

COMMERCIAL BANKING

International Services

Going the extra mile for your business



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Currency Accounts

Do your customers prefer to use a non-Sterling currency to help support their overseas trading needs?

Commercial Foreign Currency Accounts

If you regularly pay or receive foreign currencies, a Commercial Foreign Currency Account can be an efficient way of managing your international trade activities. If you have a Bank of Scotland Sterling business account you can also open a Commercial Foreign Currency Account in over 25 other currencies, for example, Euro, US Dollars, Swiss Francs.

Credit interest, if payable, is calculated daily on the whole account balance and paid half yearly, though this will also be dependent on the external Reference Interest Rate[†]. The credit interest rate, if applicable, is variable and linked to the external Reference Interest Rate of your account's currency. If the Reference Interest Rate of your account's currency falls below zero per cent, it will be treated as zero per cent until such time the Reference Interest Rate reverts to zero per cent or above.

If applicable, we will pay your interest Gross, this means that we will not deduct tax automatically from your interest. It will be your responsibility to pay any tax you may owe to HM Revenue and Customs (HMRC).

You can also request an overdraft* for accounts held in major currencies and the authorised debit interest rate you'll be paying on it will be agreed with us when you apply. An arrangement fee also applies. Unauthorised borrowing on accounts held in major currencies will be charged at the unauthorised debit interest rate^{††}.

Interest rates will be changed without advanced notice if they are linked to an external Reference Interest Rate as they are not set by us.

There is no fee to transfer money between your Sterling Business Account and Commercial Foreign Currency Account, however a margin will be applied to the foreign exchange rate applied to the money transfer on the day. The same applies to transfers between the Euro and other Commercial foreign currency accounts that you hold with us as long as those accounts are based in the UK.

For Euro and US Dollar accounts we can provide a cheque book if you need one and for all Commercial Foreign currency account regular statements are provided free of charge. Normal charges apply for all other transactions and there is also an account maintenance (product) fee.

If you'd like to know more about interest rates and fees, please contact us or consult our website at <http://business.bankofscotland.co.uk/business-home/rates-and-charges/international-services-rates-charges/>

* subject to our normal lending criteria.

[†] A Reference Interest Rate is a publicly available rate from an external source to which a product is linked. For example, USD accounts are linked to the upper bound of the Federal Funds Target Rate which is established by the Federal Reserve Bank. More information about the Federal Funds rate can be found here www.federalreserve.gov/

^{††} The standard unauthorised borrowing interest rate charged on an Account for unauthorised borrowing calculated as the currency's Reference Interest Rate plus 12% margin.

32 Day Notice Account

If your business has a cash surplus, you can make it work harder and lay the groundwork for future growth using a Bank of Scotland Notice Account. It's ideal if you've earmarked reserve funds for future expenditure or need to safeguard funds but at the same time, are looking for a good return.

The 32 Day Notice Account is a deposit account available in US Dollars (US).

To withdraw funds you simply need to provide us notice in accordance with the 32 day notice period. You can make an unlimited number of withdrawals on the 32 days' notice basis, free of charge.

Statements are issued on a monthly basis on the anniversary of the account opening.

Interest is calculated daily by reference to the upper bound of the Federal Funds Target Rate[†] (FDTR) published by the Federal Reserve's Federal Open Market Committee (FOMC) with an agreed margin.

We will agree with you the interest rate that will apply to your account at account opening.

This interest rate is linked to the FDTR and will track the FDTR, which is subject to change. The rate of interest payable on your account will increase and decrease in line with the FDTR. Any changes to the rate of interest resulting from changes in the FDTR will be applied to your account on the working day the new rate becomes effective.

Interest is calculated daily; this is based on the account balance and interest rate and is applied to your account daily unless otherwise agreed.

If you'd like to know more about interest rates or the account terms and conditions, please speak to us.

Sending and receiving money

Sending money abroad

We have a choice of services that you can use to make overseas payments:

International Money mover and non-urgent Euro (SEPA Credit Transfer)

Express International Money mover is the quickest option for sending payments abroad and is available in a range of currencies, payments in Euros usually arrive the same day, or the next business day after your instruction*. Payments made in other currencies including sterling will arrive no later than the fourth business day after the business day which we received your instruction. For less urgent payments, our Standard International Money mover is ideal for sending non-Euro payments abroad and our non-urgent euro (SEPA Credit Transfer) service can be used for Euro payments in the SEPA community†.

Although we'll make sure money leaves your account promptly, delays can occur at the beneficiary's bank which are out of our control. The payment could take longer to reach your customer or supplier, if your payment is going to a non-EEA country or is in a non-EEA currency.

For example, it could take up to five business days for a payment to reach your customer in the USA, Canada, South Africa, the Middle East, Australia, New Zealand and the Far East. For more information on processing times by currency please see our Commercial Banking 'Payment Transaction' brochure.

Receiving money from abroad

If you are involved in exporting goods or services there are several ways you can receive payment from abroad. You can choose to be paid in sterling or in a foreign currency and, where appropriate, we can credit the money into a currency account. If you credit your sterling account with a foreign currency, the amount will be calculated according to the exchange rate on the day your payment is credited.

Cut-off times and exchange rates

For information on cut-off times for sending and receiving international payments refer to our Commercial Banking 'Payment Transaction' brochure.

If your payment involves a foreign currency exchange the relevant exchange rate for the time being in force will be applied. Information on current exchange rates is available by telephoning **0345 300 0268**.

BIC** and IBAN – two important numbers

You need to provide a Bank Identifier Code (BIC**) and an International Bank Account Number (IBAN) whenever you transfer money within Europe and to some other countries that require this information. Full details can be found on our website **bankofscotland.co.uk/business**

A BIC identifies the bank to which the payment should be sent. An IBAN represents an account number and the account-holding branch information.

When receiving payments from other European countries, you will be asked to provide your BIC and IBAN for payment to take place. Likewise, you should also include the beneficiary BIC and IBAN details on the payments you wish to make to Europe and other countries that require this information.

* Instructions made by paper (i.e. bank form or letter) may take an additional business day.

† The SEPA (Single Euro Payments Area) community is made up of the 27 EU Member States plus Iceland, Norway, Liechtenstein, Switzerland, Monaco, San Marino and the UK. For a full list of the SEPA community, including territories, visit **www.europeanpaymentscouncil.eu**

** BIC is not required for Non-urgent Euro (SEPA) payments.

Including BIC** and IBAN helps to ensure payments reach their destination quickly.

You can find your BIC and IBAN details on your Bank of Scotland bank statements.

Foreign cheques and drafts††

Your customer supplies payment in the form of a cheque/draft and you present it to us for payment.

We will pay you the amount either immediately (called negotiation) or after the cheque/draft has been paid by the overseas bank (called collection). Depending on the amount of the cheque/draft, we may need to approve your request for us to negotiate the cheque/draft.

If a cheque/draft is negotiated, and subsequently dishonoured, you may incur a charge which we will debit from your account, along with the cheque/draft amount. The amount of the cheque or draft will be recalculated based on the exchange rates on the day we debit your account.

Further information

For further information about any of our international services contact us on **0345 300 0268** from 7am to 8pm Monday to Friday, and from 9am to 2pm on Saturdays, excluding UK public holidays. To call us from outside the UK call **+44 131 549 8724**.

**BIC is not required for Non-urgent Euro (SEPA) payments.

†† We define a foreign cheque or draft as being a cheque or draft that's drawn on a bank abroad, in a foreign currency or in sterling. In order for us to obtain payment for you, please make sure the cheque or draft is endorsed 'for and on behalf of your business' (as per named payee details on the front) and signed by the appropriate signatory(ies) in accordance with your Account authority.

Reducing international trading risks

Documentary Letters of Credit

Documentary Letters of Credit* are a conditional guarantee of payment from an importer's bank (the issuing bank), to a named supplier/exporter (the beneficiary). A Documentary Letter of Credit states the terms and conditions that your supplier/exporter has to meet, before we can make a payment on your behalf.

This usually means presenting proof of despatch – shipping documents like bills of lading or airway bills and invoices, but could include things like packing lists and certificates of origin, too. Once we've checked the terms and conditions have been met (and only then), we make the payment to your supplier/exporter and debit your account.

Documentary Letters of Credit are beneficial to both importers and exporters. If you're an exporter it reduces concern around the creditworthiness of unknown importers. If you are worried about the creditworthiness of the importer's bank, we can help you further reduce the risk of not being paid by honouring the Documentary Letter of Credit (called confirmation).

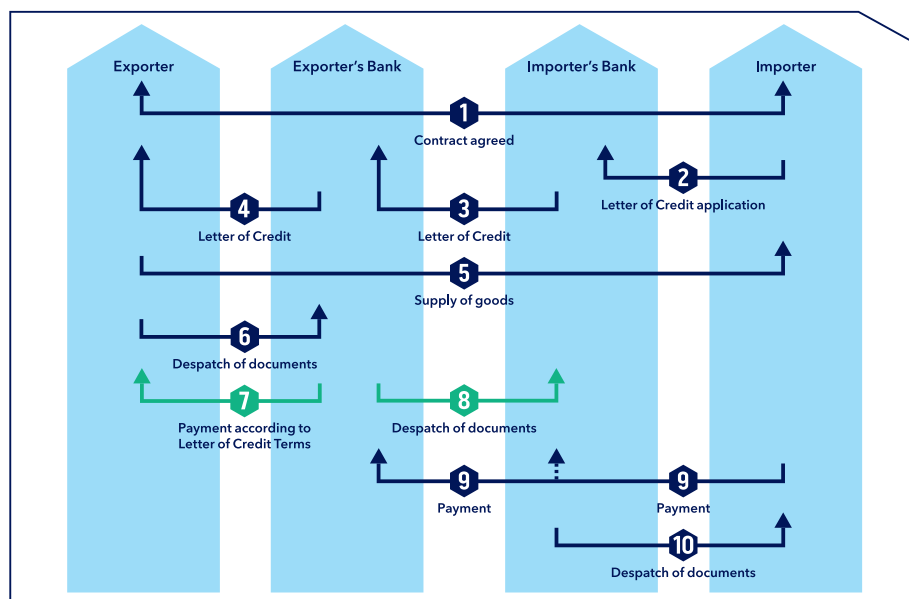
Which means we will pay you even if we are not paid by the importer's bank provided you have met the terms and conditions of the Documentary Letter of Credit.

To help you and your clients to manage your cashflow more effectively, we provide Discounting for both Importers and Exporters. Discounting enables an earlier payment, once the Documentary Letter of Credit conditions have been met, whereby we can meet the obligation to you, or your clients, earlier than the established payment date, by releasing the funds tied up within a completed deal.

If you're an importer you can be confident that we will only make payment when documents that comply with the agreed Documentary Letter of Credit's terms and conditions are presented. However, supplier/exporter compliance does not guarantee the physical quality of the goods despatched.

If you'd like to issue a Documentary Letter of Credit please speak to us. Applications are subject to our approval.

Importing goods with a Documentary Letter of Credit. Who does what, and when:



* Documentary Letters of Credit are subject to internationally agreed banking rules (ICC Uniform Customs and Practice for Documentary Credits).

Collection

If you are an exporter you can arrange for us to collect payment from your importer's bank by presenting cheques/bills of exchange with or without shipping and commercial documents. With this service we don't guarantee payment and will only make payment when money is received from your importer's bank. This means when using collections* you should consider your relationship with your buyer and their ability to pay.

This is how collection works:

1. You present us with a cheque or bill of exchange and ask us to collect payment from your importer's bank. (Shipping documents may or may not be required as proof to the importer that you have despatched the goods.)
2. We send the cheque or bill of exchange and/or the documents to your importer's bank.

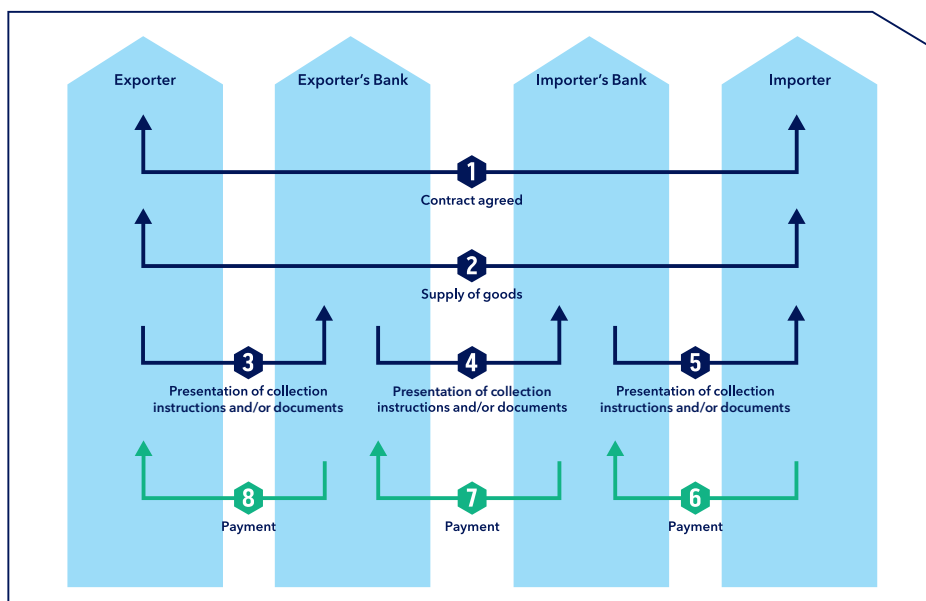
3. Once the importer makes the payment to their bank, we collect it on your behalf.

If a bill of exchange is presented:

- ▶ An importer can authorise payment immediately against presentation of documents. This is called Sight Payment.
- ▶ Or, he/she can pay at a future date, for example, 60 days after the shipment. This is called a Usance Bill of Exchange†.

Please note, payment is still not guaranteed on the maturity date, even if your importer has accepted a Usance Bill of Exchange.

Using the collection service saves you time as we deal with collecting payment and chasing it if necessary.



* Collections are covered by a body of ICC Rules – Uniform Rules for Documentary Collections

† The use of terms should reflect what has been agreed commercially between the exporter and the importer i.e. they are not imposed or suggested by the Bank(s)

Guaranteeing payment to your suppliers

If your supplier/exporter asks for a guarantee of your ability to pay at maturity you could use the Aval service. By adding our name to your bill of exchange, we guarantee to pay your supplier. In return, we ask you to sign a counter indemnity which allows us to debit your account on the due date.

This guarantee allows you to negotiate better prices with your suppliers. We will let you know if you can use the Aval service.

Guarantees (or bonds) and Standby Letters of Credit

When you enter into a contract with your supplier or buyer, they may require some form of protection against the risk of you failing to comply with the contract terms. We can help by issuing a guarantee (or bond) on your behalf.

We act as guarantor for you, agreeing to compensate your supplier or buyer if you do not act according to the contract. Guarantees can take various forms, depending on the contract:

If you'd like to know more about International Trade, please contact us or consult our website at <https://business.bankofscotland.co.uk/25m-plus-turnover/products-and-services/international-trade.html>

For instance:

1. Exporters may be asked to issue a Performance Guarantee to cover their obligations, for example, timely completion of a contract.
2. Importers may have to issue a Trade Debt Guarantee to cover on-going payments to an overseas supplier.

If you are an importer, we can issue a Standby Letter of Credit (similar to a guarantee). If you default on payment for goods and services already supplied, we will pay your supplier up to an agreed amount upon presentation of predetermined documents.

In both cases, we will ask you to sign a counter indemnity, allowing us to debit your account if we have to pay out.

Requests for the issue of a guarantee or Standby Letter of Credit must be approved by us.

Funding for international trading

Money often gets tight at particular stages of the trading cycle. So, if your cash flow could do with a little boost, have a look at the following services.

Export Invoice Finance

If you export goods to customers abroad as well as domestic UK customers an Invoice Finance facility from Lloyds Bank Commercial Finance could be an ideal solution for your business. There are two types of Invoice Finance; Factoring and Invoice Discounting.

In today's international market, overseas customers are increasingly demanding credit terms. This means you may receive payment weeks or even months after dispatching goods. We can help you bridge that payment gap and provide the much needed cash so you can remain competitive on the international stage. We can also protect you from the risk of non payment from your customers (see Debtor Protection).

Benefits:

- ▶ Provides you with quicker access to cash tied up in your invoices.
- ▶ Funding can grow in line with your business.
- ▶ Protects you from risk of non-payment (Debtor Protection).

Here's how it works

For each invoice you raise, we will release an agreed percentage of its value to you – up to 90%, usually within 24 hours. Once your customer has settled the invoice, we will release the remaining balance, minus fees. The agreed amount is dependent on several factors, including any restrictions applying to your country of export.

As well as foreign buyers paying in Pound Sterling, we can also fund payments in a foreign currency. There are two ways we can provide this.

1. Sell Line: Your customer pays in a foreign currency and we convert that to Pound Sterling for you according to the exchange rate on the day of invoice assignment.

2. Hold Line: Your customer pays you in a foreign currency and we will provide the facility continually in that foreign currency, reducing your foreign exchange risk.

Factoring for Exporters

If you are a new start-up or fast growing business with a turnover above £50,000 we can give you financial support to export your goods and services abroad.

Features

- ▶ We can fund up to 90% of your unpaid invoices typically within 24 hours.
- ▶ Funding can grow in line with your business.
- ▶ The Factoring facility can be used to finance export invoices and your customers will be aware of our involvement.
- ▶ We can assist you with your credit control to ensure payment is made, so you can focus on your business.

Invoice Discounting for Exporters

For larger businesses with a turnover in excess of £250,000 we can offer a confidential Invoice Discounting service.

Features

- ▶ We can fund up to 90% of your unpaid invoices typically within 24 hours.
- ▶ Funding can grow in line with your business.
- ▶ The confidential facility can be used to finance export invoices without your customers being aware of our involvement.
- ▶ You maintain your customer relationship and control over your sales ledger.
- ▶ Runs alongside your standard Invoice Discounting facility.

Debtor Protection

Debtor Protection is a feature that can be added on to your Invoice Finance facility protecting your business from the risk of customer non-payment due to insolvency or protracted default. We'll protect you for up to 90% of the value of a bad debt suffered.

For more information about export Factoring, Invoice Discounting or Debtor Protection, speak to us, call Lloyds Bank Commercial Finance on **0800 550 022** or enquire online at **lloydsbank.com/business/invoice-finance-asset-lending**

Pre-shipment finance

If you have a contract to export goods for a specific order, we may be able to lend you some of the working capital.

You can borrow up to 75% of the value of the export Documentary Letter of Credit, provided it is issued by both a bank and country that is acceptable to us. Payment against the export Documentary Letter of Credit which we receive from your buyer's bank, will repay the loan. We pass any profit back to you.

Post-shipment finance

Sometimes you need money to get started on other contracts, before you've received payment for goods that you've supplied.

Post-shipment finance makes sure you get your money as soon as the goods have been shipped. By giving you the funds up front, we have the right to receive the payment from your buyer's bank (or end-buyer's bank if the goods are re-sold) as repayment.

If you'd like to know more about International Trade, please contact us or consult our website at **<https://business.bankofscotland.co.uk/25m-plus-turnover/products-and-services/international-trade.html>**

ANY PROPERTY GIVEN AS SECURITY WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR OTHER DEBTS SECURED ON IT.

All lending is subject to a satisfactory credit assessment and we will need your permission to carry out a credit check on you and your business. You should not apply for an amount that you cannot comfortably afford to repay now and in the future to avoid the possibility of legal action.

The status of your buyer (or the end buyer) and their bank are important factors in determining whether you are eligible for this finance agreement.

UK Export Finance (UKEF)

Lloyds Banking Group is a partner of the Government's Export Working Capital Scheme. The scheme assists UK exporters in gaining access to working capital finance (both pre and post-shipment) in respect of specific export contracts. Under the scheme, UKEF provides partial guarantees to lenders to cover the credit risks associated with export working capital facilities.

Import loans

We may be able to help you finance the purchase of goods for a specific sales order. To apply for an import loan, you must first have a contract, or pre-sale order, that proves you intend to sell all goods to a named buyer.

Import loans are normally short-term (up to 180 days). We can elect to have control over the goods – depending on their nature and value – as part security for the finance.

If we choose to take control of the goods, we decide where they're to be stored on arrival. As soon as you show us an invoice for the sale order, we release the goods to you against a trust receipt, which states that we own the goods until the loan is repaid.

We will let you know if there are any set-up fees.

Status enquiries

We may be able to provide up-to-date reports on the financial stability and integrity of new customers, prior to trading.

To make a status enquiry request, please provide us with the company's official information, (for example, name and address), their bank details and any contract details, if appropriate. We will send the request electronically, or by post, to their overseas bank for reference.

International Services tariff

Our standard prices for the services covered in this brochure are available by contacting us.

The prices quoted will apply irrespective of the currency in which your account is denominated. If the charges are debited from your currency account, the sterling equivalent will apply.

For most international services, we work through our worldwide network of correspondent banks, who will make a charge for the service they provide. Their charges will vary dependent on bank and country. Usually the Bank of Scotland charges are paid by you and the foreign bank charges are paid by the receiving person abroad (called split/SHA charges); however, you or the receiving person abroad can opt to pay both charges. There are restrictions on charging options, particularly in Europe owing to the Payments Service Regulations.

Further information

For further information about any of our international services call **0345 300 0268**.

Lines are open from 7am to 8pm Monday to Friday, and from 9am to 2pm on Saturdays, excluding UK public holidays.

To call us from outside the UK call **+44 131 549 8724**.

Our Service Promise

If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff. Our complaints procedures are published at **bankofscotland.co.uk/business/contactus**

Important information

Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

Bank of Scotland plc. Registered office: The Mound, Edinburgh EH1 1YZ. Registered in Scotland no. SC327000.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under Registration Number 169628.

We adhere to The Standards of Lending Practice which are monitored and enforced by the LSB: www.lendingstandardsboard.org.uk and apply to businesses which have an annual turnover of no more than £25 million.

Eligible deposits with us are protected by the Financial Services Compensation Scheme (FSCS). We are covered by the Financial Ombudsman Service (FOS). Please note that due to FSCS and FOS eligibility criteria not all business customers will be covered.

Debtor Protection facilities are provided by Lloyds Bank Commercial Finance. Factoring and Invoice Discounting facilities may be provided by one or more of Lloyds Bank Commercial Finance Limited, Lloyds Bank plc and Bank of Scotland plc. Lloyds Bank Commercial Finance Limited. Registered in England & Wales no. 733011. Registered office: No.1, Brookhill Way, Banbury OX16 3EL. Lloyds Bank plc. Registered in England and Wales no. 2065. Registered Office: 25 Gresham Street, London EC2V 7HN. Lloyds Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278. Bank of Scotland plc. Registered office: The Mound, Edinburgh EH1 1YZ. Registered in Scotland no. SC327000. The provision of credit or leasing services by Lloyds Bank plc is subject to your meeting their Credit approval. Please ensure that you only apply for credit or leasing services that you can comfortably afford.

Lloyds Banking Group is a financial services group that incorporates a number of brands including Bank of Scotland. More information on Lloyds Banking Group can be found at **lloydsbankinggroup.com**

Get in touch



[bankofscotland.co.uk/
business](https://bankofscotland.co.uk/business)



0345 300 0268*

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on the Relay UK Service can be found at: relayuk.bt.com/

* Lines open 7am to 8pm Monday to Friday, and from 9am to 2pm on Saturdays, excluding UK public holidays.

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