

ING BANK N.V., BRATISLAVA BRANCH

Procedures

Front-Office Corporate Financial Services
Lending

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I DEFINITION OF RESPONSIBILITIES AND MAIN TASKS AT CORPORATE BANKING

The CFS Front Office – Lending (“CFS F/O Lending”) is primarily responsible for handling the overall relationship between the bank and the allocated clients where a credit relationship. In these cases, an assessment of the risk involved is necessary as an ongoing concern. The department is equally responsible for those clients where there is a prospect relationship.

The CFS F/O Lending is also responsible for introducing and developing all lending products provided by the Branch (either individually or in cooperation with specialists from ING Amsterdam or ING London).

CFS F/O Lending is further involved in developing and maintaining new/existing client relationships, and in the cross selling of all products available by the Branch (as sole deliver or intermediary). It also coordinates existing relationships within the branch and with other network branches, and for securing a proper standard of services delivered.

I.1 Relationship Management

Lending relationships are centralized around the Relationship Management principle. Each client to whom lending is provided is assigned a Relationship Manager. This person has the deepest insight into the relationship with the client, and bears ultimate responsibility for such relationship, both in terms of local budget fulfillment, but also towards the network when applicable (i.e. Global clients).

The Relationship Manager reviews its client relationships at least on a yearly basis and is responsible for achieving the individual financial and non financial goals set by the Director of the CFS Department in respect of each client. In order to achieve the targets set, the Relationship Manager prepares an account plan (followed up quarterly), and coordinates a team of people who help in the cross selling and delivery of the products needed by the client: the account managers (or senior account managers) and the corporate sales dealers. The Relationship Manager is therefore ultimately responsible for the revenues generated by the client, regardless of the products where the income is generated.

From a credit risk perspective, the Relationship Manager has the ultimate view on the risk associated with each of his clients under portfolio, and is responsible for the correct remuneration of such risk.

I.1.1. Yearly Budget

Each Relationship Manager prepares its own budget for each year based on the estimated income from each client relationship (lending and non-lending

products). The budget is then adjusted for the yearly targets of the whole branch and also for new business to be acquired. The budget fulfillment is followed up on a monthly basis and at year end is one important tool for the performance evaluation of the CFS F/O Lending team.

II.2 Account Management/Senior Account Management

The distinction between Account Manager and Senior Account Manager derives mainly from the seniority of the person involved, its experience and capabilities. Both the Account Manager and the Senior Account Manager act as support and/or back up to RM and have a tactic responsibility for the development of the client's relationship, on a day-to-day basis. They are responsible for the proper management of the client's lending relationship in a manner that best serves the client's requirements and needs and the Bank's interests.

In certain cases, the Senior Account Manager may be assigned the ultimate responsibility for the relationship with a client. In these cases, he may act as the Relationship Manager for such clients. This is the case particularly for less complicated relationships where a more senior person is capable of assuming ultimate responsibility.

I.3 Lending client relationship: establishment and follow up

The establishment of new corporate client relationships is realised in accordance with the clients target list of F/O CFS Lending, and taking into account the client and sector segmentation guidelines for the Branch. The corporate client segments that ING is targeting in Slovakia are below mentioned. These are understood to bear the highest risk quality:

- Multinational corporations, their subsidiaries and joint venture companies which are traditionally the bank's clients in other territories;
- Slovak companies of strategic importance for the country, facilitating their direct participation on international financial markets;
- Slovak companies with strong export orientation, respectively with significant share on domestic or foreign markets and those with high value added value production;
- Suppliers of strategic stock for the above mentioned companies.

The branch follows ING Group strategic guidelines in terms of sector concentration and global exposure to one client. Either than these there are no particular segment or sector limitations set on branch level. Given the Branch status in Slovakia, there are no limitations on lending limit per client.

As to pricing and income generation, the Branch follows the general policy of ING Group towards minimum RAROC remuneration for each Borrower (19% at present).

As regards to type of credit facility, tenor, and currency in which it will be provided, there are no particular local guidelines. Each credit facility is

structured in a way to cover the Client's credit needs in relation to certain assets. The amount, tenor and currency should therefore be adequate in relation to the assets which are being financed. By providing a certain credit facility under certain circumstances, the Client is advised by the AM/RM in order to be aware of the risks involved with the structure of the credit facility and its impact on the Client's overall financial position (currency risk for example). Country Risk limitations for the Branch are regulated through a certain amount of Country Limit which is allocated to the Branch by the HO.

The Relationship Manager markets the potential client always with the pre-approval of the Director CFS (or in his absence his Deputy). Presentation meetings are handled between the client, the Relationship Manager and if applicable, the relevant Product Managers (for non-lending products). Usually, after preliminary credit risk assessment, and internal discussions with the Department Head and Risk Manager, an indicative Credit Offer is provided, whereby the client will see the framework under which the branch will eventually provide a credit facility (amount, type of credit facility, pricing, tenor, financial and other covenants, etc.). Upon acceptance of such offer, the Relationship Manager and Account Manager prepare a credit application ("Expose") which will then be processed internally (and by HO if applicable) according to the Risk Management Procedures.

Official follow up of lending relationships is done by means of an annual review. At least on a yearly basis, the Relationship Manager, Account Manager and Corporate Sales Dealer are to meet with the client and receive the necessary information to provide an analysis on the client's financial and economical performance, as well as the relationship earnings. This analysis will support the continuation or modification of the credit relationship.

As an ongoing concern, the Relationship Manager together with Risk Management is responsible to follow up on the compliance from the client's side with all the conditions as set in the facility documentation, particularly the compliance with covenants and the perfection of the security in place (if any). Any deterioration of the client's risk profile or in the value of the security available if any must be immediately discussed with the Director CFS and Risk Management so that the necessary measures will be taken. Such analysis, as said, is done at least on a yearly basis, except if the Facility documentation provides otherwise, or there is any signal that the creditworthiness of the Borrower or the value of the security (if any) is or has been deteriorated.

Besides the annual review meeting, the Relationship Manager and Account Manager maintain regular day to day contact with the clients, and assess continuously the risk associated with the credit exposure.

I.4 Periodic meetings

Commercial meeting ("CM"). Is handled weekly, intended to inform about commercial strategic issues and guidelines, and at the same time aimed at informing/discussing the weekly commercial developments for particular clients. The commercial activity of the Relationship Managers and Account

Managers is followed up. Prospect relationships and the approach to them, taking into account the underlying risk are also taken as subject for these meetings. Risk management issues directly related to the department may also be discussed.

The CM is attended by:

- the Relationship Managers,
- the Senior Account Managers,
- The Corporate Sales Manager,
- the Risk manager, and
- the Director of Corporate Financial Services.

Local Credit Committee meeting. Is handled weekly, attended by the Risk Manager and his Deputy, the Director CFS and at least one of his deputies. The agenda of such meeting is usually as follows:

- Credit Issues from Management Committee
- Weekly Credit Progress Report (follow up of review dates)
- Approval/Decline messages from HO
- Applications for approval and/or ratification (Corporate Clients and Counterparties)
- Excess Report
- Other credit issues (Collateral, Country Risk, etc.)
- Action List (follow up of fulfillment of approval conditions)

All applications prepared by AM/RM are discussed in the LCC. Major risk issues are addressed and each member provides the LCC with his/her comments if any. All new applications presented for approval are discussed beforehand with the Director CFS to secure that the LCC only handles proposals which are within the bank's strategy and interest.

Client Meetings. Are handled regularly depending on the development of the relationship. At least two persons from F/O CFS should be present, in special cases one person can suffice. Depending on the subject to be discussed, the assigned Corporate Dealer may also assist. At least one call report from a relevant meeting must be produced yearly for each client, containing all necessary information regarding the client's financial development, the existing relationship and pipeline issues.

I.5 Local PAM Role

F/O CFS Lending may assume the role of local PAM for companies with which a credit relationship exists only (or was firstly established) in Slovakia and have other members of the Group (subsidiaries or mother company) outside Slovakia.

In such cases, the local Branch is responsible for the overall relationship between ING Branches and the client's Group of companies in a similar way

as Parent Account Managers are responsible for the relationship with Global or Corporate Clients of the Bank. In its local PAM role, the Relationship Manager is responsible for:

- Setting the major strategic goals related to such relationship
- Monitoring and managing the overall relationship with the Group
- Proposing an overall Group limit (“Umbrella” style) under which exposure for the several group companies will be allocated
- Monitoring and overviewing the total client group exposure and global earnings
- Review the overall limit and exposure on an yearly basis, based on a detailed group risk analysis (including consolidated and unconsolidated financial accounts analysis)
- Preparing PAM advises for new credit facilities to be provided, annual reviews and modifications
- Organising client meetings with the relevant client representatives in order to prepare the annual reviews and assess the global ratio exposure/income

I.6. Product Management

F/O CFS Lending acts as Product Manager for all Lending products of the Branch. In such role, any product related procedures is to be developed by this department, and all changes and updates are as well responsibility of F/O CFS Lending. Any new Lending product may not be introduced/ provided without the prior approval of the Director CFS and Risk Management and while the respective product procedure is not in place.

I.7 Default and/or Problem Loans

Default procedures are dealt with in detail in the Credit Risk Procedures Manual.

The Relationship Manager is responsible to immediately identify a default situation, and when identified, he must notify the Risk Manager and the Director CFS. Jointly, there should be an agreement towards the steps to be taken, depending on the particular situation and the seriousness of each case.

The Facility Documentation provides for immediate action when default is triggered. Particular attention should be given to the Security perfected (if any), and when applicable a joint agreement with other secured creditors may take place. At HO level, a particular Unit (Restructuring), consisting of specialists in problem loan cases will on a case by case basis take over the credit file from the Branch and proceed, together with the Branch, a restructuring process.

I.8 Support Functions

Risk Management

Risk Management secures the compliance of the branch credit exposure with the ING Group guidelines, and secures the proper administration of the ongoing credit process and credit lines.

Risk Management has a very active role in the approval process; new credit transactions are discussed with RM before the respective proposals reach the Local Credit Committee.

B/O CFS

This Unit provides administrative support for all lending and lending related products.

For credit related relationships, B/O CFS also maintains filed documentation, follows-up on payments of fees and commissions, checks documents when applicable, and secures all credit facilities capturing into ATLAS. Additional follow-up on collateral and covenants is maintained at this unit.

Any modification or new input in the system regarding credit facilities must be substantiated by written instructions from B/O CFS Lending and approved by RM.

All tasks of this Unit are subject and in line with the Unit's own procedures.

Internal Legal Department

The Internal Legal Department assists F/O CFS Lending in the preparation and update of the credit documentation maintained with the clients (and with other branches or institutions when applicable) in respect of the credit facilities.

The Standard Legal Documentation of the Branch (to be used for and to govern each credit facility), is reviewed by external lawyers every two years. The last version is approved by the Director CFS.

In case of specific deals, external legal counsels may be used for advise and preparation of facility documentation. This is always done with the previous approval of the Director CFS.

Office Management

The administrative assistants provide support for the department in what concerns organisation of the several meetings (internal and external), general administrative support, and office supplies. As concerns these supplies, this activity is done in line with general procedures for this area (e.g. General Services). All external supplies related to IT and office items are secured through internal communication.

II GENERAL PROCEDURES

II.1. Preparation of Credit Application (“Expose”) (also valid for credit modifications, excess requests, review extensions)

Preparation: Account Manager, Senior Account Manager,
Relationship Manager

Review and Responsibility: Relationship Manager

Final review: Risk Management and Local Credit Committee
 (“LCC”)

DETAILS:

1. The Expose should be prepared in accordance with the guidelines as stated in the ING Credit Manual
2. The Expose should include, obligatorily:
 - the Borrower Information Report; contains all relevant information regarding the client’s operations, history, ownership structure, bank relationship, main business partners (buyers and suppliers). It also specifies the credit facility (or facilities) requested for approval: proposed pricing, tenor, security available, and the Global exposure on the Borrower (in case of Global and Corporate Clients)
 - the Executive Risk Summary; specifies the Borrower’s credit need, structure of the credit facility, pricing justification, detailed Risk Analysis (market risk, structure risk, management risk, financial risk), and financial analysis including cash flow generation supporting the client’s ability to repay the credit facility.
 - the MFA reports of the company (minimum last 2 years of activity, consolidated and unconsolidated in case of group of companies)
 - the RAROC/RAPS report on the Borrower and on the Facilities
 - all information as required and stated in the credit manual, and all other information on the Borrower, the Borrower’s management and its market place that the Account Manager/Relationship Manager consider relevant for a proper assessment of the Borrower’s related risk and outlook
 - the PAM advice (when a PAM exists)
 - the latest call report
 - the MFA projections for facilities of longer term than 1 year

3. Account Manager and Relationship Manager are both liable to the accuracy of the information contained in the Expose; the Expose should summarize the precedent discussions and negotiations between Account Manager and Relationship Manager and the Borrower, and the agreed terms and conditions under which the Facility should be provided. When applicable, the PAM should have been informed beforehand that such facility will be proposed for approval and his positive advise is to be obtained.
4. The Expose is submitted to Risk Management according to the deadline stated for further presentation to the LCC. The LCC meets regularly once a week.
5. In case of facilities where HO approval is necessary, after positive recommendation by the LCC the Expose will be sent to HO for approval, in accordance with the procedure stated in the Risk Management Procedures Manual

Credit Modifications and Extension requests, when needed, are to be prepared according to and following the same procedure as above, also in accordance with Risk Management Procedures Manual.

Follow-up

Follow-up on review dates and respective approvals is the responsibility of the Relationship Manager and the Account Manager, and are monitored by Risk Management.

II.2 Preparation of Facility Agreement (and related legal documentation)

Preparation: Account Manager

Review and Responsibility: Relationship Manager

Validity: When signed by:

- i) two authorized signatories of the Bank as defined in the Powers of Attorney E and F of the Branch, and
- ii) the duly authorized representatives of the Borrower, as stated in the Borrower's extract of the Commercial Register

DETAILS:

1. The Facility Agreement must include all conditions as per received approval.
2. After the Facility Agreement has been prepared, it is sent to the Borrower only when:
 - i) approval for the Facility has been received,
 - ii) the necessary security/cover is in condition to be perfected upon signing, and
 - iii) Risk Management has acknowledged (by initializing each page, together with Relationship Manager) the Facility Agreement and all related amendments, in order to ensure the accuracy and completeness of it in relation to the conditions and covenants contained in the approval.
3. The Facility Agreement shall correspond to the standard legal documentation of the Bank. This document is available to all Account Managers and Relationship Managers in electronic form, and can only be amended/changed by the internal legal department.
4. In case major changes to the standard legal documentation are required (transaction or commercial driven reasons), a legal opinion of the internal lawyer (or external legal counsel if applicable) is required in relation to the changes needed. When simple and straightforward changes will be necessary, discussion and approval of Risk Management should suffice.
5. In case of transactions where legal documentation is prepared by other Branches of ING (e.g. Umbrella facilities with Multi-branch Facility Agreements) signed at HO level, a legal opinion must be received in relation to the perfection of the documentation from a Slovak legal point of

view. In any event, the internal legal department must be aware of such documentation and give its opinion.

6. When the Facility Agreement is signed by and received from the Borrower, B/O Customer Services checks the validity of the signatures, and the originals are filed in the safe by B/O CFS. Three copies should be made for the Risk Management's file, for the Account Manager's file, and to B/O CFS file.
7. After receiving a valid Facility Agreement and related Documentation if any, Account Manager prepares the CIM (Credit Instruction Memo) and DCL (Documentation Check List) which must be approved by Risk Management. Once approved, the CIM serves as instruction to B/O CFS to input the facility and limits in the ATLAS system.

Accuracy and completeness of the CIM is essential to secure a correct capture of valid data regarding the Borrower's approved facilities and limits (a sample of CIM is attached as annex to these Procedures).

8. Drawings under the Facility are only allowed when the Facility Documentation is fully in place, and the Security (if any), has been duly perfected.

Follow-up

1. Follow-up on the maturity of the Facility Agreement and related documentation is the responsibility of B/O CFS and Risk Management.
2. Follow-up on compliance with the covenants is the responsibility of the Relationship manager (while B/O CFS is responsible for preparing the Covenants Agenda)
3. Follow-up on security value and its adequacy in relation to the signed documentation is the responsibility of Relationship Manager (B/O CFS is responsible for the timing preparation of the Collateral Agenda)
4. All instructions or clarifications that B/O CF needs to process the credit transactions in the bank's system, must be provided in writing to provide for a verifiable audit trail.

Documentation Check List ("DCL")

The DCL is prepared by the AM upon receipt of a validly signed Facility Agreement and all other necessary documents to allow that drawings are provided to the Client (security related documents for example, and any others which are condition precedent).

In the event that the Facility is modified and amendments to the Facility Agreement or to the security documentation are made, a new DCL must be

prepared and delivered to Risk Management before any related changes are made in the bank's system.

The purpose of the DCL is to provide a quick and complete view of the documentation the Client has in place with the Bank, and is part of the files of both AM and Risk Management.

II.3 Documentation related to security/cover

Preparation: Account Manager, Senior Account Manager

Review and Responsibility: Relationship Manager

Validity: When signed by:

- i) two authorized signatories of the Bank as defined in the Powers of Attorney E and F of the Branch
- ii) duly authorized representatives of the Borrower as stated in the extract of the Commercial Register of the Borrower
- iii) if applicable: duly authorized signatures of a third party as the Guarantor, Importer, etc., and

when the necessary registration(s) of such security was done in the respective Registers (Central Register and/or Specific Register)

1. All documentation regarding cover/security of the Facility (Security Agreements of any kind) must be prepared in accordance with the conditions stated in the approval
2. When possible, the standard documentation of the Bank should be used. If this is not the case, or should changes be necessary, internal lawyer or external legal counsel may be used
3. All documentation related to security/cover which is prepared and signed by third parties (e.g. guarantees received), are to be checked beforehand with Risk Management to ensure that they are accurate and complete and correspond to the approval requirements.
4. Signatures in third party documentation are to be checked according to the procedures stated in Risk management Procedures manual. Signatures in guarantees received are to be checked at all times, while signatures in other type of cover documents (e.g. assigned export contracts) are to be checked as applicable on a case by case basis.
5. AM/RM should use their contacts with PAMs for verification of signatures in corporate guarantees. In other cases, B/O CFS will be responsible to receive signature verification.

6. B/O CFS is responsible to keep the original documentation regarding cover/security in the safe. Three copies are to be made for the Risk Management's file, for the Account Manager's file, and to B/O CFS.

Follow-up:

1. Follow-up on the maturity of the security/cover documentation is the responsibility of the Relationship Manager based upon the Collateral Agenda prepared by B/O CFS and communicated to Risk Management. The collateral Agenda is prepared by B/O CFS on a monthly basis.
2. In addition, the Relationship Manager and Account Manager are notified by B/O CFS regarding the validity of the security/cover documentation 10 calendar days before expiry of any collateral.

Income Split

Guarantees issued in our favour by other branches or entities of ING Group covering local credit facilities provided bear a cost for the Branch. This cost relates to the portion of the income to be paid to the issuing party for risk remuneration. According to the Lending Risk Manual, income split rules stipulate the percentage of interest income from the Facility to be paid by our branch (Beneficiary) to the issuing entity (Sponsor or Guarantee Giving entity). This percentage varies between 30% and 70%, depending on the risk covered (Political and/or commercial) by the Internal Guarantee on the Sponsor side. Any changes to this rule have to be agreed upon in writing by both parties and should be approved by the Director of CFS and communicated to Risk Management.

The percentage to be paid to the issuer must be included in the CIM, so that B/O CFS may effect payment to the issuer accordingly. If not agreed or specified otherwise, payment is to be made during December of each year in respect of the current year.

1. II.4. Preparation of indicative Offers

1. An indicative offer does not represent a commitment on behalf of the Bank to realise any transaction or provide any facility. A statement providing for the indicative nature of the offer (disclaimer) must be included in each indicative offer sent to the client.
2. Each indicative offer should contain the terms and conditions that correspond to the best assessment of the Relationship Manager regarding the final terms and conditions of the credit facility to be provided to the client. The best assessment is relevant at a particular point in time and should reflect the discussions handled with the client up to that moment.
3. The indicative offer should be clear and precise in order not to cause unrealistic expectations in the side of the client. The indicative offer is a tool for discussions and negotiations with the client
4. The indicative offer is sent to the client by the AM or RM and should contain a validity date. In case the client does not return the offer with his acceptance up to that date, the bank may change the terms and conditions therein stated.
5. Once the indicative offer has been accepted, the Relationship Manager proceeds with internal discussions and preparation of the credit application towards the approval of the facility.
6. The indicative offers are signed by the Relationship Manager and the Director CFS (or his Deputy).

III PRODUCT PROCEDURES

No drawdown, in any form, may be authorised before: i) the respective approval has been obtained, and ii) the legal documentation is duly signed and the security if any is perfected, and iii) the respective facilities and limits are duly captured into the ATLAS system.

III.1. Overdrafts

Origin: Payment Order (PO)

CORE CHARACTERISTICS OF THE PRODUCT:

A variable rate, short term loan repayable on demand by which a borrower is allowed to draw funds in its current account with our bank up to a certain approved limit. The terms and conditions are laid in a written facility agreement.

PROCEDURE:

1. The customer delivers PO by post, Multicash or by fax to the Bank
2. The PO is processed by Payment Department (PD) according to relevant procedures
3. In case of overdrawn limit on the clients' account, B/O CFS contacts AM and Risk Management
4. AM and Relationship Manager contact the client to inquire regarding the urgency of the payment. In case it will be necessary to effect the payment, an excess will be created and should be beforehand approved by Risk Management.
5. If the payment can be postponed AM informs PD/ B/O CFS and the PO is suspended until AM informs PD/ B/O CFS that it may be processed.

FOLLOW-UP STEPS:

PD maintains one file per client filing it with original of PO and invoices.

III.2. Fixed Term Advances

Origin: Notice of Drawdown (NDRW)

CORE CHARACTERISTICS OF THE PRODUCT:

A Fixed Term Advance (or LFIX) is a term loan as follows:

- with a fixed rate
- for a fixed amount
- with a fixed start date
- with a fixed maturity date, but the loan may be repaid in full at an earlier date, probably subject to the payment of a penalty.

The full interest amount is received at maturity date, so no repayment schedule is defined.

PROCEDURE:

1. The client sends NDRW to AM (in case of syndicated transactions, this notice may arrive to the B/O CFS from the Agent. B/O CFS informs the AM and the procedure as below is applied)
2. In case the deal was agreed with Corporate Sales, AM receives a mail from the Dealer with information on the: i) interest rate, ii) tenor and iii) amount of the deal as agreed with the client (the mail is copied to the Relationship Manager, the Administrative Officer of F/S CFS Lending and to B/O CFS, to secure that in absence of the AM one of the remaining persons will acknowledge that the LFIX was dealt and will follow the complete procedure)
3. The authenticity of the signatures in NDRW is verified by Customer Services B/O
4. The Administrative Officer of F/O CFS Lending fills in the Deal Ticket and gives it to Relationship Manager (or Account Manager in his absence, or ultimately to the Director CFS or his Deputy) for signing and thus for assuming responsibility for the respective deal to be captured under the conditions settled in the ticket
5. Before signing, Relationship Manager/AM compare the details in the NDRW with the details in the Dealer's mail, which should match. In case of discrepancies AM will contact the respective Dealer who agreed on the transaction and agree on further action
6. The Deal Ticket is forwarded directly to B/O Corporate Finance (B/O CF) for final ATLAS processing, and filing
7. If Limit Check by B/O CF does not show sufficient limit being available for capturing the deal, AM is contacted. Then either:

- i) AM is requested to request approval for increasing the facility limit by receiving approval for a temporary excess
 - ii) the deal is cancelled, or
 - iii) the amount of the LFIX is adjusted up to the available limit under the Facility
- i), ii) or iii) are a result of the contact between AM and the Client regarding the urgency of the drawdown and the amount in question.
- 8. The increase of the limit by temporary excess has to be agreed by Risk Management according to Risk Management Procedures Manual
 - 9. The Confirmation of New Deal is send by fax to the client by B/O CFS. Filing together with the ‘transmission OK’ confirmation is also the responsibility of B/O CFS

FOLLOW-UP STEPS:

- 1. B/O CFS delivers the Deal Ticket to the respective dealer (Treasury Sales) for signature and proper capturing of the corresponding internal funding.
- 2. B/O CFS maintains files per order of deal dates, filing the cc:mail messages, and respective Deal Tickets and Confirmation of New Deal.

Breakage Costs

In case the Client wishes to early terminate the Fixed Term Advance, the request to do so must be done in writing. In accordance with the Facility Documentation, the bank may charge breakage costs in case such occur due to the early maturity of the Fixed Term Advance. In such cases, and upon receipt of the request from the Client, AM contacts the Dealer to inform him about the request. The dealer will then calculate the respective breakage costs (if any) and document them to AM. AM then informs the Client about the amount of the costs, and awaits the Client’s agreement in writing. Upon receipt of the Client’s agreement, AM instructs B/O CFS to early terminate the Fixed Term Advance and charge the client with the respective costs.

III.3. Issuance of guarantees

Origin: The Instruction to issue a Guarantee (IGTEE)

CORE CHARACTERISTICS OF THE PRODUCT:

A bank guarantee may be defined as an irrevocable obligation of a bank to pay a sum of money in case of non-performance of a contract by a third party. The guarantee is a separate obligation independent of the principal debt or the contractual relationship between the creditor and the principal debtor.

PROCEDURE:

1. The customer delivers by post or fax IGTEE to AM or to B/O CFS. The text of the Guarantee should be attached to the IGTEE, and should be in form and substance acceptable to the Bank. In case of Customs Guarantees, the Bank provides a standard wording which is recommended to be used whenever possible.
2. The authenticity of the signatures from IGTEE is verified by Customer Services F/O
3. Relationship Manager/AM check the availability of facility, limit and the expiration date of the Guarantee and controls whether the instruction was properly filled in by the customer
4. Relationship Manager/AM paraph IGTEE
5. If the expiration date of guarantee is a date after the expiration date of the facility then AM has to agree with Risk Management on how to proceed (only in exceptional cases, in normal circumstances such guarantee cannot be issued)
6. IGTEE is internally distributed to B/O CFS for ATLAS processing and guarantee issuance

FOLLOW-UP STEPS:

1. The issued Guarantee will be sent to the advising bank of the client or to the beneficiary by B/O CFS
2. B/O CFS maintains one file pre client filing it with IGTEE and a copy of the Letter of guarantee

III.3.1. Amendments to Guarantee

The procedure to be applied for amendments to guarantees issued (including prolongation) is the same as in III.3. above.

III.4. Issuance of L/Cs

Origin: The instruction to issue L/C (IL/C)

CORE CHARACTERISTICS OF PRODUCT:

Letter of Credit represents a commitment of a bank to pay the seller of goods or services a certain amount provided he presents stipulated documents evidencing the shipment of goods or the performance of services within a prescribed period of time. Letters of Credit are handled according to the terms and conditions of the Uniform Customs and Practice for Documentary Credits.

PROCEDURE:

1. The customer delivers by post or fax IL/C to AM
2. The authenticity of the signatures in IL/C is verified by Customer Services FO
3. AM checks the availability of facility and the limit and controls whether the instruction was properly filled in by the customer
4. Relationship Manager/AM paraph IL/C
5. IL/C is internally distributed to B/O CFS for ATLAS processing and L/C issuance

FOLLOW-UP STEPS:

1. The copy of the L/C issued will be sent to the customer/beneficiary/beneficiary bank (according to ILC) by B/O CFS.
2. B/O CFS maintains one file pre client filing it with IL/C, copy of L/C and copy of documents from Beneficiary.
3. If any discrepancies are found in the documents, B/O CFS informs AM and contacts the client.

III.4.1 Amendments to L/C issued

The procedure to be applied for amendments to L/Cs issued is the same as in III.4. above.

III.5. Discount of L/Cs

Origin: The instruction to discount the L/C (IdL/C).

1. Discount of L/Cs is done for those L/Cs which are advised through our Bank. In such case, BO CF is obliged to notify the opening Bank that such discount has been done. Account Manager verifies whether tenor and underlying transaction are acceptable to the Bank and are within the conditions as approved for the client (a). In case the client has no credit line, the discount of the L/C is still possible, through allocating of the necessary limit on the opening Bank (b). If (a) or (b) are fulfilled, Relationship Manager/Account Manager paraph the IdL/C, and the Documentary Credit Officer B/O CFS does the same to confirm the L/C issued is in good order (which the officer needs to do anyway).
2. The authenticity of the signatures in all documents are verified by Customer Services F/O
3. AM checks available facility and limit and prepares Deal Ticket; maturity date is in general in accordance with the date the L/C becomes payable
4. AM internally distributes: original of the IdL/C and prepared Deal Ticket to B/O CFS
5. The Deal Ticket is then processed according to Fixed Term Advances Procedure

FOLLOW-UP STEPS:

1. B/O CFS maintains one file per client filling it with copy of L/C and of Deal Ticket
2. Two days before the payment date of the Advance B/O CFS contacts AM/opening Bank to secure payment is received, respectively that documents under discounted L/C have been presented and L/C is being collected.

III.6. Aval of Promissory Notes/Bills of Exchange

Origin: The instruction to avalize the B/E or PN (IAVAL)

CORE CHARACTERISTICS OF PRODUCT:

A bill of exchange is an unconditional order in writing, addressed by one person to another, signed by person giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to, or to the order of a specified person, or to a bearer.

PROCEDURE:

1. The client sends IAVAL and B/E or PN to AM
2. The authenticity of the signatures from IAVAL and PN or B/E is verified by Customer Services F/O
3. Together with Documentary Credit Officer, AM checks the accuracy of the B/E or PN. AM checks available facility and limit and paraphs IAVAL.
4. AM prepares detailed instruction for B/O CFS regarding AVAL charges and how to proceed with original of B/E or PN
5. IAVAL and PN are internally distributed to B/O CFS for ATLAS processing and AVAL issuance.
6. After avalised, the original B/E or PN is processed as per AM instruction on 4. above (in case the original of B/E or PN stays in the Bank, it is forwarded to B/O CFS for further file in the safe)

FOLLOW-UP STEPS:

1. B/O maintains one file per client filling it with IAVAL, B/E (or PN)
2. Fourteen (14) working days before the payment date of the B/E (or PN), B/O CFS contacts AM to secure payment is received.

III.7. Purchase/Discount of Promissory Notes

PROCEDURE:

1. Prior to a discount of B/E (or PN), AM has to receive from the client the following documents (minimum two days in advance):
 - original of a duly signed B/E (or PN)
 - underlying commercial invoices (and commercial contract if necessary)
 - original of a duly signed Purchase Agreement (in accordance with the Procedures defined in II.2)
2. The authenticity of the signatures in all documents are verified by Customer Services F/O
3. AM and Documentary Credit Officer (B/O CFS) paraph the accuracy of B/E (or PN)
4. AM checks available facility and limit and prepares Deal Ticket
5. AM internally distributes: original of the B/E (or PN) and Purchase Agreement to Risk Management (vault) and the copy of B/E (or PN), Purchase Agreement and prepared Deal Ticket to B/O CB

FOLLOW-UP STEPS:

3. B/O CFS maintains one file per client filling it with copy of B/E (or PN), Deal Ticket and copy of Purchase Agreement
4. Minimum two working days before the payment date of the B/E (or PN), B/O CF contacts AM to secure payment is received

III.8. Structured Finance Products

Due to the high individuality of these products/transactions, no general procedures are prepared for products like:

- syndicated loans
- project finance
- High yield issues

These products are in all cases subject to pre-discussions with specialised units in ING Amsterdam and ING London.

Given the particular features of each of such transaction, we also do not provide general procedures regarding Structured financing products. To describe precise procedures for this kind of transactions could lead to the mishandling of a particular transaction that would require, for certain reasons, additional or different steps than the ones provided for in the procedures.

In the particular case of **Loans Discounted, Purchase of Receivables**, and financing secured by **Borrowing Bases**, it is not possible to generalise the procedure to be applied. Therefore, an individual procedure must be prepared for each particular case, specifying the way of calculation of the drawdown (amount to be disbursed), and the way there will be a follow up of the Borrowing Base, the Receivables, and the outstandings. Each such procedure will as well determine who is responsible for each step and follow up. These procedures should be prepared by the respective RM/AM and approved by the Director CFS. They should be filed by AM and Risk Management in the respective Client credit files.

III.8. Other non-lending products – Spot and Forward transactions

Spot and forward limits are approved within the normal approval process based on the prepared credit application. Procedures for these products are the responsibility of the respective Product Manager, i.e., Corporate Sales.