

Buyer's credit

Parties and how it works

With a buyer's credit, UBS grants the buyer a loan based on an export contract for the supply of goods or services. UBS pays the loan to the exporter.

The process of negotiating the loan terms and drawing up the corresponding documentation is time consuming and costly, so buyer's credits are used in most cases for transactions involving several million Swiss francs.

Parties

Five parties are usually involved in a buyer's credit.



Exporter/supplier

The Swiss supplier wants to export products or services originating from Switzerland.



Importer/buyer

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



SERV

The Swiss export risk insurance (SERV) covers political, transfer, credit, manufacturing and other risks.



Lending bank

UBS as lender concludes a loan agreement with the importer based on the underlying transaction.



Buyer's bank

The foreign buyer's bank issues a bank guarantee to UBS to cover the risk of non-payment by the importer.

How it works

Let's take a look at how a SERV-covered buyer's credit works.

1. Supply contract

The supplier and buyer sign an agreement for the supply of goods or services – the construction of a machine park, for example. The contract refers to the separate financing agreement between UBS and the buyer.

2. SERV cover

UBS as lending bank applies for and is issued cover from SERV for political, transfer and credit risks.

3. Loan agreement

UBS signs a loan agreement with the buyer based on the supply contract.

4. Local loan agreement and payment guarantee

To secure the repayment of the loan, UBS requests a payment guarantee from the buyer's bank. The payment guarantee is based on a loan agreement between the buyer and its bank.

5. Exporter's agreement

The exporter and UBS conclude an exporter's agreement and define the sharing of the residual risk not covered by SERV.

6. Advance payment

As a rule, the buyer makes an advance payment before the first delivery.

7. Delivery

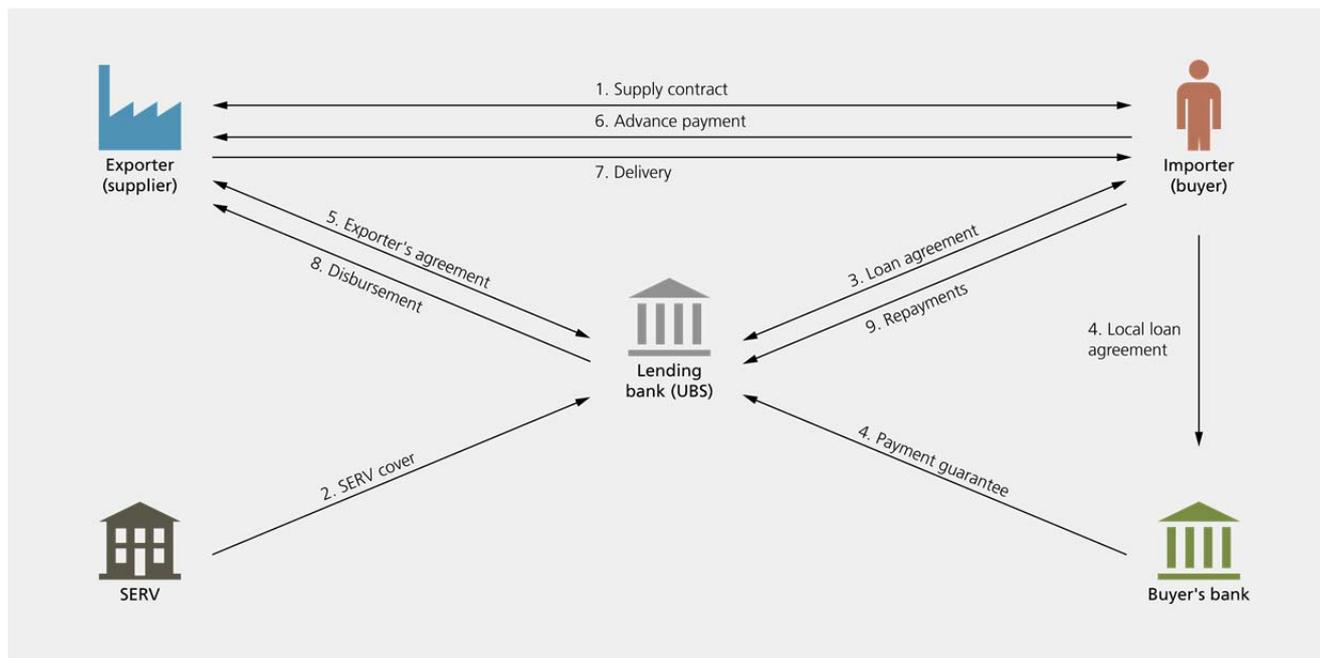
The exporter delivers and installs the park in accordance with the contract.

8. Disbursement

After the advance payment and delivery, UBS transfers the amount of the buyer's credit to the supplier.

9. Repayment

The importer repays the buyer's credit directly to UBS.



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