

# Export Letters of Credit

## Trade with confidence and minimise the risk of non-payment

Our Export Letter of Credit enables you to trade goods safe in the knowledge that you will receive payment. This is because Export Letters of Credit provide a commitment given by the buyer's bank that they will pay on behalf of their client, provided certain pre-agreed conditions are met. This product is sometimes called a Documentary Credit.

### Your needs

You are a supplier to an overseas buyer and want guaranteed payment for goods exported abroad.

### Our solution

With an Export Letter of Credit, you get an undertaking from your buyer's bank that you will be paid, provided you ship the goods and present the required documentation, within a particular timeframe as specified in the Letter of Credit.

### Benefits

- Guaranteed payment, providing relevant documentation is in compliance with the terms and conditions
- Improved cashflow because documentation that is under a term Letter of Credit can be discounted prior to due/maturity date
- Greater control over your trade activities: facilitates international trade where open account terms are




not practical or preferred, especially when you are doing business in a new country or with a new buyer

### Considerations

- If goods are shipped and the presented documents do not comply with all terms and conditions within the Letter of Credit (LC), they can be rejected by the buyer
- Consider whether a confirmed LC from NatWest is needed to mitigate any risk from the foreign issuing bank or country risk
- Negotiate with the buyer and agree upon detailed terms to be incorporated into the LC

### Is an Export Letter of Credit right for you?

You might consider an Export Letter of Credit if you:

-  Require a conditional guarantee of payment while exporting
-  Are seeking Trade Finance
-  Need immediate access to funds

### How it works

#### You make contact with your Relationship Manager (RM)

Your RM, usually with one of our specialist Trade Advisors, discusses your needs and agrees an appropriate solution with you



#### Advising

We inform you when your buyer's bank issues the Export Letter of Credit



#### Checking

You ship goods and present documents to us for checking and forwarding to your buyer's bank for payment / acceptance



#### Payment

We make payment either immediately or on a deferred basis, depending on the terms



NatWest

## Working with you

Our team of specialist Trade Advisors will work with you and your Relationship Manager to understand your business and your plans for the future. Our wide range of trade products, along with the benefits and the costs, will be explained to you and a joint decision will be made as to the best solution(s) for your business.

| Your Challenges   | Our Solution   |
|---|--|
| <ul style="list-style-type: none"><li>You have a new buyer or are unsure about a buyer's ability to pay so you want to guarantee payment before you ship your goods</li></ul> | <ul style="list-style-type: none"><li>Our Export Letter of Credit guarantees payment to your business when exporting, providing presented documents are in full order and compliance with terms and conditions</li></ul> |
| <ul style="list-style-type: none"><li>You need to access funds immediately after shipment and preparation of required Letter of Credit (LC) documentation</li></ul>           | <ul style="list-style-type: none"><li>LC can be discounted providing you with immediate access to funds</li></ul>  |
| <ul style="list-style-type: none"><li>You may not be comfortable with the issuing bank of the LC in the importers country and want more security</li></ul>                    | <ul style="list-style-type: none"><li>NatWest will confirm the LC - We will underwrite the guarantee given by the issuing bank thereby removing bank and country risk</li></ul>  |

| Additional Information   | Explanation  |
|--|--|
| <ul style="list-style-type: none"><li>Confirmation fees</li></ul>  | <ul style="list-style-type: none"><li>If you require confirmation of the LC, fees will be payable</li></ul>  |
| <ul style="list-style-type: none"><li>Transactional fees</li></ul> | <ul style="list-style-type: none"><li>Transactional fees will be payable for advising amendments, payment, correspondence etc. Postage and SWIFT charges will also be levied</li></ul> |

Security may be required. Product fees may apply. Over 18s only. Subject to status, business use only.

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## Product Specifications

- Payment either at sight or at the end of specified term:** The buyer or their bank may pay at sight or accept to pay at the end of a specified term (acceptance)
- Discounting Available:** Discounting available, but only applies to term letters of credit and may allow NatWest to provide immediate payment to you
- Validity Period on Letter of Credit:** Letters of Credit always have a latest shipment date, a stated expiry date and place of expiry
- Available to non-bank customers:** As well as customers, the product is available to those who do not have an account with NatWest, subject to prescribed checks