

# Export finance

## Parties and instruments

Medium to long-term financing is required for exports of capital goods such as production plants.

Swiss exporters have a very strong selling argument if they can also offer their clients financing arrangements.

### Parties

The most important players when it comes to export finance are:



#### Exporter/supplier

The exporter wants to sell products or services originating from Switzerland.



#### Importer/buyer

It's domiciled abroad and wants to import the supplier's goods or services.



#### Export risk insurance

It covers political, transfer, credit, manufacturing and other risks. SERV Swiss Export Risk Insurance provides cover in Switzerland; and cover is also offered by other private credit insurers.



#### Financing bank

UBS supports the Swiss export business as a financing bank.



#### Buyer's bank

The foreign buyer's bank covers the importer's payment default risk vis-à-vis UBS with a bank guarantee.

## Instruments

Three different types of credit are used for export finance: supplier's credits, buyer's credits and frame credits.

### 1. Supplier's credit

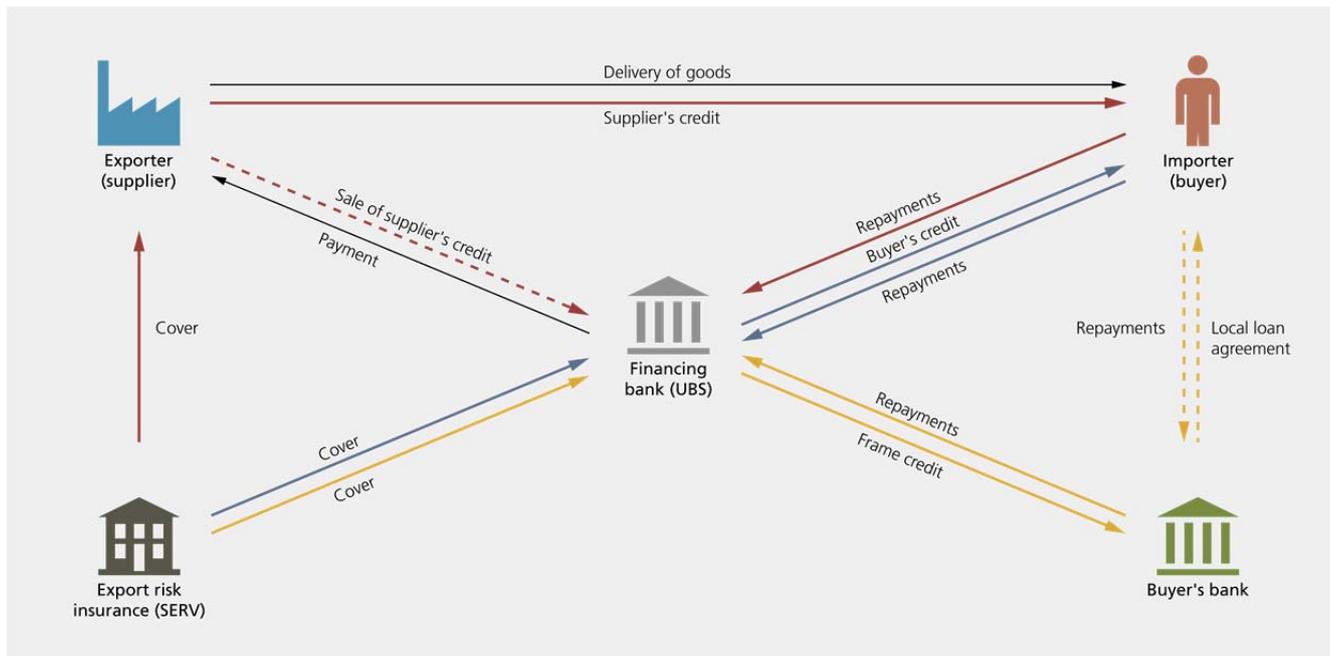
The supplier sells its goods to the buyer. It offers the buyer a supplier's credit in the supply contract. The supplier sells the claim to UBS which pays the supplier the value of the loan. The buyer's bank secures the payment of the goods delivered and the loan, respectively, by issuing a guarantee in favor of UBS. The buyer repays the loan directly to UBS.

### 2. Buyer's credit

The supply contract between the exporter and the buyer refers to a separate financing agreement between UBS and the buyer. In this case, the buyer concludes the loan agreement directly with UBS. The SERV cover is also issued directly to UBS and the buyer's bank issues a payment guarantee in favor of UBS. UBS pays the loan amount to the supplier and the buyer repays the loan to UBS.

### 3. Frame credit

UBS has framework credit agreements with other banks around the world which define the general conditions for the financing of individual export transactions. During the contractual negotiations, the supplier and buyer submit requests to their banks for financing and the banks establish contact with each other. The SERV cover is issued to UBS. Once the goods have been delivered, the supplier receives its money from UBS. The buyer's bank repays the loan to UBS and the buyer repays the loan to its bank.



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