FINANCE WHEN YOU NEEDED MOST...!!!!

# YIELD 4 FINANCE (P) LTD.

Yield4 Finance

A complete Trade finance solution company offering following products:

1. Letter of credit at sight
2. standby letter of credit
3. Usance letter of credit
4. Bank Guarantee
5. Performance Guarantee
6. Demand Guarantee
7. Proof of Funds messages
8. Pre Advice Message
9. Comfort Letter
10. Ready Willing and Able (RWA) Message

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**Yield 4 Finance (Y4F)** provides a comprehensive approach to structuring complex trade transactions for a variety of stakeholders, including importers, exporters, and trading companies. Y4F's experienced team understands that providing trade finance in today's volatile global markets demands creativity and flexibility. As such, Y4F utilizes an array of trade and export finance instruments to mitigate unnecessary credit risks while increasing clients' access to working capital. Y4F provides specialized supply chain finance facilities, tailored to the specifics of each deal.

Y4F's general services typically fall into one of the following four (4) categories:

- Documentary Letters of Credit
- Standby Letters of Credit
- Guarantees
- SWIFT Messaging

In keeping with Y4F's mission statement, Y4F's team tailors each instrument to the meet the requirements of each transaction. By providing the highest quality services to clients and partners, Y4F maintains an unparalleled reputation among the international trade community. From the first moment of contact, Y4F will guide you through the different stages of your deal, until the transaction is finalized.

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## WHAT IS A **DOCUMENTARY LETTER OF CREDIT?**

A documentary letter of credit is a guarantee of from the issuer (i.e. issuing bank) to the beneficiary that the issuer will pay the beneficiary money when the beneficiary provides certain documents to the issuer in a certain manner time and place.

A documentary letter of credit is issued by a bank or a financial institution. The letter r of credit assures the supplier (beneficiary) that they will receive payment up to the amount stated in the letter of credit, provided that the beneficiary makes a compliant document presentation.

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Once the beneficiary makes a compliant presentation, the Issuing institution will make a payment. Even if the buyer (applicant) cannot pay for the beneficiary's services, the issuer is obliged to honor the presentation.

Documentary letters of credit are mostly used in international transactions, where the buyer and seller have yet to establish a strong relationship and/or operate in different countries. When concluding a deal with a buyer from a different country, the seller is exposed to risks due to the physical distance between the two parties, foreign or unknown legal systems, and lack of knowledge about the buyer. A seller may be hesitant to enter such a risk-sensitive deal without a letter of credit as financial security.
In these cases the credit worthiness of the issuer stands in place of the credit worthiness of the buyer – giving the supplier greater comfort that he will be paid.

## HOW DOES **DOCUMENTARY LETTER OF CREDIT** WORK?

The parties to a letter of credit are the supplier (beneficiary), the issuing bank, the buyer (applicant), who is also the bank's client, and often an advising bank, of whom the beneficiary is a client.

A documentary letter of credit requires that the Beneficiary present specific documents before its expiration. These documents relate directly to the deal between the Beneficiary and the Applicant; they show that the Beneficiary has fulfilled his part of the transaction.

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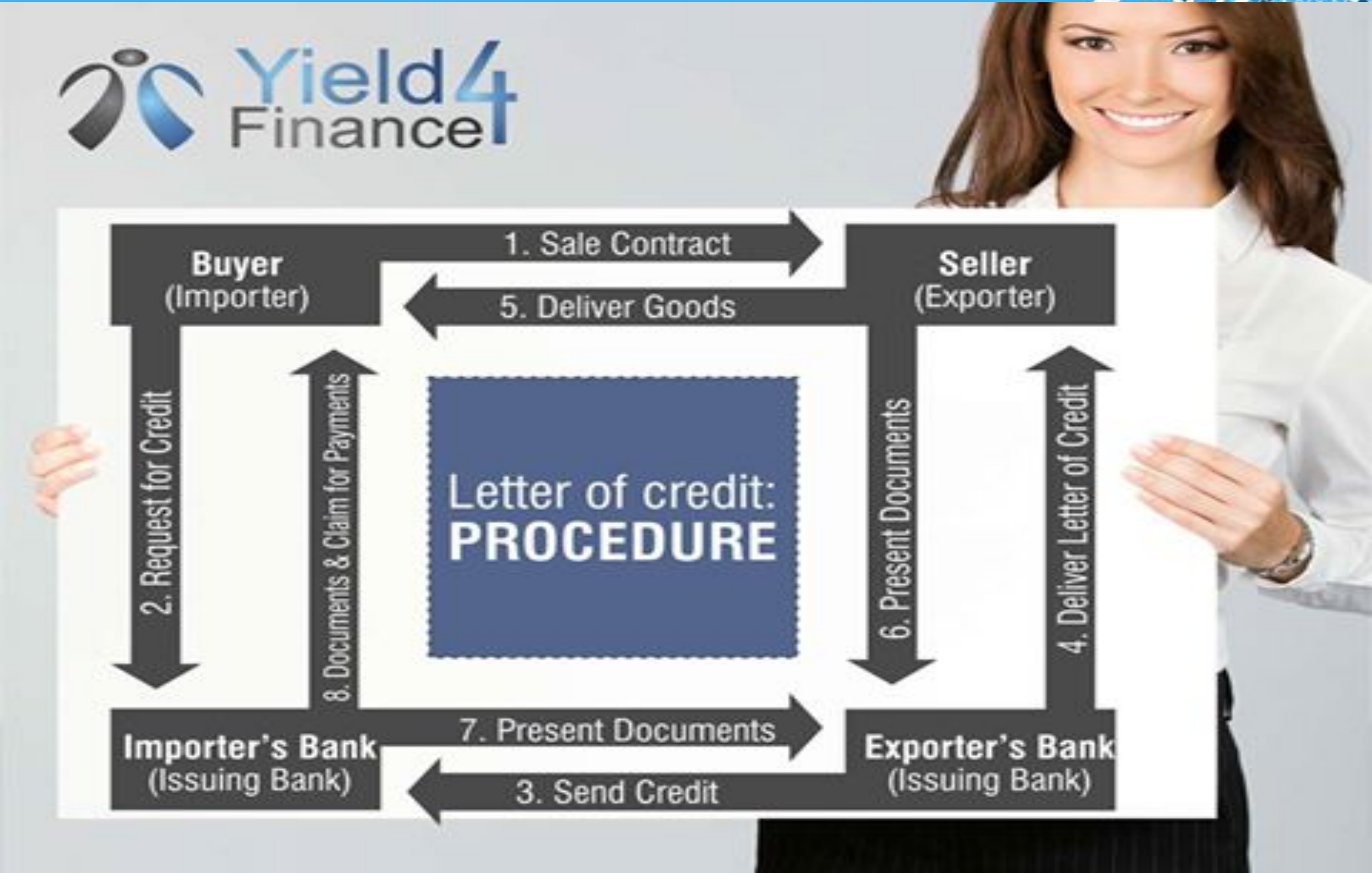
Once the Beneficiary makes a compliant presentation, the issuer pays regardless of the Applicants actions. An issuer might make a payment even if he finds a technical discrepancy in the documents, so long as he is confident that the deal is going as planned.

When an applicant takes advantage of a documentary letter of credit, he frees up capital that would otherwise be tied up with the beneficiary the form of a security deposit. Due to this ability to boost an applicant's cash flow, documentary letters of credits are a very important aspect of international trade for deals of all sizes.

The Uniform Customs and Practice for Documentary Credits (UCP) lays the legal framework for all documentary letter of credit. The current version is UCP600, which became effective on July 1st, 2007.

# OUR DLC PROCESS



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## WHAT IS A **STANDBY LETTER OF CREDIT**?

It is a guarantee of payment issued by a bank/FI on behalf of a client that is used as payment in case of default by the applicant.

Standby Letters of Credit are issued for use in a wide variety of commercial and financial operations. Standby letters of credit are very much alike documentary letters of credit, their main difference is that unlike DLC's, they only become operative in case the applicant defaults, then the beneficiary in whose favor the SBLC was issued, can draw on the SBLC and demand payment.

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Historically, Standby letters of credit were developed because the US regulator legally limited US bank's authority to issue guarantees.

SBLC's are very similar to demand guarantees, which also require that the presentation of stipulated documents be compliant with the terms and conditions of the guarantee. SBLC's and guarantees are different in terms of protection, they both serve the primary purpose of making sure that sellers get paid, but while a standby letter of credit protects the seller, a bank guarantee protects both sides, since it also protects the buyer in case the supplier never ships the goods or ships them in a damaged condition.

Standby letters of credit are a very flexible tool, making them a suitable product for securing a wide range of payment scenarios.

## HOW DOES A **STANDBY LETTER OF CREDIT** WORK?

A breakdown of SBLC types is provided below:

1. A performance standby – backs a commitment to perform other than to pay money/funds and includes an obligation to pay for loses occurring from a default of the buyer in the process of completing an underlying transaction.

2. An advance-payment standby – supports an obligation to account for an advance payment made by the supplier to the buyer.

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3. A bid-bond or tender-bond standby – backs an obligation of the buyer to execute a contract if the buyer is awarded a bid.

4. A counter standby – backs the issuance of another, separate standby letter of credit or other undertaking by the supplier of the counter standby.

5. A financial standby – supports an obligation to pay funds, including any instrument evidencing an obligation to repay borrowed money.

6. An insurance standby – supports an insurance obligation of the applicant.

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7. A commercial standby – backs the commitment of a buyer to pay for goods or services in the event of non-payment by other methods.

8. A direct-pay standby – intended to be the primary method of payment. It may or may not be linked to a default in performance or payment.

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# Our Process

**1**
**Request**

Filled in application form and send to Yield 4 Finance for a SBLC/BG/DLC.

**2**
**Draft**

Yield 4 Finance custom builds the draft copy of SBLC/BG/DLC.
The client confirms and signs the final version.

**3**
**Due Diligence**

Yield 4 Finance's clients compiles several requested documents relating to its company. Yield 4 Finance scrutinizes these documents to insure the deal complies with all international regulations.

**4**
**Issurance**

Yield 4 Finance issues its client's SBLC/ BG/ DLC though the agreed-upon issuer.
Y4F monitors the SBLC/ BG/ DLC carefully to insure that it gets to the beneficiary.

## WHAT IS A **GUARANTEE**?

A Guarantee is a promise of payment from the Guarantor to the Beneficiary that the Guarantor will pay the beneficiary when the beneficiary submits certain documents or makes a specific demand to the Guarantor in a certain manner time or place.

Guarantees provide comfort to the beneficiary; in case the applicant fails to meet his obligations (either financially or by performance) as per the contract made between the applicant and the beneficiary, the beneficiary will have the guarantee to turn to for payment..

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Having a guarantee issued in support of a client's transaction can help the client grow and expand their business by postponing current payments for goods and/or services to a later date, provide comfort to buyers, allow clients to bid on transaction , without requiring that ITF's clients tie up their available cash.

## TYPES OF **GUARANTEES**

A Bank Guarantee is a versatile tool which can function as a number of instruments: a bid bond, a performance bond, and advanced payment guarantee, a warranty bond, a letter of indemnity, a payment guarantee, a rental guarantee, or a confirmed payment order.

1. A bid bond is usually issued for bidders on construction or similar tender based projects. A bid bond is a debt secured by a bidder. In effect, it serves to secure the bidder's investment in the project and to discourage bidding by less serious players. A bank

*Continued…*

guarantee could be presented as a partial alternative to the financial capital typically required by a project owner.

2. A performance bond, or contract bond is utilized in the real estate industry to make sure a contractor completes a designated project. A performance bond is issued by a bank, insurance company or a financial institution in favor of a beneficiary by order of an applicant, against the applicant's failure to meet its obligations as per an underlying contract. A performance bond often covers 100% of the contract value and can replace a bid bond when the applicant has been awarded a contract. If effect, applicants use performance bonds to comfort suppliers who are concerned with the prospect that the applicant might become insolvent or otherwise unable to fulfill his contractual obligations. In case of insolvency of the applicant, the beneficiary receives compensation that should ease financial stresses or other damages caused by the contractor.

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3. An advance payment guarantee, or advanced payment bond is an agreement where an issuer undertakes responsibility to return an advanced payment to the buyer, should the seller fail to meet his obligations.

4. A warranty bond is a contract between a project/ property owner, a contractor, and a surety company. The bond promises that any defects found in the original project will be repaired during the warranty period. Frequently used in the housing and construction sector, a warranty bond guarantees an investor that a contractor will resolve all covenants that relate to materials used and work done before the warranty on the materials expires.

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5. A letter of indemnity is an instrument guaranteeing contractual provisions will be met; otherwise financial reparations will be made. A letter of indemnity is often utilized to request replacements for lost shares from a company's treasury.

6. A payment guarantee provides the supplier with financial security in case the applicant fails to pay for goods or services supplied. Payment guarantees mitigate credit or country risk when the supplier ships the goods on an open account basis, which is to say, before receiving payment. Payment guarantees are typically issued to cover debts in cases of non-payment arising under a transaction or over a period of time. The instrument's wording is based on the

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terms outlined in the original debt agreement between the applicant and the beneficiary. The applicant will make a repayment based on these terms. Sometimes a payment guarantee can be backed with collateral, such as property or asset that is pre-approved by the lender.

7. Rental guarantees promise payment to a landlord in case a tenant defaults financially. Since the risk of a tenant defaulting can be extremely harmful to a property owner, rental guarantees are extremely valuable tools which give security to industrial and commercial landlords.

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8. A confirmed payment order is an irrevocable obligation to pay. In most cases, the confirmed payment order is conditional on successful completion of a project.

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# SWIFT SERVICES

## READY WILLING AND ABLE

What is a **ready willing and able**?

It is a document is issued by banks or financial institutions on behalf of clients, demonstrating intent and capability (both financially and legally) to enter into a financial transaction. RWA's are often also referred to as bank comfort letters.

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## How does **ready willing and able** work?

We provide ready willing and able (RWA) letters for our clients, usually via MT799 message. An RWA confirms that an asset the applicant has with the issuer is good, clear, clean, of non-criminal origin, and is unencumbered.

## PROOF OF FUNDS

What is a **proof of funds**?

It is a document or bank statement that demonstrates that a person/company has the ability and the money to finalize a transaction. Its purpose is to ensure that the financial ability required for the transaction is procurable and legitimate. It is often used for funding projects that require large amounts of money to invest in, specifically real estate transactions.

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## How does **proof of funds** work?

By issuing a proof of funds, the bank approves that the entity/person has the quoted funds available with them. During the finalization of a transaction, the applicant presents the POF to the beneficiary, assuring them that the buyer can afford the transaction. Another important aspect in the document is its validity. Bringing a deal of large scale takes time to bring to a closure, the beneficiary needs to be aware of the date of expiry of the proof of funds, and aim to finalize the deal before the document expires.

Proof of funds can also be leased. In such cases a client pays a fee and receives a cash deposit into their bank account.

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When deposited, the funds remain locked and cannot be withdrawn or used by the client, thus safeguarding the asset holder.

Another possible use is a blocked proof of funds letter issued by a government or a financial institution. Governments use this tool to restrict the maximum amount of funds that can be used in a given time period. This tool helps countries control their cash flow and manage their budget. Other possible uses for blocked proof of funds are during emergencies such as times of war or in the event of an account holder passing away.

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It should be noted that proof of funds are being sometime used by con artists to carry out financial scams. Thus, when agreeing to be presented with a proof of funds, it is necessary to thoroughly investigate the other party to the transaction and running sufficient due diligence checks.

# What is Pre-Advice Message?

In letters of credit, at the request of an applicant, the issuing bank may give a pre-advice of issuance and/or amendment of the letter of credit. A pre-advice is usually marked with a reference such as “full details to follow”. Unless otherwise stated, the pre-advice irrevocably commits the issuing bank to issue/amend the credit in a manner consistent with the said pre-advice.

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## Alliances

### Major Banks for Documentary Letter of Credit

Bank Leumi - USA
Israel Discount Bank - USA
Bank Winter - Austria
Santander Bank - USA
Hanami Bank - USA
BNP Paribas HK
HSBC HK
Standard Chartered Bank HK
China Construction Bank-HK
OCB Bank-HK

*Continued…*

Dash Sing bank - HK
DBS Bank - HK
UCO bank - HK
U.S. Credit Corp – USA

**Major Banks for SBLC/BG :**

Bank Winter - Austria
Standard Commerce Bank

**We also offer a number of issuing institutions:**

CNF - Italy
PLG Capital Bank - ST Lucia

*Continued...*

Ricom Trust - Moscow
Point Bank - UK
General Equity - NZ
Credit Boston International - USA
Swiss Trading and Fiduciary Trust - Switzerland
Panamian Trust and Savings Guarantee - Panama
Anametrics - Malaysia
Kwan Hua - China
Crown Financial Merchant Bank - UK
HR Bank - UK
EUROPA Bank Public Limited - UK
FIN Credit ITALIA – Italy
Acumen Bank Limited - UK
Training Bank Limited – UK

## Instrument Issuance Procedure

1. Client completes application form.

2. Y4F sends client :
    - Complete instrument draft
    - Invoice
    - Agreement to be signed by client

3. Client reviews the draft with any relevant third parties (i.e. beneficiary)

4. Client request changes by filling out Y4F amendment form.

5. Client receives revised draft and repeats step 3

*Continued…*

6. **Client provides Y4F with the following :**
   - Signed and approved copy of the final draft for issuance
   - Certificate of incorporation of Client Company
   - List of shareholders of Client Company
   - Passport copy of main shareholder of Client Company
   - Y4F Agreement by signed by authorized signatory of Client Company

7. Y4F receives required issuance fees

8. Issuing institution issues per wording client approved.

9. Client receives swift copy of the issued instrument.

# THANKS

## REQUEST FOR A DISCUSSION

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