Export Finance

Closeness to other cultures is important.
For winning access to markets.


UBS can help you to access markets throughout the world.

Competition on the global market is fierce. This means that as an exporter you may face a situation in which you have to offer your customers financing options for your products. You can turn a financing need into a decisive advantage: by choosing the right banking partner you can offer the usual payment terms over several years even for large volumes of capital goods. For this reason, UBS offers a broad range of services to help finance your export transactions – including detailed specialist know-how and a broad overview.

There are two key reasons why UBS is widely recognised throughout the world as an expert in trade and export finance. First, we have the necessary capacity, infrastructure and global connections to provide our clients with support throughout the world, and second, we have highly qualified personnel who are thoroughly acquainted with the various markets.

UBS strives to provide you with clear-cut financing solutions no matter the complexity of the base transaction.

Our range of services includes all export finance tools as well as related services such as forfaiting and insurance intermediation, not to mention complementary products such as documentary credits, documentary collections, guarantees, warranties and standby letters of credit. Our consultants would be pleased to consider your needs and advise you on the most suitable way to best apply the various available financing and hedging instruments. Our target is to provide you with a clearly-structured, transparent solution that you can rely on, no matter how complex your business transactions may be.

With UBS as your partner, you can focus on building up and expanding your core international business activities. You can profit from our excellent connections – which include various government bodies – which are essential to our reputation as acknowledged experts in export finance throughout the world. Thanks to our global network comprising more than 400 correspondent banks, we are able to ensure that all forms of trade financing are carried out as smoothly and efficiently as possible. Given our many years of experience in every conceivable market, our acquaintance with their respective cultures, and our continual monitoring of their economic and political development, we are undoubtedly in an ideal position to help you achieve your international business goals.

Export finance requires specialised know-how and international experience.

The political and economic conditions in the relevant markets can become a significant risk factor when it comes to establishing security or collecting payments for your project. You can share some of the burden of entering into export contracts by taking advantage of the government's Swiss Export Risk Insurance (SERV), which has become an invaluable tool in the financing of Swiss exports, as well as in the preparation of financing instruments on the part of Swiss banks.

The principal objective of this brochure is to provide you with the salient points concerning export finance. Of course our brochure cannot claim to be comprehensive, and when it comes to major international export finance transactions with specific project requirements, it is usually best to consult as early as possible with the UBS export finance specialists.

Export finance: successful market penetration thanks to provision of long-term financing options and solutions.

Providing a UBS export credit secured by the SERV can therefore make a big difference to your project. Thanks to more than 90 framework credit agreements with banks in emerging markets, we can ensure the smooth and efficient processing of export credits with SERV cover.

However, supplier's or buyer's credits may prove more advantageous than framework credits, depending on the country and the individual situation. Mixed financing (in the form of federal government soft loans) is also available for certain countries and projects, while for large-scale structured transactions with governments as clients, UBS works closely together with international private insurance companies.

You can also benefit from the experience of our export finance specialists even if the project tender has not been awarded: our advisory service can provide comprehensive information and support for the initial phase of your project. We also arrange and coordinate multi-source and tailor-made finance package solutions when a number of suppliers and export credit insurers are involved in a project.

Contents

Picture: floating market

Attractive offers always have potential.
If you use the right sales channels.

1 Short-term financing

Should cash payment upon delivery not be a viable option for your project, short-term financing of the deferred payment claims arising from the sale of goods and services is available in many forms. Before introducing medium-term and long-term export finance, we would like to present the most commonly used forms of short-term trade finance.

1.1 Documentary credits

A documentary credit is a facility for securing the smooth processing of payment and credit transactions relating to international goods and services, and involves the collaboration of one or more banks.
- The issuing bank, which acts at the request of and on instructions of the importer applying for the documentary credit,
- is obliged to make payments to the exporter (beneficiary/ beneficiary of documentary credit) upon receipt of the prescribed documents or at the client's instructions
- or to pay, accept or negotiate bills of exchange drawn by the beneficiary, or authorise another bank to carry out such payments or bill of exchange transactions insofar as they meet the conditions stated in the documentary credit.

In practice, a documentary credit is often equivalent to cash payment, since the exporter receives payment "at sight" after submitting the specified documents. At the request of the issuing (importer's) bank, UBS may finance sight letters of credit by providing an advance to the issuing bank, which enables the latter to grant its client (the importer) a longer repayment period. **For more detailed information, please refer to the following UBS brochures: "Documentary Credits and Documentary Collections" and "Bank Guarantees"**, both of which are available free of charge from any of our branch offices or may be ordered via our homepage (www.ubs.com/tef).

1.2 Documentary collections

Documentary collections are suitable for business transactions for which the contracting parties do not want to secure payment in the form of a documentary credit, but want more security than supplying the goods on an open account basis. In this case the exporter instructs his or her bank to collect and then remit the specified amount from the importer upon transfer of the shipping documents. Payment may be made in cash or against acceptance of a bill of exchange.

1.3 Bill of exchange

Bills of exchange (which are often discounted by the issuer's bank) were previously very popular in domestic business transactions but have since been replaced by an invoicing procedure. However, bills of exchange are still frequently used in association with export transactions. Medium-term and short-term export receivables in the form of bills of exchange enhance their tradability. Signatories of bills of exchange have to comply with strict legal provisions, and this results in a separation of the claim evidenced by the bill of exchange from the underlying trade transaction. Only objections arising from the bill of exchange itself are permissible. In many countries it is possible to enforce due payments without delay. Discounting means that the bank acquires the bill of exchange after deduction of interest (discount) for the period between credit note and due date, and collection expenses.

It offers exporters a variety of benefits:
- As a rule, the discount rate is lower than the interest rate for a current account loan, which usually also applies to bills of exchange in foreign currencies.
- The sale of a bill of exchange claim to a bank relieves the exporter's balance sheet. The company law provisions in the Swiss Code of Obligations stipulate that contingent liabilities arising from recourse on the part of the submitting party must be kept "off-balance sheet" until the bill of exchange has been redeemed.

Promissory notes of the buyer, which are endorsed by the exporter, are normally handled as drawn bills of exchange.

The specification of the discount rate is normally based on the following elements and considerations:
- Refinancing costs for funds with a corresponding maturity,
- Solvency of the parties bearing liability (acceptor, issuer and endorser),
- Solvency of any bank guaranteeing the bill of exchange in the country of the acceptor,
- Assessment of country risk (political and transfer risk in the country of destination),
- Duration of the bill of exchange,
- Conditions of the Swiss Export Risk Insurance (SERV), if it covers the delivery and if the rights arising from the cover note are assigned to UBS together with the purchase price claim.

1.4 Export factoring

Export factoring is another option for short-term trade finance, which UBS offers to Swiss exporters via its subsidiary, UBS Factoring AG.

UBS Factoring AG
Weberstrasse 5
8036 Zurich
Tel.: +41-44-298 32 62
Internet: www.ubs.com/factoring

UBS Factoring AG
P.O. Box
1002 Lausanne
Tel.: +41-21-215 31 93
Internet: www.ubs.com/factoring

Factoring is a form of sales financing that may be considered as a type of assigned credit. The factoring company buys all or a percentage of the outstanding debts owed to the exporter by its contracting partner(s). However, it is always the total of all debts generated by the exporter’s activities in one or more countries that the factoring agreement deals with. The extent of services provided by a factoring company may vary:
- Management of accounts receivable, including debt collection and reminders.
- Assumption of collection risk if required, as well as political and transfer risk for claims against foreign customers.
- Financing of client receivables upon request. The payment period may not exceed 180 days.

UBS Factoring AG would be pleased to provide further information upon request.

2 Bank guarantees relating to export transactions

The bank guarantees referred to below do not concern payment or transfer guarantees of foreign banks, but rather guarantees relating to export transactions that are assumed by a Swiss bank on behalf of and at the responsibility of a client (exporter). Nowadays it is extremely difficult to accurately verify the economic and technical capacity of an international contracting partner, and in view of this, suppliers of goods and services to customers abroad often ask for bank guarantees in order to secure their transactions.

This comprehensive topic is dealt with in two brochures that are available from any UBS branch office: "Bank Guarantees" and "Documentary Credits and Documentary Collections".

2.1 Advance payment guarantee

An advance payment guarantee secures the return of an advance payment in the event that an exporter fails to meet his delivery obligations in part, in full, or within the agreed deadline. As a rule, any entitlement on the part of the beneficiary of the guarantee becomes null and void upon presentation of evidence of delivery of the goods or services concerned, e.g. submission of dispatch documents under a documentary credit. Nonetheless, the period of validity of an advance payment guarantee is always limited. In practice it is often issued as an independent promise to perform as defined in Article 111 of the Swiss code of Obligations, though occasionally it may take the form of a warranty in accordance with Articles 492 et seq. of the above code, although a warranty offers certain advantages to the principal versus a guarantee. Payment of the guarantor depends on the existence of a principal obligation, whereas payment of a guaranteed amount by the guarantor has to take place when the conditions have arisen that are stated in the text of the guarantee, regardless of any objections on the part of the supplier.

Whether it is possible to enforce an advance payment guarantee in the form of a warranty depends on the strength of the exporter's negotiating position and the practices that are normally applied in the country of destination. **Exporters can protect themselves against unjustified claims against an advance payment guarantee on the part of a government as buyer by applying for a SERV.**

2.2 Performance bond

With a performance bond, the guarantor guarantees the beneficiary the full performance of the contractually-agreed obligations on the part of the exporter. The guarantee sum attached to a performance bond is frequently set at 10% or 20% of the contract value. In this way, the buyer sets out to indemnify himself as far as possible in the event that the exporter should fail to meet his contractual obligations. Breaches of contract may include:
- malfunctioning of delivered machines or equipment, i.e. notice of defect (Article 197, Swiss Code of Obligations),
- failure to meet stated deadlines (delivery, assembly, commissioning, etc.),
- inability or refusal on the part of the exporter to fulfil the contract.

Transport difficulties have to be anticipated in certain countries, since the existing infrastructure may make it impossible to guarantee the discharge of cargo and onward transport to the final destination within the agreed deadline. This problem should be given careful consideration before binding deadlines are specified. **With performance bonds, it is important not to overlook the possibility of misuse.** We therefore recommend the following procedure:

a) Requested guarantees should be issued directly via a bank in Switzerland. In this way, the latter is able to immediately notify its client (the exporter) when the beneficiary (importer) implements the guarantee. In many cases, importers request the issue of a guarantee by a bank in the country in which they are domiciled. Wherever possible, exporters should not agree to this request since in such cases it is then the law of the country of destination that becomes applicable, and in the event of an unjustified claim, the exporter would have to instigate legal proceedings in that country.
b) A guarantee should only be implemented if the importer provides evidence that the exporter has failed to meet his contractual obligations.
c) Guarantees should not be subject to the law and place of jurisdiction in the country in which the importer is domiciled. The same applies with respect to the export transaction for which the guarantee is issued.

Picture: solar panel

Innovative structures demonstrate competence.
And enable optimal utilisation of resources.

3 Swiss Export Risk Insurance (SERV)

3.1 Properties and purpose of the SERV

The Swiss Export Risk Insurance (SERV) is a Swiss government institution under public law that replaced the Swiss Export Risk Guarantee (ERG) with effect from January 1, 2007. It took over and expanded the range of insurance cover offered by the ERG. The insurance cover provided by the government had to be expanded due to the increasing globalisation of the economy and growing privatisation in the sales markets. The introduction of the private buyer risk removed a significant disadvantage of Swiss exporters compared to their foreign competitors. The most important mandate of the SERV is to promote exports, thereby promoting and protecting jobs in Switzerland. Thanks to the services offered by the SERV, Switzerland can export goods and services of around CHF 2 billion per year. These activities secure important Swiss jobs, not only in the export sector but also in the downstream sectors.

3.2. Coverable risks

The SERV can cover any of the following risks:

- political risk,
- transfer risk,
- collection risk,
- contingent currency risk,
- force majeure.

3.3 Non-coverable risks

The SERV does not cover losses that are attributable to the following occurrences:

- breach of contract by the exporter,
- damage to, loss of or disappearance of exported goods, insofar as the exporter could have covered this risk through a private-sector insurer,
- bill of exchange fluctuations as primary risk.

3.4 Coverable goods and services

SERV cover is available for exports of consumer and capital goods, construction and engineering activities, and other services.

3.5 Foreign content

As a rule, the SERV will cover foreign content up to approximately 50% of the contract value at no extra cost. This includes any applicable local charges in connection with the Swiss delivery in the importing country, though these may not exceed 30% of the contract value. In cases where it is possible for a number of insurers to share the credit risk for a delivery of mixed origin, export credit agencies offer a variety of cooperation models. If it is possible to take out reinsurance cover from a foreign export credit agency, transactions with a foreign content of more than 70% can also be insured. After deduction of the reinsurance share, the foreign value-added content of the risk that remains with the SERV may not be more than 60% (if the original transaction includes 20% added value for Switzerland, 50% of the transaction must be reinsured). The exporter must also provide reasons for the high foreign content and explain why it would be worthwhile to support the transaction.

3.6 Eligibility for SERV cover

- The exporter must be domiciled in Switzerland and entered in the Commercial Register.
- The export transaction must involve the supply of goods and services of Swiss origin, or must contain an appropriate share of Swiss value-added content.
- The party placing the order must be resident or domiciled abroad.
- The import and foreign exchange regulations of the purchasing country must be complied with.
- The export regulations of Switzerland or any other relevant exporting country at the time of the order must be complied with.
- Cover commences on payment of the initial SERV premium (instalment). As a rule, payment should be made within 30 days of conclusion of the insurance policy.
- For consumer goods, the agreed payment deadline may not exceed 6 months. Advance and interim payments may be waived here.
- **Where capital goods are concerned, in the case of a credit transaction an advance and an interim payment of 15% of the contract value will be required by the time of delivery.** Pre-delivery risk (manufacturing risk, cf. 3.2) is only covered if an advance payment of at least 5% is made or a documentary credit for 15% of the contract value is taken out before the risk comes into effect.
- For supplies of capital goods with a value of between CHF 100,000 and CHF 500,000 the applicable credit period is 2 to 4 years; a period of 5 years applies for larger sums. In the case of major transactions involving emerging markets, credit periods in excess of 5 years will also be covered. In this instance, the OECD export credit arrangement is also taken into account.
- The credit should essentially be repaid in equal six-monthly instalments.

3.7 Extent of cover

According to the relevant legal provisions, the maximum degree of cover for all risks is 95%.

3.8 The SERV premium system

Premiums for manufacturing risk insurance
The calculation of the premiums for manufacturing risk insurance is based on the insured cost price from the beginning of the manufacturing process to the last delivery/performance. The exporter determines the amount that must be covered, whereby it is also possible to cover major risks only.

The insurance usually covers those goods that cannot easily be used elsewhere or resold. A buyer surcharge is not required.

Premiums for supplier's and buyer's credit insurance
a) Loan terms of less than 2 years
b) Loan terms of more than 2 years
With supplier's and buyer's credit insurance, premiums are based on the amount claimed without interest. Payments made to the foreign debtor before commencement of the risk are not covered and are not included in the calculation of the premium. The risk term comprises the actual loan term plus half of the delivery period or period of loan use.

With supplier's credit insurance we must distinguish between short-term and medium-term payment conditions. Repayment periods of 24 months and longer are governed by the OECD regulations and the OECD minimum premium rate (MPR) is applied. There are no binding international rules for repayment terms of less than 24 months. If the insurance also covers the collection risk, different surcharges are added to the basic premium.

General principle
The SERV premium is based on the assessment of the country risk that is covered as well as the term for which cover is required:
- the higher the risk, the higher the basic premium,
- the longer the term of the risk, the higher the basic premium.

3.9 Insurance applications

The SERV provides application forms to exporters and to banks and financing institutions which are used to apply for confirmation of insurance cover as well as for the insurance policy. The application form for exporters can be used to apply for all the products offered by the SERV. During the quotation phase, the exporter or the financing bank can request basic confirmation of insurance cover from the SERV. If the decision is positive, the SERV is bound by its confirmation for 6 months, provided that conditions in the buyer's country remain unchanged. As a rule, confirmation of insurance cover (including any extensions) does not incur any costs. If the transaction is concluded, the confirmation of insurance cover can be converted into an insurance policy.

3.10 Claim procedure

We must differentiate between the (individual) claim described in the SERV law, the claim arising from private buyer risk, and the restructuring of the debts of an entire country by the Paris Club (The delegates of the various creditor and debtor countries meet in Paris to negotiate the restructuring of debts guaranteed by export credit agencies.).

a) If a claim seems likely, the SERV must be informed immediately. In agreement with the SERV, the exporter and the financing bank must implement all measures required to avoid or limit the impending loss. The SERV can also bear part of the costs for these measures. Claims that have occurred must be notified to the SERV using the forms available from the SERV. All documents required by the SERV to assess the claim must be enclosed with these forms. The SERV also checks whether the exporter and the financing bank have complied with all their due diligence obligations. The claim is settled within 30 days of written acceptance of the claim by the SERV, but at the earliest after a waiting period of one month (buyer's credit) or three months (all others) from the contractually agreed due date. The insurance policy may also specify a different waiting period. Payments received from the debtor at a later date must be forwarded to the SERV in accordance with the percentage cover.

b) Individual debtors or guarantors do not always stop their payments for no reason. It happens that a country becomes unable to pay as a result of political or economic problems. In this case, the most important creditor countries negotiate a solution with the representatives of the debtor country in the Paris Club: they sign a recommendation protocol containing the most important debt-restructuring conditions, which will then be applied by all creditors under SERV-covered export credits. The individual governments must agree on the currency, interest rate and volume details under bilateral agreements. SERV and the financing banks reconcile the outstanding positions and determine the individual restructuring conditions in often time-consuming negotiations with the exporters and debtors. Consolidation agreements cover the total non-performing debts, not only the part that was insured by the SERV. The SERV usually pays the claim 1 to 3 months after the debt rescheduling agreement has entered into force.

Contact address:
SERV Swiss Export Risk Insurance
Kirchenweg 8
P.O. Box
8032 Zurich
Tel.: +41-44-384 47 77
Fax: +41-44-384 47 87
Internet: www.serv-ch.com

In addition to the federal law and its associated ordinance, all information sheets and forms can be downloaded in PDF format from the SERV website.

4 Ordering party's application for financing

4.1 First contact with UBS

The exporter first contacts UBS and provides the bank with all important details regarding the delivery contract telephonically or via the internet (www.ubs.com/tef).

4.2 Confirmation of insurance cover by SERV

The exporter or UBS contacts the SERV as soon as possible. Information provided by the SERV over the telephone is not binding, of course, but usually provides a reliable picture of the current policy for covering risks in a specific country. The next step is to submit a written application for "confirmation of insurance cover".

4.3 Financing approval by UBS

During the first phase of the negotiations the exporter submits a financing offer (which is often indicative in nature) to the buyer in the form of a "letter of best effort" issued by UBS. This document details the indicative financing conditions, and sometimes also includes a variety of alternatives.

Once negotiations have reached a more advanced stage, the buyer requests UBS to submit a binding financing offer (referred to as a "letter of intent", LOI) directly to the importer. **UBS will be happy to issue an LOI at any time. A letter of intent contains the essential details about the goods or project in question, and goes on to list the conditions, the prerequisites and the costs which the bank is in principle prepared to finance.** "In principle" in this context means that the same or similar conditions apply for the period of validity of the financing offer, which is normally limited to 3 to 6 months.

4.4 Specifying the interest rate for an export credit

For a number of years now, banks have been using the SEBR (Swiss Export Base Rate) as the refinancing rate for medium-term and long-term export credits in Swiss francs. The SEBR reflects the current costs of refinancing on the domestic and international interest and swap markets.

SEBR base rates are re-specified every week and published in "Finanz und Wirtschaft" as well as on the Reuters SBZK page and on the UBS website (www.ubs.com/sebr). Your UBS client advisor will also be happy to give you the applicable SEBR rates by phone upon request. The interest rate for an export credit comprises a base SEBR and a margin, the level of which depends on the term, loan amount, the credit rating of the debtor and the debtor country. The margins generally range from 0.500% to 1.125% p.a. The interest rate is usually specified when the export credit is paid out, and remains valid without any changes for the entire term of the credit.

4.5 Conclusion of delivery contract

The financing conditions must be finalised and set out in the delivery contract before the contract is concluded with the buyer. In the case of a buyer's credit, the credit agreement must first be made ready for signing:

- designation of a foreign bank that is acceptable to all parties and provides the payment guarantee,
- choice of interest rate option,
- specification of interest rate that will apply upon acceptance of the offer (if an offer is submitted),
- formulation of texts for payment guarantee and performance bond to be approved by all parties,
- specification of exact terms of documentary credit, including time of issue,
- payment of any remaining premium for assumption of uncovered capital risks by the financing bank (cf. 4.7).

The final insurance policy must also be requested from the SERV at the latest when the contract is signed.

The SERV provides application forms to exporters and to banks and financing institutions which are used to apply for confirmation of insurance as well as for the insurance policy. The application form for exporters can be used to apply for all the products offered by the SERV.

4.6 Agreement between exporter and UBS

UBS concludes an agreement with the exporter in addition to the credit agreement between itself and the borrower (buyer's credit) or the delivery contract (supplier's credit). This agreement comprises 5 main components:

1. contracting partner and main clauses of delivery contract and decision by the SERV,
2. assignment of basic claim of the exporter against the buyer, with all secondary rights, in particular claims under the SERV and the payment guarantee issued by the foreign bank, to UBS (for supplier's credit) only,
3. financing conditions,
4. distribution of risks not covered by the SERV between the exporter and UBS (for supplier's credit),
5. clauses relating to charges, commission, sundry costs and place of jurisdiction.

For the supplier's credit, the exporter assumes responsibility for the status and receipt of the assigned claim. As set out in 3.3, losses or damage that are attributable to breach of contract on the part of the exporter are not covered by the SERV, and this means that the exporter is fully liable towards UBS for both capital and interest. UBS reserves the right to make arrangements with the exporter regarding the assumption of risks not covered by the SERV. The assumption of risks by the exporter normally takes the form of a joint and several surety. UBS will of course want to verify the solvency of the exporter by examining his annual accounts. In some cases it may be necessary to find another solution, for example payment of part of the credit revenue into a blocked account or provision of a joint and several surety/guarantee by a third party.

4.7 Assumption of non-covered risks for supplier's credit

The risks that are not covered by the SERV (political, transfer and collection risks) are usually shared as follows:

- uncovered capital risks are assumed by the exporter, and
- uncovered interest risks are assumed by the bank.

An increasing number of exporters are asking their bank if it would be willing to assume all or part of the capital risks that are not covered by the SERV in addition to the uncovered interest risks. UBS is prepared to consider such requests as long as the risks appear to be within reasonable bounds and we receive appropriate remuneration for assuming them.

As a rule it is not possible to balance risks by increasing the interest margin and/or commission rate, since many borrowers are not prepared to pay higher credit costs in return for risk relief. The only remaining option is for the financing bank to assume capital risks that are not covered by the SERV in return for payment of a risk premium.

Exporters may ask UBS at any time for a non-binding offer concerning the assumption of capital risks that are not covered by the SERV.

With a buyer's credit covered by the SERV, the financing bank is obliged to assume the risks that are not covered by the SERV.

4.8 Collection risks

The SERV can now also cover the collection risk of a private buyer. As a result it is no longer necessary to submit a guarantee by a SERV-accepted bank for exports to private customers in order to cover the buyer's inability or unwillingness to pay. The cover percentage for supplier's credits is usually 85%.

4.9 Delivery and utilisation of credit

Delivery and utilisation of the credit are carried out in accordance with the terms of the delivery and credit agreement. The credit is normally paid out upon handover of the dispatch documents under a documentary credit. Documentary collection may be used instead of a documentary credit, but here the exporter should be aware that both the interim payment that falls due upon delivery as well as the payout of the export credit can then only be effected upon receipt of the buyer's approval or authorisation by the correspondent bank entrusted with the collection of the debt. This payment risk, which arises between the date on which the dispatch documents were handed over in Switzerland and the date on which the credit is paid out to the exporter, can be insured with the SERV (risk of non-payment). Another option is to pay the interim payment and revenue from the export credit to the supplier on the basis of a simple payment order issued by the buyer or his bank.

4.10 Bills and accounts receivable

Should the export credit be treated as a bill or an account receivable? Both options are acceptable. The exporter can follow the request of the buyer or the regulations of the importing country. Depending on local custom, a single bill or a draft (draft bill) with or without credit agreement or a formal loan agreement without a bill can be agreed. Bills are usual for supplier's credits (cf. 5.1), while accounts receivable are more popular for other forms of credit.

Picture: olive grove

Attention to detail is essential.
Since this ensures the highest level of success.

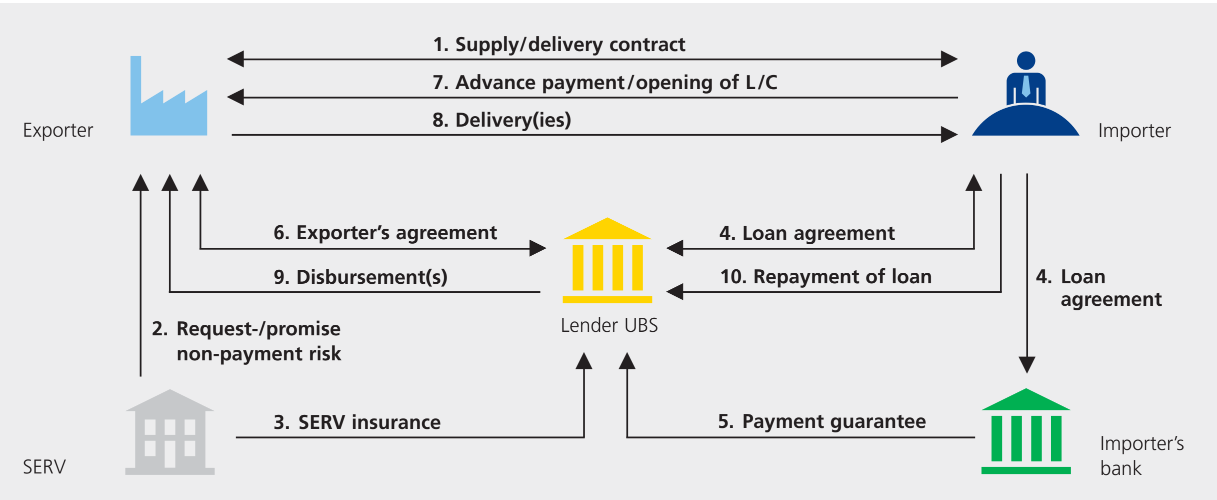
5 Types of SERV-covered export financing

5.1 Buyer's and supplier's credits

Banks make a clear distinction between buyer's and supplier's credits. With a buyer's credit, the exporter's bank grants the buyer a credit, the revenue from which is paid out to the exporter in settlement of the purchase price, and the buyer repays the loan amount in his capacity as borrower. However, the exporter may also defer the purchase price for the delivered goods on his own account, in which case we speak of a supplier's credit. If the exporter sells his claim arising from the supplier's credit to his bank, we refer to a purchase of accounts receivable.

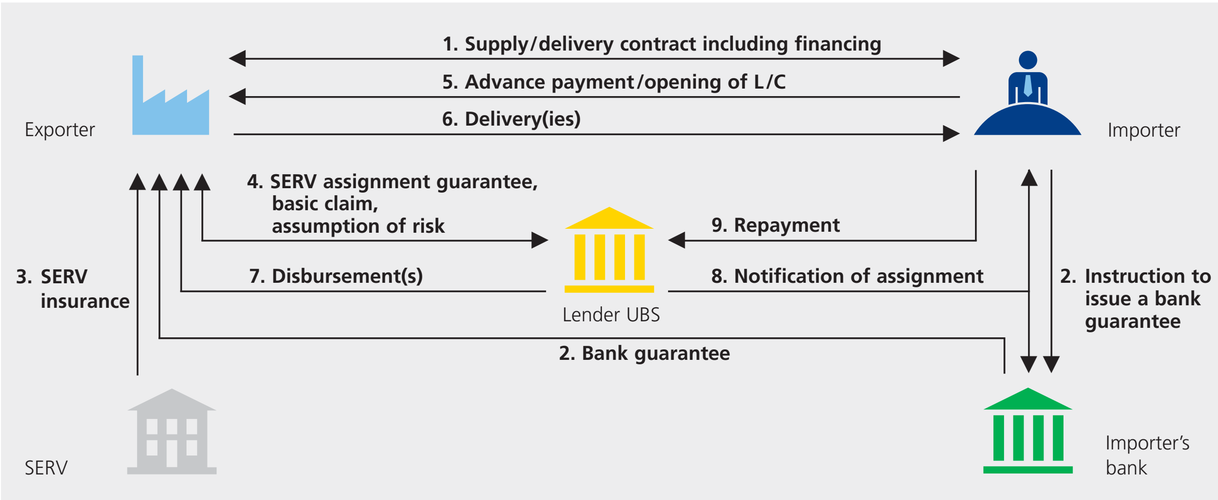
Buyer's and supplier's credits both offer advantages as well as disadvantages, and the choice largely depends on the amount involved and the needs of the buyer.
In view of the effort involved in preparing the necessary documentation, a buyer's credit only makes sense if the contract value of the export credit is quite high. Here the bank conducts the necessary negotiations, while the exporter remains in the background. Many exporters are happy if they can avoid participating in often lengthy and complex discussions, or feel it is more advantageous for them if their bank deals with their business partners in its own name, especially if the latter are particularly difficult to negotiate with.

How a buyer's credit works



With a supplier's credit, the exporter sells his goods together with a financing plan. This means he has a greater degree of freedom when it comes to specifying the financing conditions, since he is able to incorporate costs, profit and financing costs into the overall calculation. And if he considers it necessary for tactical reasons, he is also able to offer an external interest rate that is lower than the internal interest rate offered by the bank. The interest differential that arises from the sale of his claim to the bank can then be incorporated into the sales price. With a higher external interest rate, the exporter can offset price concessions or even increase his profit margin. With a supplier's credit, the financing conditions normally become an integral part of the payment terms cited in the delivery contract, and this simplifies the various formalities. The SERV cover percentage for a supplier's credit for a private buyer is 85%.

How a supplier's credit works



Case study of a supplier's credit

Initial position

Maschinen Schweiz AG has learned from its representative in Thailand that Thaining Ltd. is interested in purchasing a machine tool. The contract value for this machine tool is CHF 1,500,000, and the product is almost entirely manufactured in Switzerland. The buyer in Thailand has requested financing of the contract value for a period of 3 years.

Confirmation of insurance cover by SERV

Export risk insurance is required to secure the financing of this transaction. Maschinen Schweiz AG therefore enquires about the options for Thailand by phone or via the internet. The exporter can also obtain provisional approval of insurance cover and find out about the SERV costs. According to the SERV, medium-term cover of the country and transfer risks for Thailand is possible for up to a maximum of 95%. The collection risk can also be insured, provided that one of the following banks issues a payment guarantee (covering capital and interest):

- Bangkok Bank PCL (BK2)
- Siam Commercial Bank PCL (BK2)
- Export-Import Bank of Thailand (public, state-owned)
- Krung Thai Bank Public Co.Ltd. (BK3)
- Bank of Ayudhya PCL (BK4)
- Kasikornbank PCL (BK2)

Contact with UBS

On the same day, Maschinen Schweiz AG contacts its client advisor at UBS Export Finance and provides all the necessary information about the deal, on the basis of which UBS outlines the conditions and costs for assuming the supplier's credit ("purchase of claim").

Signing of contract

Maschinen Schweiz AG has meanwhile concluded a delivery contract with Thaining Ltd. for the purchase of the machine tool with the following payment terms:

15% of the purchase price (= CHF 225,000) as advance payment, payable by the importer within 30 days following signature of the delivery contract;

85% of the purchase price (= CHF 1,275,000) is granted as a supplier's credit for 3 years. Interest rate for the importer: 2.5% p.a./delivery date: 4 months after signature of the contract (no commissioning required).

SERV application for issue of insurance policy

After the delivery contract has been signed, Maschinen Schweiz AG sends the SERV a final application for insurance based on the previously supplied provisional confirmation of insurance cover. When SERV has approved the application, the SERV decision is sent to the exporter together with a detailed premium invoice. The exporter must pay the SERV costs before delivery and then should ensure that the costs are passed on to the buyer. The SERV premium can be paid separately or integrated into the contract value and thus financed.

Bank guarantee
Thaining Ltd. requests an irrevocable guarantee of payment in the event of default from Siam Commercial Bank PCL (accepted by the SERV) which covers the principal and interest. This guarantee is sent to UBS.

Agreement between UBS and the exporter
Before the goods are delivered, UBS concludes an "export finance agreement" with Maschinen Schweiz AG which governs the assignment of the rights under the delivery contract and the sharing of the 5% of risk not covered by the SERV.

The credit amount and interest are calculated as follows:

Export credit:	85 % of contract value Repayable in 6 equal six-monthly instalments, the first of which falls due 6 months after the delivery date	CHF 1,275,000.00
Credit interest:	1.875 % p.a. (basis: 2-year SEBR), calculated on the credit amount for an average period of 1.75 years	CHF 41,835.95

The risk is distributed as follows:

	95 % covered by SERV	5 % not covered by SERV	
		borne by exporter	borne by UBS
Principal risk:	CHF 1,211,250.00	CHF 63,750.00	–
Interest risk:	CHF 39,744.15	–	CHF 2,091.80

In this case, the non SERV covered principal risk is borne by the exporter. The risk sum is booked to the account of Maschinen Schweiz AG as a recourse liability. UBS assumes the uncovered interest risk in full.

Advance payment and notification
In the meantime, Maschinen Schweiz AG has received the 15% advance payment. At the same time, UBS notifies Thaining Ltd. about the sale of the claim under the delivery contract and confirms to Siam Commercial Bank PCL that the guarantee proceeds have been assigned to UBS.

Utilisation and repayment of the credit
UBS has to be in receipt of the following documents before it can make the first credit payment:
– copy of the delivery contract,
– agreement concerning joint and several guarantee of the supplier and export finance,
– copy of the SERV application form,
– SERV insurance policy and assignment,
– bank guarantee issued by Siam Commercial Bank PCL,
– proof of advance payment,
– copies of invoice and shipping documents.

Thaining Ltd. must pay the first credit repayment instalment 6 months after delivery of the goods. The remaining credit balance must be paid in 5 equal six-monthly instalments.

5.1.1 Reasons for using a supplier's credit
The contract value of this transaction makes it preferable to use a supplier's credit, since procedures and documentation for a buyer's credit are too complex for transactions with a lower contract value.

Properties of a supplier's credit:
- Maschinen Schweiz AG negotiates directly with the importer and grants the company a credit on its own behalf. The exporter therefore has a greater degree of freedom in specifying the financing conditions, since costs, profit and financing costs are incorporated into the overall price calculation.
- If it makes sense for tactical reasons, Maschinen Schweiz AG can offer an external interest rate that differs from the rate agreed with the bank (in this particular case, the rate agreed with the bank is 1.875% p.a., while the external rate is 2.5% p.a.). This means that Maschinen Schweiz AG can directly influence the conclusion of the deal and the overall amount.

5.2 Framework credit agreements

A framework credit agreement is not a credit agreement per se, but rather takes the form of a master agreement with a foreign bank in which the general conditions for financing are defined for many transactions.

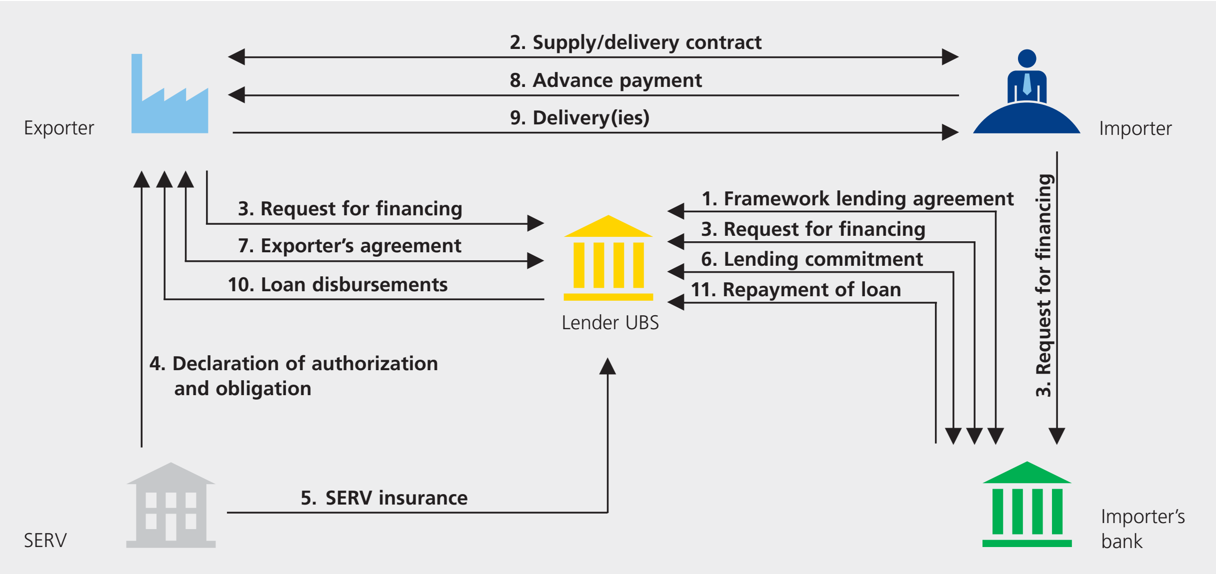
5.2.1 Information sheets (executive summaries) for exporters and importers

UBS provides exporters with information sheets for all framework credit agreements that it has concluded in its own right or as lead manager of a banking consortium. These documents outline the main conditions and requirements, and contain a variety of other essential details. These information sheets describe how and to whom each transaction must be reported in the country of destination, and which authorities have to be taken into consideration. Most of the information sheets on the framework credit agreements are also available in English, and copies are provided to suppliers on request.

5.2.2 Benefits for exporters

The main benefits associated with framework credit agreements are that they greatly simplify and streamline negotiations between the exporter and importer concerning the financing of export transactions. **Once the two parties agree that a framework credit agreement will be used for financing a given transaction, there is no longer any need to discuss the credit terms and interest costs.** In this case, the delivery contract simply contains a reference under the terms of payment to the framework credit agreement, by which a maximum of 85% of the contract value is financed.

How a framework credit agreement works



Case study of a framework credit agreement

Initial position

Textil Schweiz AG has learned from its representative in Turkey that Türkiye Textil A.S. is interested in buying a textile machine. The contract value for this textile machine is CHF 4,000,000, and the machine is almost entirely manufactured in Switzerland. The buyer in Turkey has requested financing of the contract value for a period of 5 years.

Request for financing

Türkiye Textil A.S. notifies its home bank, Türkiye Vakiflar Bankasi T.A.O (Vakifbank), about the proposed deal with the Swiss manufacturer. Vakifbank then contacts UBS to notify about the request for financing. The exporter can also supply information on the deal to the Turkish bank via UBS. From now on, all communication concerning the transaction is carried out between the two banks, who keep their respective clients informed about its progress.

Confirmation of insurance cover by SERV

In the meantime, UBS enquires about the options for Turkey by phone. UBS can also obtain provisional approval of insurance cover and estimate the SERV costs.

According to the SERV, medium-term cover of the country and transfer risks for Turkey is possible for up to a maximum of 95%. Under the various framework credit agreements between UBS and Turkish banks, the commercial risk (up to 95%) can also be covered.

Signing of contract

Textil Schweiz AG has meanwhile signed a delivery contract for the purchase of the textile machine with Türkiye Textil A.S. Conditions: delivery within 5 months after the signing of the delivery contract, plus an additional 2 months for commissioning. The payment terms refer to the framework credit agreement between UBS and Vakifbank.

SERV application form for the issue of the insurance policy

After the delivery contract has been signed, UBS sends an application for the issue of the insurance policy to the SERV. Once the SERV has approved the application, the SERV decision is sent to UBS together with a detailed premium invoice. UBS pays the SERV costs and passes these costs on to the exporter or the importer.

Lending commitment

The two banks approve the loan subject to receipt of the insurance policy. The payment terms and loan period comply with the framework credit agreement.

The credit amount and interest are calculated as follows:

Export credit:	85 % of contract value Repayable in 10 equal six-monthly instalments, the first of which falls due 6 months after the latest possible commissioning date	CHF 3,400,000.00
Credit interest:	2 % p. a. (basis: 3-year-SEBR), calculated on the credit amount for an average period of 2.92 years	CHF 195,560.00

Agreement between UBS and the exporter

Before the goods are delivered, UBS concludes an "export finance agreement" with Textil Schweiz AG. UBS assumes all risks on principal and interests that are not covered by SERV.

The risk is distributed as follows:

	covered by SERV	not covered by SERV	
		borne by exporter	borne by UBS
Principal risk:	CHF 3,230,000.00	–	CHF 170,000.00
Interest risk:	CHF 185,782.00	–	CHF 9,778.00

Textil Schweiz AG or the importer pays UBS a risk premium for the assumption of the non SERV covered principal risk.

Utilisation of credit

After the importer has made the advance and interim payments and delivered the goods to the exporter, UBS must be in receipt of the following documents before it can pay out the credit:
– copy of the delivery contract,
– agreement concerning joint and several guarantee of the supplier and export finance,
– credit agreement with importer/bank,
– application form for insurance policy,
– SERV insurance policy,
– proof of advance and interim payments,
– dispatch documents.

Transfer and repayment of the credit

From the point of view of UBS, the Turkish bank is the borrower. Vakifbank transfers the credit to Türkiye Textil A.S. on its own conditions.

Vakifbank repays the credit to UBS in the form of 10 six-monthly instalments. Vakifbank collects the amounts due from the importer.

5.2.3 Reasons for using a framework credit agreement

UBS has concluded framework credit agreements with a large number of banks in the key export markets, allowing the financing of individual transactions at standard, predetermined terms and conditions.

Advantages of a framework credit agreement:
- Negotiations between the exporter and buyer concerning the financing of the delivery transaction are much quicker and easier.
- Once the exporter and buyer agree on a framework credit agreement for financing a given transaction, there is no longer any need to discuss the credit terms and interest costs.
- In this case, the delivery contract simply contains a reference under the terms of payment to the framework credit agreement, by which a maximum of 85% of the contract value is financed.

5.3 Mixed credits (soft loans)

Soft loans form an important component of Switzerland's political and trade policy measures in the area of development aid. When the government of a developing country or a state institution receives a soft loan in Swiss francs, it can finance the procurement of Swiss goods and services that are needed for priority development projects.

5.3.1 Properties of soft loans

- A soft loan consists of two components: a federal and a bank tranche. The federal government and the banks conclude separate agreements with the debtor which are independent of one another and which each agree the financing of a part of the individual transactions.
- The government tranche is given to the debtor as a gift (older agreements still make provision for interest-free loans over a period of 20 to 25 years). The bank tranche of the loan is granted at commercial conditions, usually with a term of 10 years, including a waiting period of 3 years.
- The respective shares of the government and the banks (and therefore also the actual costs of the loan) are negotiated by the Confederation and the debtor. The government tranche cannot cover more than half of the loan.
- The bank tranche is covered by the SERV at a guaranteed 95%, including coverage of the collection risk. The SERV premium on the bank tranche is paid by the financing bank.
- A soft loan can only be used to buy goods and services of Swiss origin. Deliveries by foreign suppliers of up to 50% can be discussed. Local costs are limited to 30% and are added to the share of foreign deliveries.

- The Confederation agrees binding transfer conditions with the debtor. Many countries try to treat funds coming from subsidised or quasi-subsidised sources equally. For the Confederation it is important that there is no discrimination against users of soft loans. Few problems occur when the recipients of the loans are monitored by government authorities, but difficulties sometimes arise with private sector buyers who have to go through the challenging and time-consuming approval procedure but do not benefit, or benefit to a limited extent only, from the advantageous loan conditions.

It is important that the exporter knows that the project cycle up to the conclusion of the contract and the delivery lasts much longer than for purely commercial transactions financed with or without the SERV.

5.4 Realisation of large-scale projects

The explanations provided above are based on the assumption that UBS will finance an export transaction involving a single product. However, the buyer might be thinking of the project as a whole and is looking for a partner that can offer a comprehensive financing solution. Individual suppliers or groups of suppliers can organise themselves in a variety of ways (e.g. into open or closed consortiums, general contracts and subcontractors, etc.), and the finance packages that have to be put together by an international bank will also be very different.

5.4.1 Financing from multiple sources (multi-source financing)

While it is not a problem to finance the costs of certain components of an overall project (e.g. local construction costs, operating costs or spare parts) under a single credit agreement, exports of goods and services that benefit from the support of government export credit agencies (ECAs) usually have to be financed by a corresponding number of individual export credits and soft loans. The reason for this lies in the fact that different regulations apply in many of the countries of destination. Practices tend to vary significantly, both with respect to the required documentation as well as the currency, interest rates and commission rates. And finally, soft loans, and to some extent government export credit schemes, are designed for the benefit of creditor banks in the country of destination, and this fact needs to be borne in mind if a banking consortium is to be formed.

The finance package for a medium-sized or large-scale project therefore consists of a number of components, and may include the following types of credit:

- export credit agreements with the various supply countries,
- soft loans or other subsidised credits,
- one or a number of credits for financing advance and interim payments,
- one or a number of credits for financing the export of goods and services without the SERV, or for operating costs, spare parts, etc.,
- credits for financing local costs,
- loans from multinational institutions such as the IFC, the World Bank, the European Bank for Reconstruction and Development (EBRD) or the Asian Development Bank (ADB).

Depending on the prevailing conditions on the international capital markets, in some cases a bond issue may also be an option.

5.5 UBS as coordinator and financial advisor

With a global network behind us, UBS is able to advise and assist suppliers and buyers alike in putting together complex finance packages. Our advisory and financing services cover short-, medium- and long-term credits, with or without export credit insurance. UBS boasts a wealth of experience in working with a variety of export credit agencies (ECAs), including those of Switzerland (SERV), Austria (OeKB), Germany (Euler Hermes), Sweden (EKN) and Italy (SACE).

When it comes to moderately sized finance packages for goods and services originating from a single country or just a few countries, and the relevant export finance systems are fairly liberal, the role of the co-ordinator and financial advisor differs little from that of the head of a consortium of creditor banks. But when a large number of financing sources are involved, and tailored solutions have to be found that meet a broad variety of legal requirements, the task of the advisor becomes much more demanding. Since in such cases advisory services extend far beyond the bounds of normal export credit services, **UBS will bring together a team of specialists responsible for dealing with any issues that may arise and getting the job done with utmost professionalism.** You can find more information on this topic in Chapter 7, Advisory.

Picture: auto production

Attention to detail always pays.
If it means that processes run more smoothly.

6 Financing without SERV cover

6.1 Forfaiting

Forfaiting is an important and for the exporter highly attractive form of export financing.

Forfaiting refers to the non-recourse sale of receivables from exports of goods and services by the exporter to UBS. The first step involves the granting of a supplier's credit (cf. 5.1) by the exporter to the importer.

Forfaiting offers exporters a variety of benefits, such as:
- it turns a supplier's credit into a cash transaction,
- **it eliminates losses on receivables as UBS assumes the full collection risk**,
- there are no political risks,
- there are no transfer risks,
- if invoices are issued in a foreign currency, the currency risk only applies from signature of the delivery contract to payment of the forfaiting proceeds,
- the country of origin of the goods is irrelevant,
- there is no need for export risk insurance cover.

6.2 Financing advance and interim payments, and local costs

As the SERV does not allow the exporter to defer advance and interim payments, the only available financing option is the granting of a credit by the exporter's bank. It is often the case that the awarding of a contract to the exporter depends on the provision of such credits (export finance credits) and the assumption of the associated risks by the bank concerned.

From the point of view of the financing bank, these risks concern not only the collection risk but in particular also the country risk, which means that the solvency of the importer and guarantor must be assessed as well as the medium-term economic and political prospects of the country of destination. As a result, the financing options are limited, and exporters therefore have to structure their financing application in a manner that ensures that the local costs and the costs of delivering the goods to the foreign country are incorporated into the export credit to the greatest possible extent (cf. 3.5). This minimises the need for credits with an associated country risk. UBS will be happy to answer any additional questions of exporters.

As is the case with the assumption of uncovered principal risks arising from export credits, when considering whether to grant an export finance credit a distinction must be made between countries with a relatively good rating and those whose debts have already been restructured or who are likely to undergo debt restructuring in the foreseeable future. If the assessment is positive, **UBS will finance advance and interim payments at market conditions within the scope of its current credit policy and the existing limits room for the country in question.** The term of such credits will always be shorter than those of the associated export credits, and the interest margin will be adjusted to reflect the higher level of risk. Commissions such as management fees, commitment fees, issuing commission and handling fees are usually also charged.

6.3 Supplier's credits with Euler Hermes Privat insurance

UBS has concluded an agreement with Euler Hermes Kreditversicherungs-AG, Zurich, a subsidiary of the Allianz Group, concerning credit cover for capital goods. At the exporter's request, Euler Hermes Privat (which should not be confused with Euler Hermes Bundesdeckungen) will examine the various cover options, and if its decision is positive, the supplier's credit can be refinanced by UBS.

Case study of a supplier's credit with Euler Hermes Privat insurance
Initial position
Maschinen Schweiz AG has learned from its representative in Spain that Expagnola Ltd. is interested in purchasing a turbine. The contract value for this turbine is CHF 1,000,000, and only 20% of the turbine is manufactured in Switzerland. The buyer in Spain has requested financing of the contract value for a period of 2 years.

Application to Euler Hermes Privat insurance
As no SERV cover is available for the commercial risk, the exporter wishes Euler Hermes Kreditversicherungs-AG to cover this credit (up to a maximum of 80%). To this end he applies to Euler Hermes for the following cover:
– 80% of commercial risk,
– 80% of manufacturing risk.

Contact with UBS
On the same day, Maschinen Schweiz AG contacts its client advisor at UBS Export Finance, and gives him all the necessary information about the deal. Based on this information, UBS outlines the financing conditions and costs.

Signing of contract
Maschinen Schweiz AG has meanwhile concluded a delivery contract with Expagnola Ltd. for the purchase of the turbine with the following payment terms:
10% of the purchase price (= CHF 100,000) as advance payment, payable by the importer within 30 days following signature of the delivery contract;
90% of the purchase price (= CHF 900,000) as a supplier's credit over 2 years. Interest rate for the importer: 2.25% p.a./delivery date: 4 months after signature of the contract (no commissioning required).

Receipt of insurance policy
Based on the application and after payment of the premium, the exporter receives the policy in the form of a notice of credit cover, and UBS then buys the rights and claims under this insurance policy from Maschinen Schweiz AG.

Agreement between UBS and the exporter
Before the goods are delivered, UBS concludes an "export finance agreement" with Maschinen Schweiz AG which governs the assignment of the rights under the delivery contract and the sharing of the risk which is not covered.

UBS calculates the credit amount and interest as follows:

Export credit:	90% of contract value Repayable in 4 equal six-monthly instalments, the first of which falls due 6 months after delivery date	CHF 900,000.00
Credit interest:	1.75% p.a. (basis: 2-year SEBR), calculated on the credit amount for an average period of 1.25 years	CHF 19,687.00

The risk is distributed as follows:

	Euler-Hermes Privat cover	no Euler-Hermes Privat cover	
		borne by exporter Collection risk	borne by UBS Country risk
Principal risk:	CHF 720,000.00	CHF 180,000.00	CHF 180,000.00
Interest risk:			CHF 19,687.00

Maschinen Schweiz AG must bear the uncovered principal risk (20% of credit amount) itself. This is booked to its account on a recourse limit. UBS bears the full interest risk as well as the country and transfer risks that are not covered by Euler Hermes.

Advance payment and notification
When Maschinen Schweiz AG receives the 10% advance payment, UBS notifies the importer about the purchase of the receivables under the delivery contract.

Utilisation and repayment of the credit
UBS has to be in receipt of the following documents before it can make the first credit payment:
- copy of the delivery contract,
- agreement regarding export finance,
- copy of application for Euler Hermes cover,
- copy of Euler Hermes's notice of credit cover,
- proof of payment of premium,
- proof of advance payment,
- invoice and shipping documents,
- dispatch documents.

Expagnola Ltd. pays the first instalment on the credit 6 months after delivery. The remaining credit balance must be paid in 3 equal six-monthly instalments.

6.4 Reasons for using Euler Hermes Privat insurance

The credit insurance provided by Euler Hermes is an alternative to the SERV, and covers the commercial risk without the need to obtain local bank guarantees.

Special notes:
- With the agreement of Euler Hermes it is possible to finance more than 85% of the contract value. This means that exporters can structure their payment terms (repayment instalments) with a greater degree of flexibility.
- It is possible for less than 30% of the product to be manufactured in Switzerland.

7 Advisory

Advisory refers to comprehensive commercial and financial advice and support in the export business. This ranges from a general advisory mandate involving collaboration as a preferred partner, through to advisory mandates for specific projects. Our product is flexible and can be finely tuned to every client's specific needs, which enables companies specialising in exports to improve the efficiency of their processes.

A general advisory mandate is charged on the basis of an hourly rate and comprises the following main services:

- risk management,
- support with project screening and selection, taking special account of commercial and financial aspects,
- sales support during the quotation phase,
- structuring of payment terms for documentary credits and guarantees,
- support with contract negotiations through to successful implementation of the project.

With a mandate for a specific project, UBS as financial advisor coordinates all activities from the quotation phase through to the financing process, including definition of financing requirements and sources, preparation of a financing model, proposal of a financing plan, formulation of an information memo, etc. A project-specific mandate is invoiced on the basis of an hourly rate plus a performance fee.

8 Risk management / risk transfer

The importance of risk transfer as an instrument for risk management has increased significantly over the past few years.

There are various private insurers who specialise in securing private commercial risks, and UBS works closely with many of these private credit insurers.

In the area of the transfer of political risks, UBS has expanded its collaboration with insurance brokers and insurance companies. UBS now maintains excellent business partnerships with leading primary insurers of political risks throughout the world, and has also intensified its cooperation with insurance brokers that specialise in products for the various risk markets.

UBS will help you find the best financing solution and secure all your export transactions.

Thanks to our global network and widely recognised expertise, we are able to provide you with the greatest possible security for all forms of export financing. For you this means added value, which can be of decisive importance for your international business activities.

The earlier you contact us, the better.

Before a deal is signed, financing, payment processing and measures to secure them should all be in place. The sooner you talk to us, the sooner we can offer you comprehensive and effective support, with expert advice, the most up-to-date information on developments in the worlds of business and financial policy, and of course with speedy and faultless processing. Contact your personal UBS advisor.

It goes without saying that UBS will also assist you with documentary credits and documentary collections as well as with all types of bank guarantee. You and your specialists can find detailed information on the benefits, possibilities and uses of our services in the corresponding UBS brochures:
- "Documentary Credits and Documentary Collections",
- "Bank Guarantees".

Your UBS advisor or any UBS branch will be happy to provide you with any of these brochures.

For a comprehensive overview of trade & export finance in general, see our homepage, www.ubs.com/tef, where you will find in-depth information and realistic examples of trade and export finance transactions, legal aspects, helpful checklists and detailed fact sheets.

UBS is more than a leading bank: it is a global provider of integrated financial services. This allows you to carry out your business activities in foreign markets as successfully and risk-free as possible. The global presence and experienced staff of UBS mean that you can be successful wherever you choose to do business. We look forward to hearing from you.

Further Trade & Export Finance instruments

Documentary Credits
Flexible payment and short-term credit instruments

- Sight documentary credit
- Documentary credit with deferred payment
- Acceptance credit
- Negotiable documentary credit
- Transferable documentary credit
- Back-to-back documentary credit
- Assignment of documentary credit proceeds

Documentary Collections
Supplementary payment instruments

- Documents against payment
- Documents against acceptance
- Documents against letter of undertaking

Bank Guarantees
Securing performance or payment

Guarantee
- Bid bond (tender bond)
- Advance payment guarantee
- Performance bond
- Guarantee for warranty obligations
- Payment guarantee
- Loan guarantee
- Letter of indemnity for missing bill of lading

Standby letter of credit

Simple, joint and several surety
- Building contractor's guarantee

Contacts

Export Finance

Geneva, Western Switzerland,
Central Plateau
and Ticino Regions
Tel. +41-44-239 23 08
Fax +41-44-239 21 21

Zurich and Eastern
Switzerland Regions
Tel. +41-44-239 28 75
Fax +41-44-239 21 21

Northern Switzerland
and Central Switzerland Region
Tel. +41-44-239 21 17
Fax +41-44-239 21 21

International
exporters
Tel. +41-44-239 81 01
Fax +41-44-239 21 21

Documentary Credits and Documentary Collections
Bank Guarantees

Geneva Region
Tel. +41-22-375 76 01
Fax +41-22-375 85 21

Western Switzerland Region
Tel. +41-22-375 80 38
or +41-22-375 76 01
Fax +41-22-375 85 21

Ticino Region
Tel. +41-91-801 81 33
Fax +41-91-801 79 59

Central Plateau Region
Tel. +41-31-336 24 61
Fax +41-31-336 24 51

Northern Switzerland Region
Tel. +41-61-289 37 68
Fax +41-61-288 21 85

Central Switzerland Region
Tel. +41-41-727 32 47
Fax +41-41-727 35 25

Zurich Region
Tel. +41-44-239 37 76
Fax +41-44-239 31 29

Eastern Switzerland Region
Tel. +41-71-225 35 06
or +41-71-221 83 44
Fax +41-71-221 82 53

www.ubs.com/tef

UBS

UBS AG
P.O. Box
8098 Zurich