

COMMERCIAL BANKING

International Services

Going the extra mile for your business



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Sending and receiving money

Sending money abroad

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

International Moneymover and non-urgent euro (SEPA Credit Transfer)

Express International Moneymover 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 Moneymover 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.

International drafts

An electronic transfer may not always be appropriate. You might need a draft made payable to your customer or supplier, in either sterling or foreign currency, but issued directly to you. This way, you can personalise the payment with a message or advice note and send it yourself.

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 numbers you'll need to make or receive European payments

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 **bankofscotlandbusiness.co.uk**

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 European Economic Area (EEA) and Switzerland. For a full list of the SEPA community, including territories, visit **www.europeanpaymentscouncil.eu**

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, your relationship management team 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 please speak to your relationship management team 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**.

^{††} 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.

Currency

Do your customers prefer to trade in their own currencies or would a third currency prove more convenient?

Euro current accounts

Do you have a Bank of Scotland sterling business account? If so, you can simplify the payment and collection of funds by opening a euro current account. No switching between euro and sterling. No juggling with exchange rates. No minimum balance.

You get free statements and a euro current account cheque book if you need one. You can also arrange an overdraft* and the debit interest rate you'll be paying on it will be agreed with your relationship management team when you apply. An arrangement fee also applies.

Unauthorised borrowing may be charged at the market/debit reference rate[†] of your account's currency plus 12%^{††}. If the market/reference rate of your account's currency falls below zero per cent, it will be treated as zero per cent until such time that the market/reference rate reverts to zero per cent or above.

You won't receive any interest on your credit balance but it's free to transfer money to and from your sterling business account, and the exchange rate on the day of money transfer will apply. The same applies to transfers between the euro and other foreign accounts that you hold with us as long as those accounts are based in the UK. Normal charges apply for all other transactions and there is also an account maintenance fee.

Euro Call accounts

If your euro current account is regularly in credit, you can transfer the surplus to a Euro Call Account where it will earn interest. And the more money you save, the better the interest rate.

Credit interest is calculated daily on the whole balance and credited half yearly. The credit interest varies and

is linked to the Euro Overnight Index Average (EONIA). (If EONIA falls below zero per cent, it will be treated as zero per cent until such time EONIA reverts to zero per cent or above, at which time credit interest will directly track EONIA). Therefore, in certain circumstances, interest may not be paid on lower interest bands. 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).

If you'd like to know more about interest rates, please consult our website at bankofscotlandbusiness.co.uk/rates-and-charges or talk to your relationship management team.

There's no minimum deposit or withdrawal amount (as long as there's enough money in your account). You'll get free regular statements and there's no account maintenance fee. However, with this account there isn't a cheque book or overdraft facility and you can only make transfers to and from your euro current account which are free of charge provided that there are adequate funds in the account.

Currency (non-euro) current accounts

As with the euro current account, if you have a Bank of Scotland sterling business account you can also open a current account in another currency such as US dollars, Swiss francs etc. Other features of the euro current account apply, with one exception. Unlike the euro current account, interest is paid on any credit balance and this is calculated daily and paid half yearly.

* subject to status.

† A reference rate is a publicly available rate from an external source. For example, USD accounts are linked to the Federal Fund Rate calculated by the Federal Reserve Bank of NY. A market rate is a variable rate set by Bank of Scotland based on rates available in the currency markets. Market rates are only applicable for currency accounts which are not in major foreign currencies.

†† The 12% is the standard unauthorised borrowing rate for currency accounts.

The credit interest rate is variable and linked to the reference rate of your account's currency. If the market/reference rate[†] of your account's currency falls below zero per cent, it will be treated as zero per cent until such time the market/reference rate reverts to zero per cent or above, at which time it will directly track the market/reference rate of your account's currency. 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).

Unauthorised borrowing will be charged at the market/debit reference rate of your account's currency plus 12%^{††}. If the market/reference rate[†] of your account's currency falls below zero per cent, it will be treated as zero per cent until such time the market/reference rate reverts to zero per cent or above, at which time it will directly track the market/reference rate of your account's currency. Interest rates will be changed without notice at any time if they are a reference rate.

If you'd like to know more about interest rates, please consult our website at bankofscotlandbusiness.co.uk/rates-and-charges or talk to your relationship management team.

Currency fixed term deposits

A currency fixed term deposit can give you a secure return on your cash surplus in the short or medium term.

We will pay you interest on the deposit. The interest is calculated based on the duration of the deposit and paid on the date it ends. The interest rate is linked to the money market rate of the country in whose currency the account is held.

Once this interest rate is fixed, it will apply for the term of the deposit. You cannot withdraw any money during the term of the deposit.

You must have a minimum deposit of £10,000 equivalent. Please contact your relationship management team for more information.

Forward exchange contracts

These contracts allow you to buy (or sell) a currency at a fixed foreign exchange rate on a given, future date. If you're not sure exactly when you'll need (or receive) the foreign currency, the rate can be fixed between two dates.

By fixing the foreign exchange rate, you can predict your costs (or income) and produce more accurate import/export forecasts.

Once fixed, a forward exchange contract is binding. Should you change your mind, you'll still be bound by the terms of the contract. In which case, the currency bought or sold in your name will be calculated according to exchange rates, on the day of cancellation. You may make a profit or loss depending on the exchange rate on the day of cancellation.

Forward exchange contracts are available in most major currencies and are subject to the approval of your relationship management team.

[†] A reference rate is a publicly available rate from an external source. For example, USD accounts are linked to the Federal Fund Rate calculated by the Federal Reserve Bank of NY. A market rate is a variable rate set by Bank of Scotland based on rates available in the currency markets. Market rates are only applicable for currency accounts which are not in major foreign currencies.

^{††} The 12% is the standard unauthorised borrowing rate for currency accounts.

Currency loans

If you trade in more than one currency, a currency loan could prove useful. They're ideal if you have a regular income in a particular currency, or if you're expecting an overseas payment equal to the loan amount.

Loans are available in all major currencies for a minimum period of 30 days. We can negotiate loan terms to match your specific requirements and set repayments at an affordable level using fixed* or variable rates.

Currency loans are subject to the approval of your relationship management team.

CHANGES IN THE EXCHANGE RATE MAY INCREASE THE STERLING EQUIVALENT OF YOUR DEBT.

All enquiries for foreign currency accounts will be referred to a specialist manager who will provide more information about charges for these services upon request.

Further information

Please speak to your relationship management team on **0345 300 0268** from 7am to 8pm Monday to Friday, and from 9am to 2pm on Saturdays, excluding UK public holidays. They will show you how our international services can help you trade abroad more efficiently.

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

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.

*There is always a possibility that interest rates may go down leaving a fixed rate loan at a higher level compared to a variable rate loan. However, if interest rates rise, a fixed rate loan will remain at the same rate.
Changes in the exchange rate may increase the sterling equivalent of your debt.

Reducing international trading risks

The key to import or export success is control – keeping a tight rein on payment, commercial documentation and the release of goods. Trade Services can help exporters reduce the risk of non-payment when dealing with trading partners abroad and give importers better control, aiding receipt of goods and services at the agreed time.

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 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 Letter of Credit.

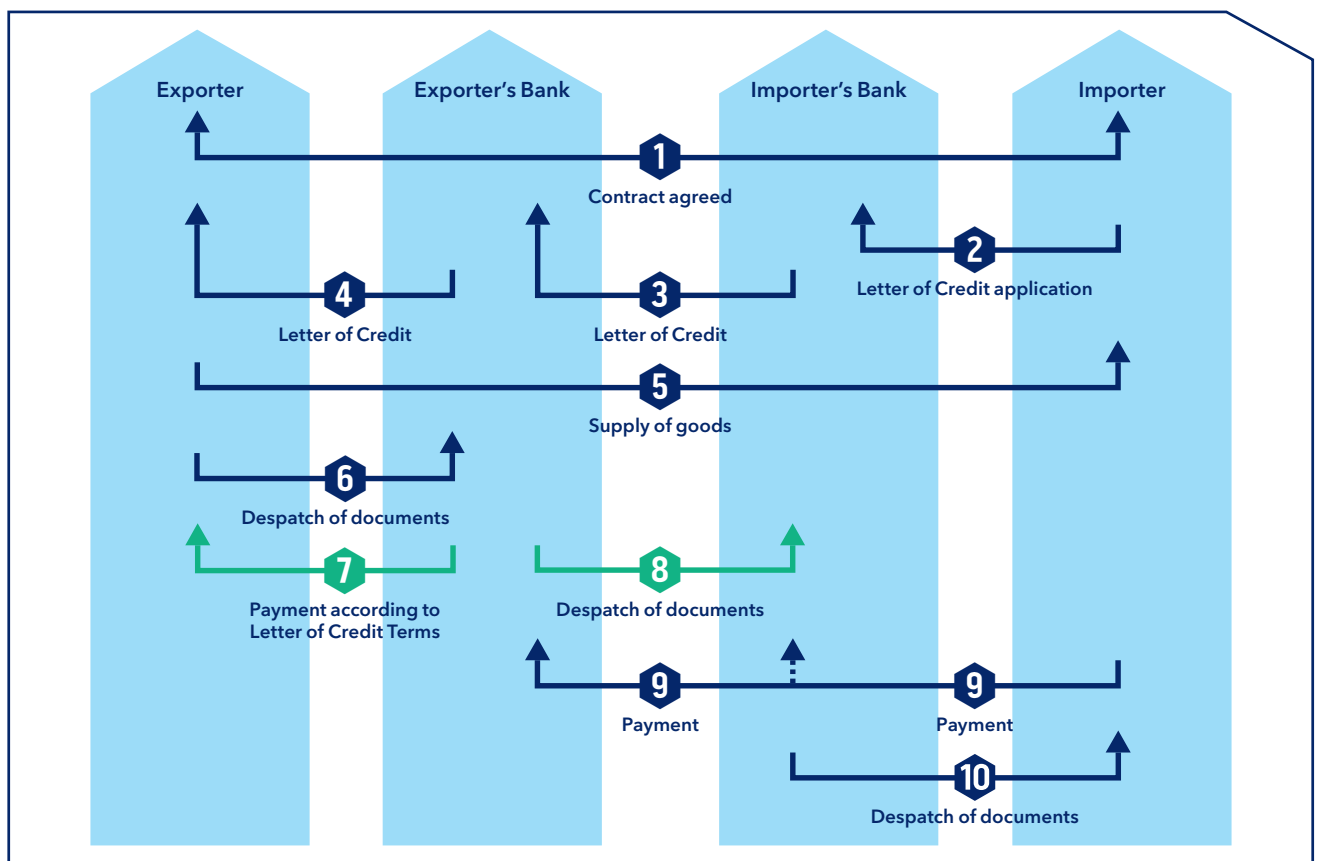
To help you and your clients to manage your cashflow more effectively, we provide Discounting for both Importers and Exporters. Discounting enables an earlier payment, once the Letter of Credit conditions have been met, whereby we can meet the obligation to you, or your clients, earlier than the established 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 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 your relationship management team for further information. Applications are subject to the approval of your relationship management team.

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

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



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:

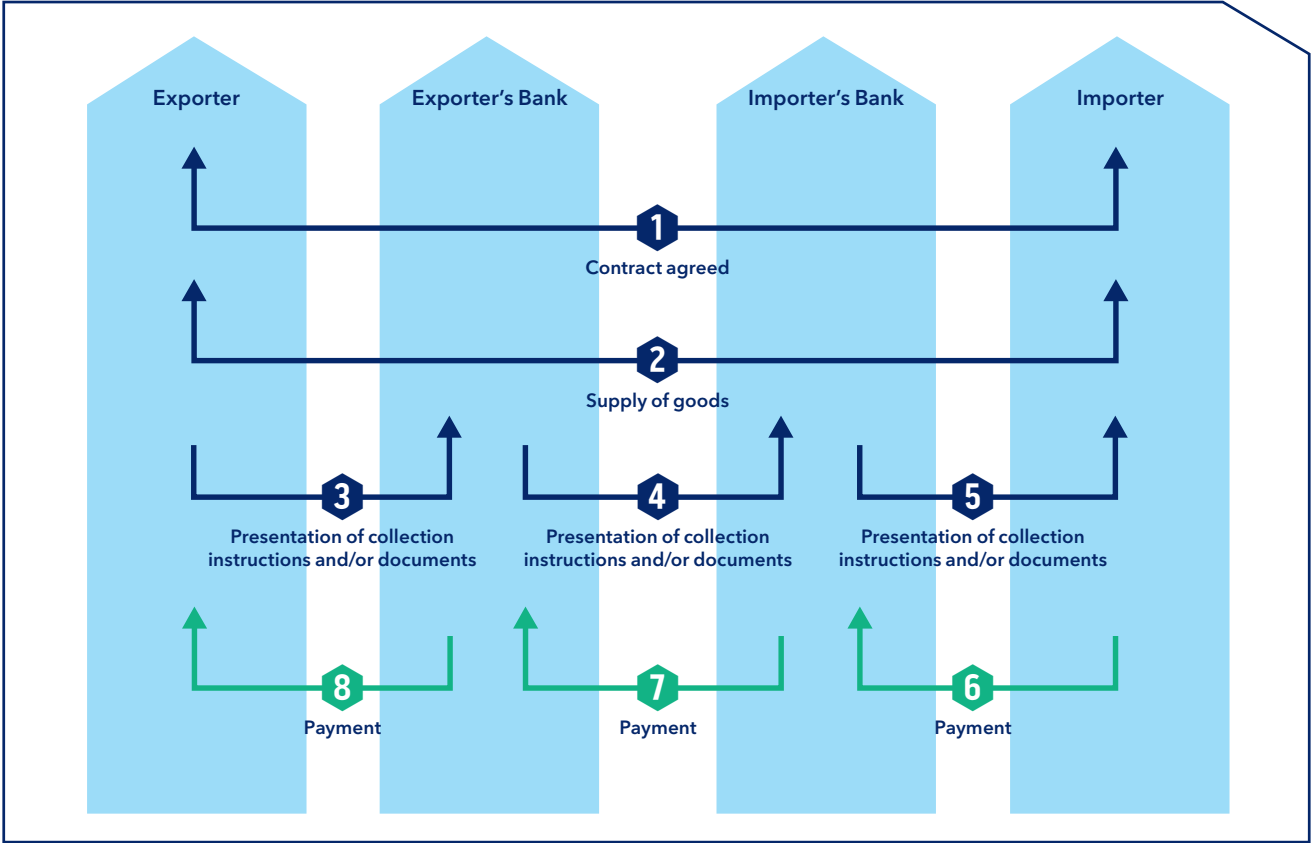
- ▶ An importer can authorise payment immediately against presentation of documents. This is called Sight Payment.
- ▶ Or, he/she can pay at a future date, for example, 60 days after the shipment. This is called a Usance Bill of Exchange†.

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

* 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)

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



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. Your relationship management team 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:

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 your relationship management team.

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 help, have a look at the following services.

Export Invoice Finance

If you export goods to foreign customers 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.
- ▶ We provide you with credit control to ensure payment is made, so you can focus on your business.
- ▶ Runs alongside your standard Factoring facility.

Invoice Discounting for Exporters

For larger businesses with a turnover in excess of £250,000 who are looking to expand abroad 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

Our Debtor Protection service can work alongside your Invoice Finance facility protecting your business against the risk of non-payment of invoices if a major customer fails. We'll cover 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 your relationship management team, call Lloyds Bank Commercial Finance on **0800 550 022** or enquire online at **lloydsbank.com/commercialfinance**

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 50% 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.

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.

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.

To make a status enquiry request, please provide your relationship management team 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 in our Commercial Banking International Services Tariff document, or by contacting your relationship management team.

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 please speak to your relationship management team on **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 **bankofscotlandbusiness.co.uk/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 subscribe to The Lending Code; copies of the Code can be obtained from www.lendingstandardsboard.org.uk

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.

Factoring, Invoice Discounting and Debtor Protection facilities are provided by Lloyds Bank Commercial Finance. Lloyds Bank Commercial Finance is a trading name of Lloyds Bank Commercial Finance Ltd. Registered office: No.1, Brookhill Way, Banbury OX16 3EL. Registered in England and Wales no.733011. Lloyds Bank Commercial Finance Limited is part of Lloyds Banking Group and is authorised and regulated by the Financial Conduct Authority for activities relating to certain types of consumer credit which are regulated under the Consumer Credit Act 1974 and by the Financial Services and Markets Act 2000. We are not deposit takers and are not regulated by the Prudential Regulation Authority.

The Lloyds Banking Group includes companies using brands including Lloyds Bank, Halifax and Bank of Scotland and their associated companies. More information on the Lloyds Banking Group can be found at lloydsbankinggroup.com

Information correct as at: March 2016.

Get in touch



bankofscotland
business.co.uk



0345 300 0268*



Contact your
relationship manager

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 Text Relay (previously Typetalk) or if you would prefer to use a Textphone, please feel free to call us on **0345 300 2755** (lines open 7am–8pm, Monday–Friday and 9am–2pm Saturday).

* Lines open 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.



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