavourable in relation to the NDF rate.

YOUR NEEDS

The Non Deliverable Forward is a product aimed at importing or exporting businesses that pay or are paid in non-deliverable foreign currency.

BENEFITS

- Currency exchange rate known from the moment the contract comes into force.
- Change exchange adapted to your needs according to the desired currency, the amount and the maturity date of the transaction.

LIMITS

- The Non Deliverable Forward does not allow for any benefit from an improvement in the currency rate.
- The deadline is fixed.

EXAMPLE

An exporting business is to receive 10 million Brazilian Reals (BRL) in 3 months. It gets a Non Deliverable Forward against EUR at the rate of 3.10. The implementation of this contract is destined to guarantee the exporter a minimum conversion rate, that is to say, the receipt of 10,000,000/3.10 = EUR 3,225,806.40 against the sale of Brazilian Reals.

3 months later, 2 specific cases are possible:

- **The EUR/BRL rate is 3.30 (The BRL has depreciated in relation to the EUR).**On the spot market, the exporter will receive 10,000,000/3.30 = EUR 3,030,303. The spot rate is not in the client's favour in relation to the rate fixed by the NDF contract. Under the NDF, **the bank will pay the exporter the difference** in the rate based on the covered sum, that is: EUR 195,503.40 = (BRL 10,000,000 / 3.10) – (10,000,000 / 3.30)
- **The EUR/BRL rate is 2.90 (The BRL has appreciated in relation to the EUR).** On the spot market, the exporter will receive 10.000.000/2.90 = EUR 3,448,275.80. The spot rate is in the client's favour in relation to the rate fixed by the NDF contract. Under the NDF, **the client will pay the bank the difference** in the rate based on the covered sum, that is: EUR 222,469.40 = (10,000,000 / 2.90) – (10,000,000 / 3.10).

AND MORE

With a network of 19 trading rooms around the world, including 5 liquidity centres in London, Paris, New York, Hong Kong and Tokyo, **Crédit Agricole Group gives you control of your exchange rates:**

- by offering turnkey solutions for more than 100 currencies
- by offering you a complete range of products which responds to your needs (simple & complex, coverage and optimisation)
- by making our region market specialists available to you and their local experts in more than 40 countries.

At the start or during the procedures, we will support you through all your transactions:

- by identifying with you in advance any potential exposures related to your development,
- by drawing up a programme with you of coverages adapted to your situation, as well as to your strategy and your investor profile,
- by executing your orders as best as possible,
- by ensuring proactive monitoring to offer you alterations depending on changes in market conditions.

SEARCH FOR A COUNTRY PROFILE