



INFORMATION SHEET

Documentary credit and Stand-by letter of credit (Export) Version n. 1/2021

Bank Information

ING Bank N.V., Milan Branch

Registered and administrative offices: Milan, Viale Fulvio Testi, 250

Client's office: Milan, Via Santa Margherita, 16

For calls from Italy: 02 55226 1

For calls from abroad: +39 02 55226 1

Internet site: www.ing.com

Enrolled in the Register of Banks under no. 5529

A.B.I. Code 3475.1

Company Register and Tax Code 11241140158

VAT no. 11241140158

Member of the Interbank Deposit Protection Fund Dutch statutory Deposit Guarantee Scheme, executed by De Nederlandsche Bank N.V. (Dutch Central Bank) (DNB)

What are Documentary Credit and Stand-by Letter of Credit?

A documentary Credit (LC) is a commitment of a bank (the Issuing Bank) upon request of a client (Buyer) in favor of the seller, that payment will be irrevocably effected upon presentation by the seller of exactly defined documents that must comply with all terms of the LC.

A documentary credit transaction involves several parties:

- Applicant: is the party who, upon conclusion of a contract for the sale of goods and/or services, instructs a bank to issue a LC in favour of the party with whom he has concluded the contract;
- Beneficiary: is the party in whose favour the LC is granted and who receives the performance provided for by the LC upon presentation of the (conform) documents provided for in the LC;
- Issuing Bank: it is the bank which, on behalf of and under the instructions of the Applicant, issues the LC in favour of the Beneficiary, normally by giving notice through another bank (usually a bank in the Beneficiary's country).
- Advising Bank: is the bank that advises/notifies the Beneficiary of the issuance of the LC. By notifying the Beneficiary of the LC, the Advising bank does not assume any payment obligation towards the Beneficiary. The Advising bank's obligation is only to check the apparent authenticity of the LC itself and to follow the instructions of the Issuing bank.
- Nominated Bank: is the bank at which the LC may be used based on a specific authorisation by the Issuing bank. It is usually the same Advising bank which, at the time of use, receives the documents to perform the service in accordance with the procedures indicated by the Issuing bank. The Nominated bank receives and checks the documents from the Beneficiary and, at the time of use, if authorised by the Issuing bank, may decide to honour, or negotiate a presentation in good standing.
- Confirming Bank: the correspondent bank of the Issuing bank which, at the request of the latter, adds its own undertaking to perform the LC.

Export Documentary Credit provided by ING Bank, Milan Branch (ING Bank) in a nutshell:

ING receives an LC from the bank of the importer (issuing bank) and will advise it (with or without confirmation) to the exporter. This LC can take 2 forms:

- **LC export advised:** in this form ING Bank on the side of the exporter/beneficiary advises the LC, meaning there is no obligation for ING Bank to pay exporter/beneficiary at presentation of documents. ING will pay only after first having received the funds from issuing bank. This means that exporter/beneficiary still runs the risk of non-payment/default on the issuing bank.
- **LC export confirmed:** in this form ING Bank on the side of the exporter/beneficiary confirms the LC, thereby taking the obligation to pay exporter/beneficiary at presentation of (conform) documents. This means that exporter/beneficiary will be paid by ING Bank and no longer runs a risk on the issuing bank. This clearly has an advantage for the exporter/beneficiary, as country and banking risk is mitigated. ING Bank, acting as confirming bank, can add its confirmation upon instructions of the issuing bank (open confirmation). It can also do this upon request of the beneficiary (silent confirmation).

The Stand-By Letter of Credit ("SBLC") is an irrevocable and independent commitment made by a bank to pay a specific sum of money under upon presentation of specified document(s) in the event that the guaranteed party fails to perform its contractual obligations.

The SBLC is activated by the beneficiary (the seller), by submitting the prescribed document(s), only if the beneficiary has not received payment from the buyer ("Ordering Party" of the SBLC), according to the terms of the underlying commercial agreement.

The LC and the SBLC, are subjected to ICC Uniform Custom and Practice for Documentary Credits, latest version (currently 2007 Revision, ICC Publication No. 600 ("UCP").

However, in some cases SBLCs reference will be made to the International Standby Practises "ISP" latest version (currently: ISP98 ICC Publication no. 590)

The main risks of documentary credit and stand-by letter of credit

The main risks are:

- since LC and SBLC are transactions that act through an autonomous obligation of the Bank with respect to the underlying commercial transaction, the buyer bears the risk of receiving goods that do not conform to the contractual agreements, against the presentation of documents that conform to the terms of the credit for which the bank is obliged to pay or undertake to pay, and therefore to charge him;
- transactions denominated in foreign currencies or settled against euros or in currencies other than the currency of denomination are subject to the risk of exchange rate fluctuations, as they are settled at the exchange rate applicable at the time of negotiation;
- for unconfirmed credits, the beneficiary is exposed to the risk of non-payment in case of insolvency of the Issuing Bank;
- the beneficiary is exposed to the risk of non-payment if documents are not compliant with the terms and conditions set out in the documentary credit text.

Economic Conditions

Fees

Advising fee	EUR 500,00.
Amendment fee	EUR 500,00.
Utilization Fee	5/1000 of the Document amount. Min. EUR. 1.000,00
Confirmation/Acceptance fees	Calculated on maximum amount of the exposure - minimum EUR. 1.000. maximum 6% p.a. of the amount
Non-utilization fee	3/1000 of the non-utilized amount, Min. EUR. 1.000,00
assignment of proceeds fee	5/1000 of the assigned amount. Min. EUR. 5.000,00
Transfer fee	5/1000 of the transferred amount. Min. EUR. 5.000,00.
Fee and charges claimed by third bank(s)	as per charged amount



Other Fees

Unpaid fee on documents(s) and/or bills of exchange(s)	5/1000 - Min. EUR. 1.000,00. Max. EUR. 5.000,00
Fee on unaccepted on document(s) and/or bills of exchange(s)	5/1000 - Min. EUR. 1.000,00. Max. EUR. 5.000,00

Other Charges

Courier charges	EUR 500,00.
Swift charges	EUR 500,00.
Other postal charges	EUR 500,00.
Taxes charges, stamps and charges claimed by third banks are not included	as per charged amount

Termination and Complaints

Termination

The LC and the SBLC are issued in an irrevocable form and cannot therefore be revoked or modified without the written consent of the parties.

Maximum time for closing the contractual relationship

In view of the above, the timing of the closing of the relationship will coincide with the terms of the transaction as set out in the text of the letter of credit and in accordance and in accordance with the relevant international regulations.

Complaints

Client wishing to make a complaint against ING Bank must follow the procedure that can be found at [Reclami | ING](#). If the Client is not satisfied with the outcome of the complaint procedure or has not received a reply within 60 calendar days it may file a claim with the Italian Banking and Financial Arbitrator (Arbitro Bancario Finanziario - ABF), in accordance with the rules available at www.arbitrobancariofinanziario.it. The procedure with the ABF shall exempt the Client from the mandatory mediation procedures indicated in below.

For the purposes of resolving out of court disputes relating to the Services, and meeting the requirement of preliminary mediation set forth in Legislative Decree No. 28/2010, the Client and ING Bank may resort to the "Conciliatore Bancario Finanziario", in accordance with the rules available at www.Conciliatorebancario.it, or to another ADR scheme enrolled in the registry held by the Ministry of Justice and specialising in disputes related to banking and financial services.

DEFINITION

Advising Bank	is the bank that advises/notifies the Beneficiary of the issuance of the LC. By notifying the Beneficiary of the LC, the Advising bank does not assume any payment obligation towards the Beneficiary. The Advising bank's obligation is only to check the apparent authenticity of the LC itself and to follow the instructions of the Issuing bank.
Applicant	is the party who, upon conclusion of a contract for the sale of goods and/or services, instructs a bank to issue a LC in favour of the party with whom he has concluded the contract
Beneficiary	is the party in whose favour the LC is granted and who receives the performance provided for by the LC upon presentation of the (conform) documents provided for in the LC
Confirming Bank	the correspondent bank of the Issuing bank which, at the request of the latter, adds its own undertaking to perform the LC
Issuing Bank	is the bank which, on behalf of and under the instructions of the Applicant, issues the LC in favour of the Beneficiary,

	normally by giving notice through another bank (usually a bank in the Beneficiary's country).
Nominated Bank	is the bank at which the LC may be used based on a specific authorisation by the Issuing bank. It is usually the same Advising bank which, at the time of use, receives the documents to perform the service in accordance with the procedures indicated by the Issuing bank. The Nominated bank receives and checks the documents from the Beneficiary and, at the time of use, if authorised by the Issuing bank, may decide to honour, or negotiate a presentation in good standing
ISP	International Standby Practises, latest version (currently: ISP98 ICC Publication no. 590)
UCP	ICC Uniform Custom and Practice for Documentary Credits, latest version (currently 2007 Revision, ICC Publication No. 600)