

# Bank Guarantees

## Trade with confidence and boost your customer relationships

Bank Guarantees (also referred to as bonds or Standby Letters of Credit) provide both buyers and sellers in a trade transaction with reassurance that either performance or financial obligations will be met. We can issue guarantees on your behalf or receive and validate guarantees issued by other banks in your favour.

### Your needs

Your supplier wants to know that they will be protected in case you cannot fulfil the terms of your contract with them, and needs a third party with reliable financial strength to issue a guarantee.

### Our solution

We offer a full suite of guarantee types and can access most parts of the world through our extensive correspondent bank network.

Our specialists have experience in managing all types of bonding requirements covering contractual obligations (bid bonds, performance, warranty etc.) and financial obligations (payment of trade debts).

### Benefits

- Gives your supplier confidence that you can meet your financial commitments
- Provides a safe and efficient way of mobilising the working relationship between overseas trading partners
- Gives you protection against non-payment risk

### Considerations

- Issuing guarantees requires you to have an approved credit facility in place with Royal Bank of Scotland. Security may be required
- Guarantees are on-demand instruments. This means that, if the beneficiary makes a claim, the bank issuing the guarantee must pay out irrespective of any contractual dispute
- Issuing guarantees that are subject to the laws of another country may mean that it cannot be automatically cancelled on a stated expiry date. Charges will continue to apply until the beneficiary formally confirms cancellation

### Are Bank Guarantees right for you?

You might consider Bank Guarantees if you:



Trade internationally and want to create a longstanding relationship with your overseas trading partners



Want to provide your supplier with a secure form of guarantee which is reputable, or receive the same form of guarantee in your favour



Want to highlight your financial strength to your supplier

### 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



#### Credit facility

We issue the Bank Guarantee and send it to your supplier's bank



#### Supplier informed of guarantee

Your suppliers' bank informs your supplier when the guarantee is in place



#### Payment

You make payment directly to your supplier. We only make payment if the supplier presents a claim under the guarantee

## Working with you

Our team of specialist Trade Advisors – who have experience in all types of bonding requirements, whether you need to cover contractual or financial obligations – 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>When dealing with overseas businesses, it can be hard to prove you are able to pay</li></ul>	<ul style="list-style-type: none"><li>We can guarantee payment on your behalf</li></ul>
<ul style="list-style-type: none"><li>You wish to improve your cash flow by receiving advance payments from your buyer</li></ul>	<ul style="list-style-type: none"><li>We offer an Advanced Payment guarantee</li></ul>
<ul style="list-style-type: none"><li>You want to be able to participate in tenders, which could involve considerable upfront costs</li></ul>	<ul style="list-style-type: none"><li>We also offer Bid Bond guarantees</li></ul>

Additional Information	Explanation
<ul style="list-style-type: none"><li>Risk fees</li></ul>	<ul style="list-style-type: none"><li>Risk fees will be payable based on our assessment of the risk profile of your company and any available security. This will be payable at issuance and throughout the life of the instrument on a quarterly basis</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 amendments, payment, correspondence etc. Postage and SWIFT charges will also be levied</li></ul>
<ul style="list-style-type: none"><li>Arrangement fee</li></ul>	<ul style="list-style-type: none"><li>An arrangement fee for setting up and managing the facility may apply</li></ul>
<ul style="list-style-type: none"><li>Security fees</li></ul>	<ul style="list-style-type: none"><li>A security fee may be charged if any security is taken</li></ul>

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

ANY PROPERTY OR ASSET USED AS SECURITY MAY BE REPOSSESSED OR FORFEITED IF YOU DO NOT KEEP UP REPAYMENTS ON ANY DEBT SECURED ON IT.

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## Product Specifications

- Irrevocable:** Once issued, any amendment must be agreed to by the beneficiary
- Type of guarantee:** Can cover either financial / payment obligations or performance obligations where you are providing a service
- Valid claim:** For the guarantor to pay under the instrument, the beneficiary is required to present a valid claim in a specific format