



## **SUPPLIER CREDIT FINANCING FACILITY**

MECM is pleased to provide facilitation to our valued clientele to access UK Government's UK Export Finance: Supplier Credit Financing Facility.

UKEF Supplier Credit Facility provides a guarantee to a bank in two scenarios.

### ***Supplier Credit Loan Facility***

Covers a loan to an overseas buyer to finance the purchase of capital goods and/or services from a UK exporter. This is typically for contracts below £5million.

### ***Supplier Credit Bills and Notes Facility***

Covers payments due under bills of exchange, or promissory notes, purchased by a bank from a UK exporter. The exporter will have received them in payment for capital goods and/or services supplied to an overseas buyer.

### **Benefits**

The benefits of UKEF Supplier Credit Financing Facility include:

- the exporter is paid as soon as the goods have been shipped and/or services performed.
- the buyer or borrower has time to pay over a number of years and can borrow at fixed or floating rates.
- the bank receives a guarantee from UKEF for the amounts due under the bills of exchange, promissory notes or the loan.

We, at MECM, will ensure that your application is compliant with UK Export Finance requirements and will provide necessary assistance. Please go through the quick guide link below to familiarise yourself of what's involved.

### **1. Supplier Credit Financing Facility: SCFF (Quick Guide)**

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*Disclaimer: MECM is not an affiliate of UK Export Finance or endorsed by it. MECM works in an independant capacity solely to provide facilitation to its clientele as a consulting firm.*



## Quick guide to Supplier credit financing

This quick guide explains what a supplier credit finance facility is, how it works, its benefits, its key features and how to apply for the facility from UK Export Finance.

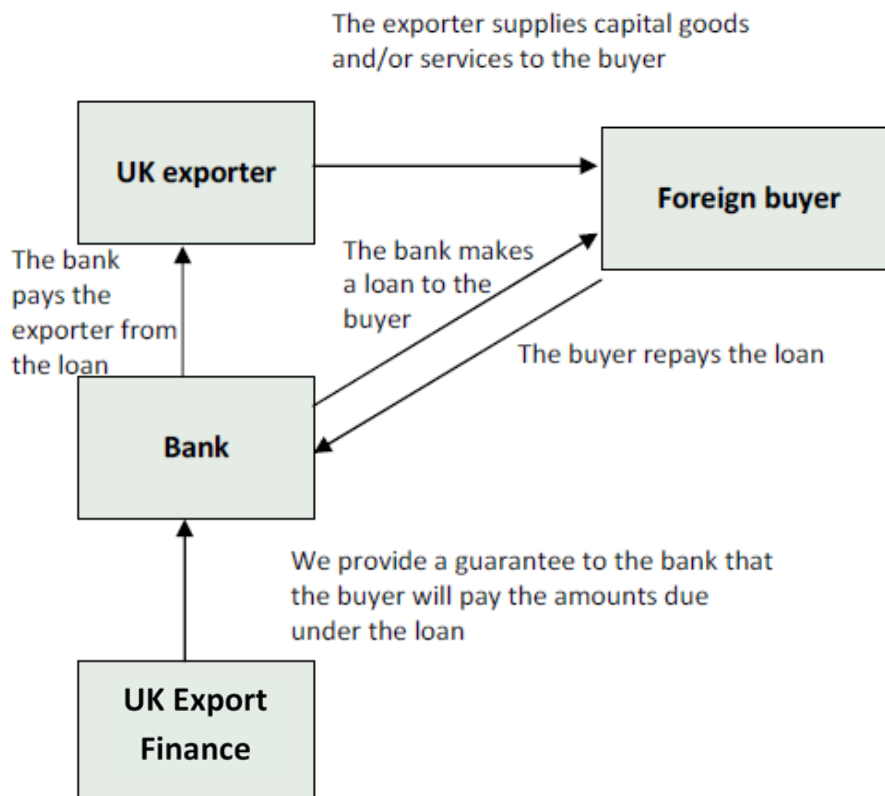
### What is a supplier credit?

Under a supplier credit financing facility, we provide a guarantee to a bank either:

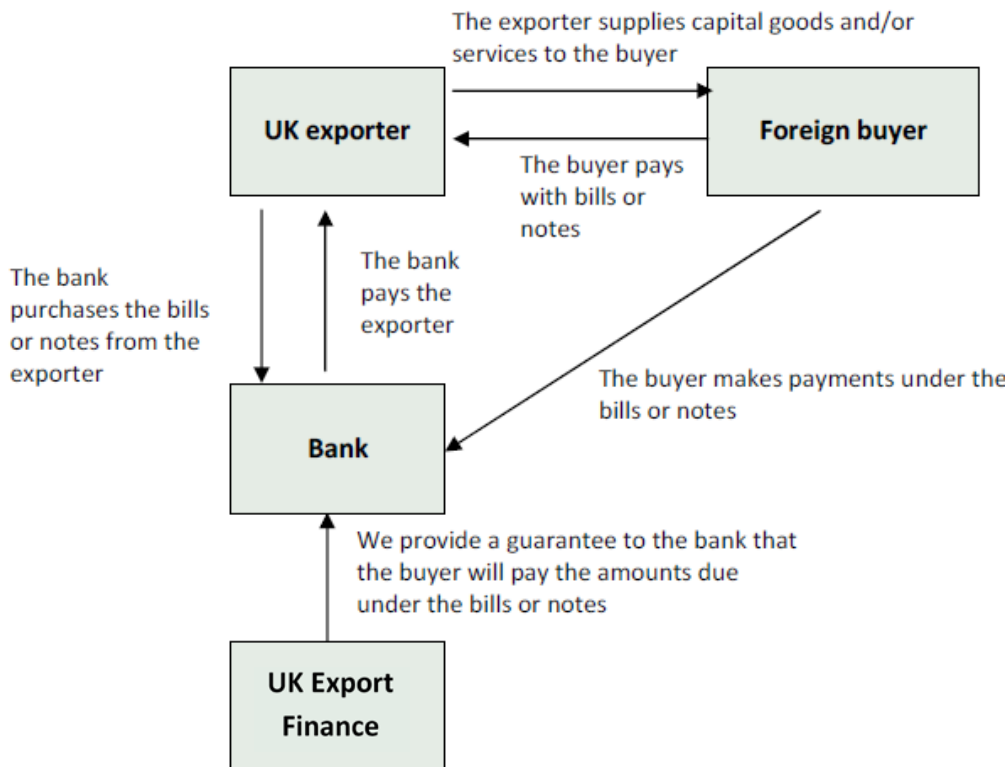
- for a loan to an overseas buyer to finance the purchase of capital goods and/or services from an exporter carrying on business in the UK – known as a supplier credit loan facility; or
- to cover payments due under bills of exchange or promissory notes purchased by a bank from an exporter carrying on business in the UK, who has received them in payment for capital goods and/or services supplied to an overseas buyer – known as a supplier credit bills and notes facility.

Finance can be made available in the main trading currencies (including sterling, US dollars and euro). Other currencies can be considered.

### How does a supplier credit loan facility work?



## How does a supplier credit bills and notes facility work?



## What are the benefits of supplier credit financing?

The benefits are:

- the exporter is paid as soon as the goods have been shipped and/or services performed;
- the buyer or borrower has time to pay over a number of years and can borrow at fixed or floating rates;
- the bank receives a guarantee from us for the amounts due under the bills of exchange, promissory notes or the loan.

## Risks covered

The bank is protected against non-payment under the guaranteed bills of exchange, promissory notes or loan. However, the bank must take the documentation risk and will therefore need to ensure that the loan agreement and/or the bills or notes is/are legally enforceable.

## Eligibility

following criteria must be met:

- the exporter must be carrying on business in the UK;
- the bank must be acceptable to us.

## Maximum amount

The maximum amount that can be made available under the facility is 85 per cent of the contract value. A minimum of 15 per cent of the contract value must be paid directly to the exporter by the buyer before the facility starts to be repaid. Of the 15 per cent, a down payment of at least 5 per cent should be received upon contract signature.

We can consider support for foreign content (the cost to the exporter of purchasing goods or services from sub-contractors outside the UK) of up to 80 per cent of the contract's value

## Term

The period for payment under the facility must be at least two years.

## Cost

There is no fee for the application. The premium payable for our guarantee is determined on a case by case basis.

## Disclaimer

The information available in this brochure is not intended to be a comprehensive description of our products and procedures, and many details which are relevant to particular circumstances may have been omitted.

When considering applications, our underwriters will look at each case on its merits.

The brochure was last updated in March 2013.