

TRADEFINANCE2020

Through the financial strength and resources now available through KIPCO Group¹, we facilitate trade finance for qualified companies, financing any legal cross border transaction between selective countries. **TRADEFINANCE2020** enables exporters to grant credit facilities to buyers of up to 5 years, and still receive the immediate Non Recourse payment upon shipment.

An exporter can sell his products with a typical payment tenor of 180 to 365 days. The exporter can get paid right after shipment while the importer pays within the agreed period of time.

For **TRADEFINANCE2020** to work, it has to be backed up by a financial guarantee, usually a documentary letter of credit issued by the buyer's bank

ESSENTIALS

Low cost finance for solid clients and good banks. The Importer will have to be able to issue a L/C or DLC through his own bank. The Importer's bank does not have to be top Tier. Exporter and Importer have to have an established solid business track record and be able to evidence significant trading activities and audited statements for at least the past 3 years.



⁽¹⁾ KIPCO Group, Kuwait Projects Company (Holding) has Consolidated Assets in excess of USD 34 Billion (2018), controls 60 companies across 24 countries and employs 16000 people.

TRADEFINANCE2020 - General Facility Description

Low cost finance for established companies, solid clients and good banks.

The facility enables financing of any legal cross border transaction between selective countries. Exporters and Importers should have a solid business track record. Potential clients eligible to apply for TRADEFINANCE2020 are export oriented companies that can be supported by non-recourse funding. Our trade finance experts are able to tailor export solutions to help clients manage their liquidity and hedge country and counterparty risks. The country of the importer should be “on our list”.

The Exporter applies for the TRADEFINANCE2020 facility based on the financial instrument that is expected to be issued by the importer to secure the transaction.

There is a regular evaluation of country risk. The maximum tenor for selective transactions can be from 180 days to 5 years. Using TRADEFINANCE2020 exporters can sell products with required payment tenors. Exporters can get the immediate Non Recourse payment right after shipment and availability of the verified full set of shipping documents, while importers pay within the agreed period of time, which can be up to five years.

TRADEFINANCE2020 has to be backed up by a financial guarantee, usually a DLC, a Documentary Letter of Credit issued by the buyer’s bank. Financial instruments have to reflect the required payment tenor. The verbiage of the LC has to enable “no recourse” funding to exclude an eventual legal dispute at any stage.

The issuing bank has to be acceptable. It does not have to be a prime world bank, but it will have to be an acceptable institution. In Emerging Markets, typically the top 5 banks are considered. In some instances a confirmation may be required from the issuing bank’s European counterpart.

Commercial negotiations are often very fast moving and this is why we aim to structure a financially well engineered product for clients instantly, once the initial Evaluation Form has been submitted and approved.

Generally there has to be sufficient margin in the transaction. The higher the margin, the greater are the chances that your transaction is acceptable for our financing strategy. Maximum transaction value for any one client is around Euro 25 M. at a time.

TRADEFINANCE2020 - General Terms Sheet

Importers pay after 5 years - Exporters get paid upon shipment!

An exporter can sell his products with a payment tenor of up to 5 years and can get paid right after shipment while the importer pays within the agreed period of time – as late as 5 years.

General Terms

Transaction Face Value	EURO 250k to EURO 25 Million
Annual Interest Rate	3% to 6% Depending upon country and client risk factors
Tenor	180 days to 365 days (typically), but it can be up to 5 years depending upon buyer's LC, country and client risk factors
Establishing the facility	Facility set-up fee is between 0,5% and 1,5% depending upon size and complexity of a transaction
Non-Recourse Funding	Immediately upon shipment and availability of a full set of shipping documents
Repayment	none (Non Recourse Funding)
Type of Collateral	Documentary Letter of Credit
Rating of Issuing Bank	Issuing bank should be within top banks in its country of operation and registration. In emerging markets top 10 banks can usually be considered. The bank's paid up capital always has to reflect its financial strength and capacity to back up relevant guarantees issued.
Facilitator Commission	1%

Notes

- The service is for well established buyer- and seller companies with proven trading record
- See the countries and tenor indication for previously approved locations that have already enjoyed the benefit of this facility
- Quick approval process for qualified clients
- The facility is made available based on resources of the KIPCO Group
- All rates and terms are subject to change without notice

TRADEFINANCE2020 – Country Rating and Tenor

This is an indication of the possibly annual tenor for already approved countries. Other countries can be considered.

Algeria	2	Denmark	5	Kenya	2	Qatar	3
Angola	1	Dominican Republic	1	Kuwait	3	Romania	3
Australia	5	é Senegal	1	Latvia	2	Russia	1
Austria	5	Ecuador	1	Liechtenstein	5	Rwanda	1
Bahamas	3	Egypt	1	Lithuania	2	Saudi Arabia	3
Bahrain	3	Equatorial Guinea	1	Luxembourg	5	Serbia	2
Bangladesh	2	Estonia	2	Macau	5	Singapore	5
Barbados	3	Ethiopia	1	Macedonia	3	Slovakia	2
Belarus	1	Finland	5	Malaysia	5	Slovenia	1
Belgium	5	France	5	Malta	5	South Africa	3
Bermuda	3	Georgia	1	Mauritius	3	South Korea	5
Bolivia	1	Germany	5	Mexico	5	Spain	5
Bosnia-Herzegovina	2	Ghana	3	Morocco	3	Sri Lanka	3
Botswana	1	Gibraltar	5	Netherlands	5	Sweden	5
Brazil	3	Greece	1	New Zealand	5	Switzerland	5
Brunei	3	Guatemala	1	Niger	1	Taiwan	5
Bulgaria	3	Hong Kong	5	Nigeria	2	Tanzania	1
Canada	5	Hungary	2	Norway	5	Thailand	5
Cayman Islands	3	Iceland	1	Oman	3	Trinidad & Tobag	1
Chile	5	India	5	Pakistan	1	Tunisia	3
China	5	Indonesia	3	Panama	2	Turkey	3
Colombia	5	Ireland	3	Paraguay	1	UAE	3
Congo-Brazzaville	1	Italy	3	Peru	5	UK	5
Costa Rica	1	Japan	3	Philippines	3	Uruguay	2
Croatia	3	Jordan	3	Poland	3	USA	5
Czech Republic	3	Kazakhstan	2	Portugal	2		

The figures indicate the possible annual tenor for each country that has already been approved. The rating figures are subject to change without notice.

Updated 01/2020

TRADEFINANCE2020 – Q & A

Through TRADEFINANCE2020 an exporter can offer a truly competitive edged to importers availing a payment tenor of 180 to 360 days (sometimes even up to 5 years) on transactions of up to Euro 25 million if these basic requirements can be met:

- The Importer will have to be able to issue a L/C or DLC through an acceptable bank
- Exporter and Importer have to have an established solid business track record

How can TRADEFINANCE2020 enable below market rate NR financing?

TRADEFINANCE2020 is different to most government supported credits, as it allows exporters to subsidize the interest rate charged to their importers.

How can I get a quote?

First we have to see if your transaction can be acceptable under the terms of TRADEFINANCE2020. To evaluate your transaction and our possibilities to advance cash funds on your transaction for your client, the importer, you will have to present your proposed business deal using our INITIAL-EVALUATION-FORM. If your transaction is acceptable in principle, we will be able to provide you with an indicative quote, procedures and requirements. By answering this brief one-page questioner you will submit only very basic information like amount, currency, tenor, country, obligor, guarantor, underlying transaction, and shipment schedule.

How can I get a financing commitment?

If you are reasonably confident of being awarded the contract, and you want to fix the discounting costs, TRADEFINANCE2020 may be in a position to grant you an option. The option is a commitment given for a determined period of time. It fixes all the discounting conditions and allows you to sign the commercial contract with the certainty that you will be able to sell the debt instruments, without recourse after you have completed delivery of the goods or service using resources we have available based on the KIPCO Group member's financial capacity. If the contract is awarded to you before the expiration of the option, the option automatically turns into our firm Non-Recourse Funding commitment.

How quickly can I get a quote or a commitment?

We understand that this type of business requires fast action. Depending upon the complexity of the deal, and the country (-risk) involved, we are able to provide a quotation usually within 48 hours. We understand that your commercial negotiations are often very fast moving, and as such, we can usually provide a very quick indication for countries that are constantly monitored and on our list. Market conditions can be highly volatile and the list of countries where we are able to avail TRADEFINANCE2020 will change in accordance with economic and political developments. Currently financing is provided in over 100 countries world-wide.

At what stage can you commit to a transaction?

Depending on the specific transaction, we may be in a position to arrange the commitment to purchase receivables up to 18 months prior to delivery. If interest rate risk is of concern to your company, under TRADEFINANCE2020 we may be able to

arrange a commitment to discount the debt at a fixed rate. This will protect you from adverse movements in interest rates during the manufacturing and delivery periods.

Why do you need a DLC or LC?

This guarantee will be the Non-Recourse funding instrument on which TRADEFINANCE2020 is based. Any importer with a good relation with his own bank will be able to get a DLC or an LC issued by his bank at a very low rate. It is definitely more difficult and expensive to obtain a cash loan to pay for the imported products. In many emerging markets, companies and banks alike may have significant difficulty in borrowing medium term fixed rate money. The local bank, because of its relationship with the Importer plays a key role by issuing a DLC or a L/C, thereby allowing its customer to access foreign sources of funding. As a result, even if the Importer could obtain a fixed rate medium term loan, the interest rate is likely to be prohibitively high. TRADEFINANCE2020 represents a truly low cost financing model for importers requiring a tenor of 180 to 360 days or longer.

Does the Importer have to make a down payment on the shipment?

TRADEFINANCE2020 is a No-down-payment deal. 100% of the value of the commercial contract is usually financed on a Non-Recourse basis.

When does the exporter get paid under TRADEFINANCE2020?

It is in everyone's interest to accelerate the payment as much as possible. Clearly there will be a thorough a checking process, but with your assistance and the cooperation of your client and their bank, in most cases payments are made within a very reasonable time of presentation of complete documentation.

What happens if the Importer does not pay it's debt at maturity?

Under TRADEFINANCE2020 the debt is purchased without recourse and the exporter is not responsible for repayment at maturity. Also to avoid such an unpleasant event the terms of this facility requires the guarantee instrument to be drafted in a way that will assure that there cannot be a default, or a later claim resulting in a legal dispute.

What is acceptable?

DLCs and LC guarantee instruments from genuine banks.
Bank Guarantees, SBLCs issued for genuine cross border transactions.
Transactions generating income from a cross border trade.
Top 5 banks in countries in Emerging Markets
Tenor up to 5 years is possible
EURO 25 million per customer

What is unacceptable?

Banks which do not have established genuine banking business within the country they operate, are licensed and registered in, or are working on an offshore bank license, or known to offer leased instruments.
Banks which do not have a sufficient paid up capital to justify the risk of the financial instrument they issue.
Leased financial instruments

TRADEFINANCE2020 – YES and NOs

Acceptable Scenarios

- DLCs and LC guarantee instruments from genuine banks are of interest only.
- Bank Guarantees, SBLCs issued for genuine cross border transactions can be considered.
- Preferred are transactions generating income from a cross border trade.
- The issuing bank of the guarantee instrument does not have to be TIR1
- Banks in Emerging Markets should be among top 5 in the country.
- Instruments resulting from, or backing up project finance are not a preference, but can be considered.
- Tenor up to 5 years is possible
- EURO 25 million per customer maximum
- Transactions are considered in which we have been presented with full KYC on the applicant/client and its trade counterparty.

Unacceptable Issues

- We do not deal with banks which do not have established genuine banking business within the country they operate, are licensed and registered in.
- Unacceptable are banks working on an offshore bank license or known to offer leased instruments.
- Banks which do not have a sufficient paid up capital to justify the risk of the financial instrument they issue.
- We do not engage in buying or selling of bank instruments.
- No leased instruments are considered.
- We do not provide bank instruments.
- No leasing and loan transactions.

Initial Evaluation Form

Parties

Exporter Company Name	
Location / Country	
Shipment will be from (country)	
Importer Company Name	
Location / Country	
Shipment will be sent to (country)	
Importer's Guaranteeing Bank (full details)	

Transaction

What Products / Commodities are imported / exported (the underlying transaction)	
Total trade finance required in USD or Euro	
Tenor & other Payment Terms CIF / FOB	
Shipment Schedule	
How much is earned in this transaction total? Estimate and state in in USD or Euro	

Full details about the Seller / Exporter

Company Name and Address	
Have you conducted a transaction with this buyer / importer before? If YES, please describe your previous transaction.	
What was your estimated turnover 2019 €/USD	
What was your estimated turnover 2018 €/USD	
What was your estimated turnover 2017 €/USD	

Full details about the Buyer / Importer

Company Name and Address	
Have you conducted a transaction with this Seller / Exporter before? If YES, please describe your previous transaction.	
Estimated turnover 2019 €/USD	
Estimated turnover 2018 €/USD	
Estimated turnover 2017 €/USD	

Your Trade & Finance Partner

Who provided you with this form / information?	
This form has to be submitted by the Exporter	
Date	
Mr. Mrs.:	