

Receiving your payments

EXPORT LETTER OF CREDIT CONFIRMATIONS

more
than
money



WE GIVE YOU PEACE OF MIND FOR YOUR EXPORT PAYMENTS

For an exporter, being paid for goods you have shipped is your number one priority. We can minimise your payment risks by putting NAB's global rating and brand behind another bank's letter of credit in your favour.

IT WORKS LIKE THIS

Once you've agreed on payment terms with your buyer and received their bank's letter of credit, there are still payment risks you can't control. How stable and solvent is the issuing bank? What are the economic and political conditions of their country? Will a change affect the letter of credit issuing bank's ability to pay? NAB can put our global rating and brand behind the issuing bank by 'confirming' their letter of credit. This gives you the assurance of a payment commitment from NAB. Our payment to you is without recourse (except in the exceptional case of court or tribunal intervention). When we pay you we take on all the risks of obtaining payment from the issuing bank.

| Benefits | Features |
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| <ul style="list-style-type: none">• Assurance – the NAB Export Letter of Credit Confirmation gives you our payment commitment. We have one of the strongest global credit ratings and are ranked in the world's top 20 safest banks (<i>Global Finance Magazine</i>, April 2013).• Service – offering the premium export letter of credit service in Australia, we undertake to answer your confirmation enquiry on the same day, process your export documents on the same day you present them to us and pay you on the day you request.• Value – competitive quotes to confirm and/or discount a letter of credit.• Payment – we will pay you immediately upon your presentation to us of complying shipping documents. This is particularly valuable if you have offered extended payment terms to your buyer. Interest costs for this payment term would generally be for your account. Normally you would have included a consideration for such costs in your quote to your buyer. | <ul style="list-style-type: none">• Our confirmation covers your payment risks from the day we agree to confirm through to the day we pay you.• Once we pay you we cannot recover that payment from you (except in the exceptional case of court or tribunal intervention), even if the issuing bank becomes insolvent and can't pay.• To ensure you obtain the full benefit of our confirmation, you must present shipping documents that strictly comply with all of the letter of credit's terms and conditions. We will review your documents and provide feedback to assist in presenting letter of credit complying documents.• Once we advise that your documents comply to the letter of credit's terms and conditions, we can pay you immediately. There will generally be interest costs associated with this payment from the date we pay until the date we would normally expect to receive payment from the issuing bank.• All banks adhere to a uniform set of rules for handling letters of credit and confirmations – <i>Uniform Customs and Practice for Documentary Credits</i> (2007 revision). These rules are formulated by the International Chamber of Commerce, Paris. There will be no surprises caused by a bank handling a transaction in an unexpected fashion. |

| What you need to know | |
|-----------------------|--|
| What it costs | <ul style="list-style-type: none">• NAB Export Letter of Credit Confirmations transaction fees and charges are detailed in <i>International Trade Services</i> – a guide to fees and charges available at nab.com.au and Business Banking Centres.• Confirmation charges are available on application. They will vary depending on our view of the related risks of the issuing bank and their country. |
| Interest rates | <ul style="list-style-type: none">• Available on application based on the currency of the letter of credit drawing.• Interest is calculated daily and charged in arrears on the maturity date of each drawing or as otherwise agreed. |

What you need to know

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| Terms and conditions | <ul style="list-style-type: none">• Subject to the terms and conditions of both our <i>Confirmation of Documentary Letter of Credit Offer</i> and <i>Lodgement Authority – Documents under Letter of Credit</i>.• For general conditions, all banks follow the <i>Uniform Customs and Practice for Documentary Credits</i>, (2007 revision), International Chamber of Commerce, Paris publication No. 600 (UCP 600). A copy of these rules is available only from the International Chamber of Commerce. |
| What you will need | You can use our NAB Connect software to receive Export Letter of Credit Confirmations, prepare forms and monitor outstanding transactions. |

Risks

- **Non compliance** – if you don't comply with the letter of credit's terms and conditions then NAB is not obliged to pay under the confirmation. This is because the issuing bank's undertaking to pay is solely contingent on presentation to them of complying shipping documents. It is crucial that you make every effort to ensure you can comply with the terms and conditions of the Export Letter of Credit or seek to have it amended to terms you can fulfil.
- **Issuing Bank/country** – we may not always agree to add our confirmation to a letter of credit. Economic and/or political indicators of the issuing bank or their country may mean we are unwilling to assume their payment risks.
- **Foreign Exchange** – economic factors in Australia and globally can significantly impact the value of the Australian dollar against a foreign currency. If you invoice in foreign currency, an appreciation in the value of the Australian dollar can dramatically reduce the net amount of the payment you receive in Australian dollars. This risk commences at the time you enter into a sale / purchase contract. You should also be aware that in some circumstances mechanisms may be available for limiting these risks. Such mechanisms may include products ranging from forward foreign exchange contracts to more complex options and derivatives. A solution can be tailored to your specific business needs.
- **Regulations** – import / export regulations may impact the successful shipment of goods. Increasingly governments and other bodies impose sanctions to freeze payments and stop money laundering, terrorist and other illegal activities. The application of a law or ruling by a body of competent authority may mean that NAB is not obligated to make a payment or provide a service or that a payment to you or from you could be blocked.
- **Our limited recourse to you** – NAB will have recourse to you for any loss suffered as a result of the issuing bank being prevented from paying under the letter of credit by a relevant court ruling or decision of any arbitration tribunal other than a ruling or decision relating to the conformity of presented documents.

Complementary solutions

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| Trade Finance | Our Trade and Invoice Finance specialists can provide access to funds to match your trade cycle |
| NAB Connect | Internet banking solution for your business, including your Trade Finance needs |
| Foreign Currency Account | At call transactional account providing you with the convenience of holding foreign currencies so you can make deposits and withdrawals simply and quickly |
| Foreign Exchange Solutions | Our Business Markets specialists can help with a range of solutions to support your business through managing movements in foreign exchange rates and interest rates |

WHERE TO FROM HERE?

If you have more questions or need further assistance, contact your NAB Business Banker, call **13 10 12** or visit **nab.com.au**

Important information – The information is current as at the time of printing 13 May 2014 and is subject to change. The information is of a general nature only. Please consider the Terms and Conditions before making a decision about this product.

This fact sheet has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this fact sheet, NAB recommends that you consider whether it is appropriate for your circumstances. The product is only available to approved business customers.