

## UKEF – United Kingdom Export Finance

UKEF are the UK's export credit agency and a government department, working alongside the Department for International Trade as an integral part of its strategy and operations.

UKEF helps UK companies of all sizes and in all sectors to export by enabling them to win business, perform contracts and get paid through a variety of guarantee, lending and insurance products.

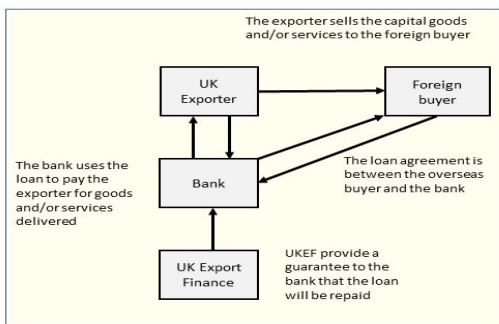
Over the past 5 years, UKEF has provided over £15 billion worth of finance and insurance to help exporters across the UK sell to over 200 countries.

Although there are a variety of facilities put in place by UKEF, here is a summary for "Buyer Credit Facility" as one of the most suitable for Turkish importers.

### **Buyer Credit Facility (BCF)**

Under a BCF, UKEF provides a guarantee to a bank making loan to an overseas buyer, so that capital goods, products and/or services can be purchased. Loans can be made in the main trading currencies (including GBP, USD and EUR, as well as TL on case by case basis). This facility enables the exporter to receive payment up-front as though it was a cash contract, while the buyer can access extended repayment terms.

The loan is typically repaid over a period of 2 years or longer by the borrower, while the exporter receives payment via the credit facility as amounts fall due under the export contract.



### **Eligibility**

- The exporter must be carrying on business in the UK (minimum added value %20)
- The export contract must have a value of at least £5M or the equivalent in the foreign currency

- The bank making the loan must be acceptable to UKEF
- The investments of the company based in Turkey in another country can also be credited within the scope of UKEF and within the pricing conditions of the relevant country.

### **Loan**

The maximum loan amount that can be made available under BCF is 85% of the contract value. Remaining %15 must be paid directly by the buyer solely from its own financial resources as an indicator of buyer's balance sheet capability.

### **Duration**

Expected grace period of the loan is 2-5 years, whilst maximum maturity may vary between 2-10 years. Case-by-case analysis by UKEF and the UK bank prevails.

### **Cost**

The premium payable for the facility is determined on case-by-case basis. Annual interest rate of SOFR+%½-%1,00 might be an early indicator. UKEF risk premium is also applied (%3½-4½)

Although UKEF is open to almost all countries, TERRA Business Consulting focuses on companies operating in Turkey with business links to the UK.

The process is mainly composed of the approval of the guarantee limit by UKEF and the allocation of the cash credit limit by an accepted financial institution. The application file to be prepared before UKEF and the documentation that will form its basis are decisive for the seamless and rapid progress of the process. As for the sourcing stage, it is vital to find the most suitable loan for the interests of the importer company.

TERRA provides process consultancy services so that its customers can access best probable external financing solutions. For this purpose, it operates as the authorized representative of Private Shares Ltd (UK) in Turkey, working with UKEF and various financial institutions.

For further details please contact with TERRA.



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