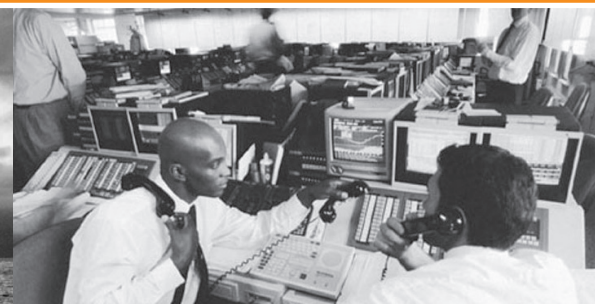
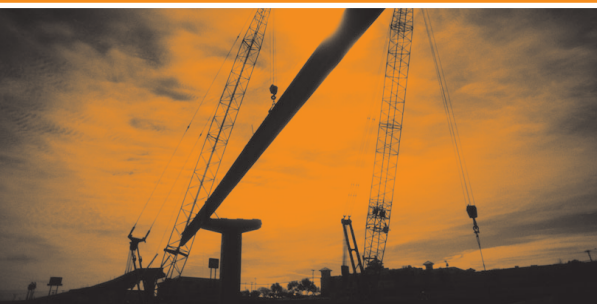


TRADE FINANCE

Finance and guarantees for Export/Import operations



As they engage in international trade, Italian companies need to manage various types of risk: country risk, political risk, default by the customer and/or the customer's bank, exchange rate risk, interest rate risk. Banca UBAE can help Italian companies by offering a comprehensive range of solutions designed to meet their requirements and make their business dealings with foreign parties more efficient and secure.

Confirmation of Export Letters of Credit and opening of Import Letters of Credit

A letter of credit (L/C) provides a guarantee for exporter and importer alike that payment will be executed on the terms agreed to by both parties. By confirming an export L/C, Banca UBAE adds its own undertaking to the instrument, guaranteeing that the exporter will receive payment as due, **at sight or on term**. In the latter case, the Bank may agree to discount its commitment to the exporter. Conversely, a buyer may apply for an import L/C, which will be opened subject to the establishment of a formal credit line.

Issuance of irrevocable payment orders against Confirmed Letters of Credit

If the beneficiary of an L/C that has been confirmed by Banca UBAE needs to buy materials, say, from sub-suppliers, he may apply for an irrevocable payment order in their favour. **The order will be executed at the time the credit is negotiated**. This service provides the sub-supplier with a guarantee that he will receive payment from the Bank once the exporter has produced the required documents.

Credit transfers against transferable Letters of Credit

The beneficiary of a transferable L/C may instruct Banca UBAE to transfer **all or part** of the credit to a specified third party. The **documents and currency** applying to the transferred credit **will be the same** as those of the base credit, while the **amount payable and terms of shipment or presentation of documents may be modified** by the original beneficiary.

Back-to-Back Letters of Credit

After obtaining a formal credit line, the beneficiary of the base credit may ask Banca UBAE to open **a new L/C** in favour of a third party. This results in two documentary credits that are legally distinct but concur in achieving the same goal.



Issuance of contractual/financial guarantees and Stand By Letters of Credit

In an international **tender**, bidders are asked to submit a bank guarantee (**bid bond**) to prove seriousness of intent. After signing the contract but before collecting the advance, the winner is usually required to post an **advance payment bond**. A third bank guarantee (or **performance bond**) may support the contractor's commitment to complete works or shipments as stipulated. Once the pertinent credit lines have been granted, the contractor may apply to Banca UBAE for the issuance of all these guarantees to the foreign employer directly or through a local bank, which will notify them to the beneficiary. Each bond may be issued either in the traditional form of a "**letter of guarantee**" or as a more flexible "**stand by L/C**".

Post-Financing Facilities

The exporter's and importer's respective banks may arrange for the latter to open documentary credits on the former on the understanding that payment to the beneficiary will be on sight and repayment to the importer's bank will be deferred. This form of **finance**, which is similar to "buyer's credit" and may be provided **with or without SACE insurance coverage**, does not require a commitment by the exporter. Banca UBAE has post-financing agreements in place with various Middle Eastern banks.

Pre-export Financing on export Letters of Credit bearing the Bank's confirmation

Once a formal credit line has been approved, Banca UBAE may grant the beneficiary of an L/C a cash advance to **finance the contract's fulfilment** before the L/C is actually negotiated. This financing will be reimbursed when the underlying credit is drawn.

Forfaiting

Forfaiting may be defined as the **discounting, without recourse on the beneficiary**, of receivables associated with international L/Cs having short, medium or long-term maturities. Banca UBAE's forfaiting service enables exporters to collect amounts receivable under L/Cs opened in their favour, irrespective of the bank to which the credit was notified. Once payment adjusted for the agreed interest rate has been made, rights arising from the L/C are transferred permanently from the exporter to the Bank.

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