

go further

Winter 2011

Leumi (UK) Commercial News



Key Business Trends

Market View

**Specialised Corporate
Deposits**

Leumi (UK) Commercial Finance: Expertise | Relationships | Solutions

Welcome

By **Jon Watson, Head of Commercial & Commodity Finance**

Welcome to the Winter issue of 'go further', Bank Leumi (UK)'s newsletter for our corporate clients. In this issue we are keeping you updated with new developments over the past six months, business news and insights.

There's no denying that we continue to face uncertain times yet, whilst the economic barometer has fallen in recent months, we are delighted to see that many of our clients are still enjoying sound, profitable trading. This is a testimony to the underlying strength of our clients and their ability to manage change in ever challenging markets.

At times like these, good relationship management comes into its own. The emphasis we place on building long lasting relationships with our clients gives us greater knowledge of the markets within which they operate, the changes that are occurring, and

the actions required to address the needs of the marketplace. This in turn enables us to support and assist the financing of these businesses, ensuring the best possible outcome for all of our clients.

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Over recent months, the Commercial Finance team within Bank Leumi (UK) have continued to work across the country with our colleagues from our Asset Based Lending subsidiary, Leumi ABL, who have gone on to win yet further industry applause and recognition within the deal-making community.

Across the Bank we continue to provide new facilities in all our product areas, whether

in Trade & Commodity Finance, Property Finance, Israeli Related business, Media Finance and Asset Based Lending, whilst our colleagues in Private Banking, Offshore Banking and Trust services all offer the highly specialised service that you would expect from a first class boutique bank.

The current climate has also meant that a special focus is placed on developing attractive deposit taking products, for both Corporate and Private clients alike. If you would like to hear more about these, please contact your Relationship Manager who will be happy to discuss any cash management requirements you may have.

I very much hope that you will enjoy this Winter 2011 edition of Go Further and I and my team will be delighted to hear from you at any time should you wish to discuss anything further.

New Business Trends

By **Nicola South, Head of Commercial Finance**

The Commercial Finance team has been working on many different business development opportunities since the beginning of 2011 and, not surprisingly, we've noticed a couple of key trends in light of the current business environment.

Firstly, we've seen many new customers turning to Bank Leumi (UK) having become unhappy with their existing banks due to experiencing numerous relationship manager changes and long lead times for increases in facilities to be approved.

Working closely with our colleagues at Leumi ABL, the Bank is able to offer an even broader range of funding solutions...

Secondly, many customers require more flexibility from their existing funding arrangements and some high street clearing banks, often driven by rather rigid, formulaic approaches, have been reluctant to extend credit.

In addition, we have seen a number of acquisitions where businesses have been underperforming and have been purchased to allow consolidation with other businesses

in the sector, or to rationalise and improve performance. By taking the time to understand the future potential of these opportunities, the Bank Leumi (UK) team has been able to structure tailored facilities that offer an appropriate funding solution.

We continue to be clear about the type of deal we seek to support. These are primarily wholesale businesses with a strong track record that are profitable and with at least three years of accounts. Management need to be experienced and knowledgeable of their sector and the key risks to the business. Businesses with substantial assets are the key for commercial finance, either leveraging against stock and debtors or property. Although we welcome new business from a wide range of sectors, we do focus on four main sectors; machinery, pharmaceuticals, timber and food, and are building a substantial portfolio in these areas.

Working jointly with our colleagues at Leumi ABL, the Bank is able to offer an even broader range of funding solutions, including invoice discounting, and a number of successful deals have already been completed this year.

With so many financing choices available to businesses, it is important for Bank Leumi



(UK) to stand out from other commercial providers active in the market. We do this by sticking to our core principles:

- Relationship banking - taking the time to get to know our customers and truly understand their needs.
- A solutions-driven approach (as opposed to one which is based on products sales targets).
- A highly efficient turn around - with regular credit committee meetings and full senior executive management support.

The next twelve months will undoubtedly continue to bring new challenges but we are focused on continuing the successes of this year and on growing the book further, especially in our key sectors.

Commercial Finance sector focus...

At Leumi UK we work with clients from a wide range of business sectors, structuring our facilities to suit individual requirements. Here we take a closer look at two of our core sectors, food and timber, and show exactly how we have been able to support two of our clients – Ivory & Ledoux Limited and Wood International Agency Limited.

Client case study: Ivory & Ledoux Limited

Bank Leumi (UK) has been supporting Ivory and Ledoux since March 2009. Based in North West London, Ivory and Ledoux are importers and distributors of canned foods, trading fruit juice concentrates, purees and tomatoes to a worldwide market. In addition, the business specialises in the supply and sourcing of raw materials and ingredients for a variety of food industries and has built a strong reputation in the industry.

Bank Leumi (UK) has much expertise in trade finance and was able to provide the required facilities and funding structure, allowing the business to move forward. The finance from Bank Leumi (UK) consists of a multi option

facility for working capital and trade finance.

Boris Ben-Ari, Finance Director at Ivory and Ledoux, comments: "We have a very good relationship with Bank Leumi, with direct access to decision makers who give us prompt responses when we need them. The Leumi online banking system is very effective and provides the information we require."

Bank Leumi (UK) takes the time to understand our clients' needs and builds long term, trusting relationships. As a first class boutique bank, our focus is on true relationship banking and the highest quality, professional service.



Client case study: Wood International Agency Limited / Wood International (Far East) Limited



In a deal completed in February 2011 Bank Leumi (UK) completed a financing deal with Wood International Agency Limited/Wood International (Far East) Limited.

Established in 1977, Wood International Agency Limited is a family run business based in Brentwood, specialising in the sales, distribution and marketing of plywood and wood-based panel products to the UK, Europe and international markets.

Bank Leumi (UK) stepped in to replace the client's existing lender, an Irish bank, with a \$12.5m working capital and trade finance facility.

Mike Lamont, Chairman of Wood International Agency Limited, comments "We were becoming increasingly concerned about the problems in Ireland and had been talking to Bank Leumi (UK) for a while on the back of an existing relationship. We've now switched all of our banking to Leumi and find them to

be more efficient, with simple, streamlined processes and friendly people who are always quick to resolve any problems that may arise."

Mike continues: "Importantly for us, Bank Leumi (UK) already has proven expertise and experience in the timber sector, and this, together with the strong relationships, was a key factor in our decision to use them as our banking partner."

With the new financing facility in place, prospects continue to look good for Wood International Agency Limited/Wood International (Far East) Limited. Plywood sales are strong and there is much activity in the Far East markets.

Donal O'Keeffe, Senior Relationship Manager, comments: "We are very pleased to become bankers to this long established successful timber company, and we look forward to working with them to grow and develop the business further in the future."



Getting On With Your Business



together we go further

Bank Leumi (UK) & Leumi ABL Working together to offer a market winning proposition...

By **Phil Woodward, Managing Director - Leumi ABL**

As a long established banking group with a deep sense of heritage and history, it's all too easy to overlook the pace of change.

2011 marks the fifth anniversary of Leumi ABL. The team has done a phenomenal job at building their profile while continuing to structure deals that give clients the flexibility and funding they need to drive growth. The Leumi ABL team continues to make a significant impact in the deal-making communities, this year winning awards from both Corporate International Magazine and Dealmakers Monthly for 'Asset Based Lender of the Year in the UK.'

The number of deals completed jointly with Bank Leumi (UK) and Leumi ABL continues to increase. This is clear evidence of the added value we can bring to clients by working together.

In attracting new business and ensuring we look after existing clients well Leumi UK must clearly differentiate itself against other commercial finance providers in the market. Our ability to offer a comprehensive ABL funding solution, including trade and stock finance, in combination with a genuine close and caring relationship with clients, a flexible approach and short lines of communication, are all proving to be invaluable in our efforts to make a difference.

Most importantly, there is a genuine will by our senior team to try and make a deal happen. By working together we are able to offer clients something very different from the larger banks, something the market is crying out for.

Here is an example of a recently completed deal where Bank Leumi (UK) and Leumi ABL have combined forces to create a winning solution for the client...

Client case study: Lambson Building Products Limited

Bank Leumi (UK) and Leumi ABL have worked together to provide a total funding facility of £9.44m to West Yorkshire-based business, Lambson Building Products Limited.

Established in the early 1960's as part of the Lambson Group, Lambson Building Products is a profitable business involved in the sourcing, manufacture and supply of laminated timber boards to the leisure industry.

The refinance and re-banking of Lambsons involved a £5m asset based lending facility from Leumi ABL, plus £4.44m from Bank Leumi (UK) to support the business with stock finance, property finance, and a multi option and foreign exchange facility.

Now in month three of their new relationship with Leumi UK, Glenn Monkman, Managing Director at Lambson Building Products, is very happy with the new arrangements: "We have dedicated support and any issues are resolved promptly and efficiently which is a welcome change for us. The systems are simple and user friendly, which has contributed towards a smooth transition."



Trade Services

By John Edwards, Head of International Trade Services

Within the current economic environment, the risk of credit default and contract frustration is potentially increasing, whilst many of the traditional trade financing tools, such as Letters of Credit, Bank Guarantees, Documentary Collections and Bills of Exchange provide an internationally recognised solution to help mitigate a number of the major risks.

Properly structured, these tools allow the exchange of the documentation, representing the underlying goods shipped under the contract between exporter and importer against payment. In addition they also can assist buyers and sellers to obtain finance for the transaction from their respective banks.

With over a hundred years of experience in providing solutions to trading businesses, Bank Leumi (UK) is able to provide a high quality delivery of its Trade Finance Services. We recognise that speed is of the essence when trade finance

contracts are at stake, and so operational efficiency and exacting delivery are vitally important to us. In order to assist with our first class service we offer a number of our trade services through Leumi Online.

Our services include:

- Letters of credit, issuance, advising, confirmation and negotiation
- Discounting bills of exchange
- Guarantees
- Documentary collections

Soft patch or double dip?

Views from the Bank Leumi (UK) Dealing Room

By Sarah Card, Corporate Dealer

As we enter the final months of 2011 the more pessimistic among us seem to be questioning whether the current, undeniable, slowdown could actually be early signs of a double dip recession. Gold has, once again, hit new all time highs of over \$1900 in early September and general market consensus seems to become more risk averse by the day. The United States provides a good barometer for a number of the major economies and unfortunately things don't look good. Gross Domestic Product, Consumer Spending, Services and Manufacturing Indices and the Stock market are all going through a torrid time. If the old saying is true that 'when the United States sneezes the rest of the world catches a cold' then it looks like it's time for flu vaccinations!

Greece, the Eurozone and now Italy, as a whole have been the dominant stories of the last six months with continuing credit downgrades during the course of this year. Unfortunately the general consensus seems to be that we've not seen the last of the sovereign rating downgrades. Spain, Portugal,



Cyprus and possibly Ireland remain among the additional potential downgrade candidates, but the lack of any strong political will in Europe is continuing to cast a cloud over any signs of recovery.

During such a time of high volatility there is one thing that seems more assured; base rates for the major economies do not appear to be going anywhere for the foreseeable future. Given that the UK, US and Eurozone are all now indicating that there will be no change in stance

until 2012 or even 2013 the market turns once again to discussions on Quantitative Easing.

With the market volatility and excitable events of the last six months it is hard to even begin to imagine the extent of what is going to happen next! As always the Bank Leumi Dealing Room team look forward to working with you over the coming months to try to secure as much certainty for our customers as possible during these economically uncertain times.

Deposit Products

As we continue to face yet more financial uncertainty, cash management solutions play an even greater part in every corporate strategy.

With that in mind, Bank Leumi (UK) has developed a range of specialised deposit products aimed specifically at corporate customers who seek a high level of flexibility coupled with competitive rates.

Such deposits include our 35 Day Notice and 95 Day Notice, each starting from a minimum of £500,000 or currency equivalent.

We continue to provide fixed term deposits and would be pleased to offer tailor made products suited for customers' particular needs.



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To find out more about how the combined strength of Bank Leumi (UK) and Leumi ABL has helped boost business funding, visit: www.bankleumi.co.uk and www.leumiabl.co.uk



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