

Buyers Credit

PURPOSE:

The Buyer's Credit (either in terms of individual loan agreements or inclusions in framework agreements) is a financing alternative for cross-border transactions that is tied to the supply contract between exporter and importer (= the buyer). The loan agreement will be concluded between UniCredit Group and the foreign borrower (either the importer himself or his main bank or the foreign government) to finance the exporter's deliveries and/or services rendered. Disbursement under the loan is effected directly to the exporter's account pro rata deliveries/services against presentation of satisfactory documentation. Buyer's Credits are mainly covered by a guarantee issued by the local Export Credit Agency ("ECA") in the exporter's country, usually acting on behalf and for the account of the state resp. government of the exporting country.

REQUIREMENTS:

- **Minimum amount of local content resp. value added.**
- **Compliance with international regulations (above all OECD-Consensus).**

AMOUNT OF FINANCING:

For repayment periods of under two years: 100% of the value of the supply contract. For repayment periods of two years and longer: max. 85% of the value of the supply contract. For all export transactions where ECA cover is not available (e.g. due to exceeding the acceptable amount of foreign content, delivery has already taken place, etc.) the international private insurance market might be a suitable alternative for the mitigation of export risks.

COST OF FINANCING:

Interest (specified individually based on the evaluation of the involved risk), ECA guarantee charges, commitment fee, management fee and any other fees that might occur (e.g. arrangement / agency / administration fee, out-of-pocket expenses, etc.)

COLLATERAL:

Insurance cover of ECA and other collateral (agreed on a case-by-case basis) as may be required.

APPLICATION:

The exporter instructs UniCredit Group to apply for cover with the local ECA to arrange for financing under an ECA covered Buyer's Credit. It is recommended that the exporter involves UniCredit Group in the potential export transaction at an early stage (already during negotiation of the supply contract if possible). This allows all key provisions which have an influence on the supply contract and should be coordinated in advance, to be arranged for and thereby help to accelerate the negotiation process.

Contact:

For more detailed information please get in touch with your relationship manager or directly contact the specialists for Structured Trade & Export Finance at UniCredit Group.

Georg.Karner
tel.: +43 50505 56911
mailto: georg.karner@unicreditgroup.at