

The Bank for Banks.  
Trade & Export Finance.





## A partner you can trust.

In an increasingly complex and networked financial world, UBS has the scale, experience and expertise to offer other banks and financial institutions a range of services designed to help them access attractive business opportunities for themselves and their clients.

One of our services, and the subject of this brochure, is trade and export finance solutions. As markets become more and more global, many banks are called upon to provide their corporate clients with trade and export finance services. These require a complex infrastructure and are bound up with higher costs. We would like to show you how UBS can make it easier for your institution to provide your clients with the support they need to thrive in increasingly global markets.

In our trade and export finance bank-to-bank relations, we see ourselves and other banks not as competitors but as partners offering mutually complementary services. The reciprocal nature of our services results in a win-win situation beneficial to all the parties involved in trade finance transactions. Apart from trade and export finance, UBS offers a full range of modular products and services which are engineered to give you increased scale and scope but allow you to remain focused on your core competencies. These embrace payments and custody, treasury products, mutual funds, capital markets, mergers and acquisitions.

The vital component of "The Bank for Banks." service suite is partnership. Choose UBS and you can rest assured that we will establish a relationship based firmly on close cooperation. You will automatically benefit from the same expertise, market insight, analysis and state-of-the-art technology that have made us one of the leading players in the industry. Our aim is to offer you a range of modular services and front-to-back solutions, tailored precisely to your needs, that will enable you to optimize specific parts or the whole of your value chain.

- Cash/Currency
- Securities
- Asset Management
- Private Banking
- Corporate Finance
- Trade & Export Finance

|                        | Market Intelligence/<br>Decision Support | Business Execution/<br>Liquidity Provision                                             | Processing                             | Client Servicing    |
|------------------------|------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------|---------------------|
| Trade & Export Finance | Advisory (Structuring)                   | Liquidity Management<br>Trade-related Financing<br>Medium-/Long-term<br>Export Credits | Payment/Performance<br>Risk Protection | Risk Transformation |

## A complete range of services tailored to meet your trade and export finance needs.

Companies looking to expand their horizons and profitability by venturing into export markets are often faced with risks and requirements that do not arise on domestic territory. Their customers, too, frequently require safeguards that will protect their interests and investment.

Many foreign trade transactions require a combination of services, such as protection against risk, securing performance, delivery and/or financial obligations, effecting payments or advising on and arranging for financing. Whether you need advice, processing or financing, you can rely on "The Bank for Banks." and its specialists to provide a blend of products, services and tailor-made solutions suited to the precise needs of you and your clients.

### Transaction Lifecycle and Value Chain

| Value Chain / Transaction Lifecycle | Market Intelligence/<br>Decision Support                                                                                                                                                                                 | Business Execution/<br>Liquidity Provision                                                                 | Processing                                                                               | Client Servicing                                                                                                                                                                               |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Tender</b>                       | <ul style="list-style-type: none"> <li>Advisory (Structuring)</li> </ul>                                                                                                                                                 | <ul style="list-style-type: none"> <li>Pre-Export Financing</li> </ul>                                     | <ul style="list-style-type: none"> <li>Bid Bond</li> </ul>                               | <ul style="list-style-type: none"> <li>Trade Finance Syndication</li> <li>Trade Facilitation Programs (EBRD, IFC, ADB)</li> <li>Export Finance</li> <li>Bank-to-Bank Reimbursements</li> </ul> |
| <b>Contract Closing</b>             |                                                                                                                                                                                                                          |                                                                                                            | <ul style="list-style-type: none"> <li>Performance Bond</li> <li>Stand-by L/C</li> </ul> |                                                                                                                                                                                                |
| <b>Production</b>                   | <ul style="list-style-type: none"> <li>Advance Payment Guarantee</li> <li>Payment Guarantee</li> </ul>                                                                                                                   |                                                                                                            |                                                                                          |                                                                                                                                                                                                |
| <b>Delivery</b>                     | <ul style="list-style-type: none"> <li>Export L/C</li> <li>Export Finance</li> </ul>                                                                                                                                     |                                                                                                            |                                                                                          |                                                                                                                                                                                                |
| <b>Payment</b>                      | <ul style="list-style-type: none"> <li>D/C Post-Financing</li> <li>Post-Export Financing</li> <li>Medium-/Long-term Export Finance</li> <li>Discounting</li> <li>Forfeiting</li> <li>Master Credit Agreements</li> </ul> | <ul style="list-style-type: none"> <li>Collection</li> <li>Clean Payment</li> <li>Warranty Bond</li> </ul> |                                                                                          |                                                                                                                                                                                                |

## Discover the benefits of working together as a winning team.

Foreign trade is nothing new. But globalization and the increasingly specialized nature of production processes have opened international markets to many small and medium-sized protagonists who would at one time have been limited to their own domestic markets.

Exports can mean big profits. However, foreign trade poses challenges and risks that are not encountered on a company's home market. For the exporter, local financing (either working capital or transaction-related financing) and securing effective payment are the two most frequently quoted barriers to effecting transactions. Another major pitfall is foreign exchange risk. A demand for inclusion of a finance offer in a tender or an unexpected request for medium-term financing for a transaction originally intended to be in cash may further complicate matters. There are various ways of mitigating these problems: early and comprehensive counseling by banks on both sides of the transaction significantly improves the chances of successful conclusion of the base transaction between the exporter and the importer.

Trade and export finance products are one of the cornerstones of a solid bank-to-bank relationship. With our many years of experience, our economies of scale and our leading position in Switzerland as a trade and export finance provider, we are fully conversant with your needs and expectations. In addition, we supply the know-how, infrastructure and international reputation that can benefit your own organization. Interbank relationships have to be built on trust. Your bank needs partners you can depend on implicitly, who are known for their outstanding quality standards and their ability to deliver as agreed.

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## Liquidity Management and Financing.

UBS supplies the basic products essential to foreign trade such as documentary credits and collections, bank-to-bank reimbursements and short- to long-term bank guarantees. Together, these instruments provide the framework necessary to establish mutual trust between exporters, importers and their banking partners, facilitate control of international payments, and establish the guarantees that cover both performance and financial risks. Around these basic products, UBS also provides a suite of specialized financing services, combining our far-reaching expertise in finance, risk mitigation instruments and distribution channels with access to export credit agencies. Essentially, we function as a hub, a one-stop shop for services designed to satisfy needs that may significantly exceed the limits of our Swiss domestic market.

### Trade-related Lending

As a global powerhouse, UBS has the access to capital markets that is essential if we are to guarantee consistently priced pre- and post-export financing for short-term transactions. Based on a letter of credit routed through UBS, we are able to provide fast, easy post-financing and forfeiting, allowing your clients to optimize their cash management regardless of their payment terms. Typically, trade transactions may also require funding prior to delivery, in other words, before the banks become involved. When you establish a trade finance relationship with UBS, we can provide the funding you may need to pre-finance your clients' exports, enabling you to offer fully comprehensive services.

### Medium-/Long-term Export Credits

UBS Export Finance specializes in structuring medium- to long-term financing of capital goods and services with repayment periods between two and eight-and-a-half years. We structure transactions using various instruments such as export credit agencies and/or market risk mitigation. In particular UBS supports the financing of exports from countries participating in the OECD Arrangement to emerging markets.

The most traditional form of export finance is the supplier's credit. These loans are extended by the exporter to the importer as part of their contract's payment conditions. UBS as the ultimate lender refinances the exporter by purchasing the exporter's claims on the importer, usually backed by a bankable security provided by the importer's bank. Supplier's credits can be extended using bills of exchange, deferred-payment letters of credit or irrevocable and unconditional bank guarantees. Supplier's credits without recourse on the exporter may be placed on international forfeiting markets. As an alternative, these credits are often structured with export credit agency coverage or other risk mitigation techniques and, as such, represent one of the basic instruments in the UBS Export Finance product palette.

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The other basic export finance instrument is the buyer's credit, which is especially well suited to large-scale projects. The importer closes a loan agreement directly with UBS as the lender, backing the transaction with an irrevocable and unconditional guarantee provided by the importer's bank (or, in selected infrastructure transactions, the importing country's Ministry of Finance). Depending on the purpose of the loan (financing of capital goods, advance payments, local costs, etc.), targeted repayment periods and prevailing market conditions, buyer's credits may be structured with or without export credit agencies.

As part of its ongoing drive to provide partner banks with efficient premium services, UBS emphasizes arranging interbank agreements backed by export credit agency coverage. This facilitates rapid, efficient handling of individual export finance transactions. UBS's partner banks may act directly as borrowers using "frame credit agreements", (a sub-category of buyer's credits) or as guarantors in "global agreements" using classic buyer's credit structuring.

Regardless of the instrument(s) you choose, our aim is to provide attractive financing options that will facilitate the fast, efficient handling of your clients' requests for the medium- and long-term financing of large, complex, high-profile capital goods projects.



## Payment/Performance Risk Protection.

When it comes to standard services, our ability to provide fast, reliable, high-quality management and handling sets us apart. For more demanding assignments, we offer clearly structured, customized solutions and best-of-breed professional consultancy services. Our specialists are all highly qualified and experienced, with extensive networks of connections and strong track records in developing optimum solutions. When you draw on our knowledge and expertise, you will gain valuable market insights in trade and export finance that you can ultimately pass on to your own clients. In the end, of course, you may choose to work with the bank that offers you the highest possible service standards. What better recommendation could we provide than our reputation for stability and security, as reflected in our rating, together with our excellent international name?

### Guarantees

In an increasingly challenging business environment, a UBS bank guarantee is an effective way of securing performance and payment, and neatly rounds off the value-added services you provide to support your clients' physical supply chain. It is crucial that you not only provide first-class processing but also that you assure your clients of your commitment and advisory role from the first stage of contract negotiations. UBS sureties, demand guarantees or standby letters of credit provide globally recognized security for every phase of a transaction. The financial industry usually plays an important role in large-scale projects. As a partner of UBS, you have all the resources necessary to provide your clients with the financial power they need plus the reassurance of knowing you are

dealing with a bank that holds one of the highest credit ratings in the business. This can be particularly useful at the early stages of a transaction, when a bid-bond issued by UBS against your counter-guarantee will give your clients the financial muscle they need to make a successful bid for or set up a contract. Further coverage in the form of an advance payment guarantee or performance bond to secure contractual obligations, or simply a payment guarantee, will put you and your client in a stronger position to succeed, particularly with the ongoing support of UBS advisory staff behind you.

### Documentary Services

As a credit instrument and means of securing and processing payments, the documentary credit is still indispensable in modern world trade. With a documentary credit, you can gear the transaction to the precise security requirements of your clients simply by selecting the type of credit that best meets their needs. Choose UBS as your advising or confirming bank, and both you and your client will benefit from first-class processing as well as access to our powerful global bank network, not only for letters of credit but also for documentary collections and bank-to-bank reimbursements. UBS documentary credits also give you a flexible means of payment and short-term financing that helps you optimize your clients' cash flow and the risks involved in the settlement of international trade.

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Making your business more effective and successful calls for the right partner. "UBS. The Bank for Banks." and its professionals provide solutions geared precisely to your needs and objectives.

## UBS. Your partner with global reach.

Supplying first-class trade and export finance services is an absolute must for any bank with crossborder business operations. Furthermore, trade and export finance is a highly interesting source of potential business and income. Sometimes, however, our correspondent bank partners require additional expertise or resources to provide them. This is where they can turn to UBS for help and support.

### Risk Transformation

When you team up with UBS for your trade and export finance needs, you enhance your own client services by harnessing them to the opportunities offered by a global bank. Our integrated services allow you to benefit from a state-of-the-art IT infrastructure as well as top-flight advisory and processing capabilities. On top of this, relying on our extensive global network and first-grade credit rating will enable your institution to provide direct client services that go way beyond your own capabilities. Whether you select us as a partner for forfeiting and trade finance syndication on a funded or unfunded basis, or as your confirming bank under the trade facilitation programs of the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD) or the International Finance Corporation (IFC) of the World Bank Group, our potential for covering trade risk transcends the capabilities of most global banks.

Few other areas of international banking depend as much on absolute trust as trade and export finance. This is why it is so crucial that you select the right partner from the start. As a bank with a reputation to maintain, you need an associate renowned for its excellent quality standards and its ability to deliver as agreed, a name that enjoys the respect of the other players in the banking industry. In UBS you have that partner.

UBS has established its reputation by providing first-class, client-oriented advice and solutions. Whatever the assignment, we believe in cooperating closely with you to devise a package that best meets your needs. Off-the-shelf solutions have no place in our way of thinking.

Our approach to partnership has developed gradually through years of working in relationships based on professionalism and trust. To find out how our services can open up new and exciting opportunities for you, contact your Trade & Export Finance specialist or your local UBS representative.

Our Sales & Advisory Financial Institutions team is at your disposal for all trade and export finance issues.

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**Experts team up in top facilities:**

- **Birsfelden Power Plant, Switzerland**
- **Volkswagen's Transparent Factory, Dresden, Germany**
- **100 m Radio Telescope, Effelsberg, Germany**
- **Kunsthau Bregenz, Austria**

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