

Documentary Credits for exports

- improving your international trade



Enables you to trade worldwide

The Documentary Credit (DC) (a.k.a. Letter of Credit), is commonly used for settling international trade. It offers a payment and financing method and is a powerful tool for risk management that can also give your company a competitive edge.

Security for payment

In a DC it is the buyer's bank, the issuing bank, who guarantees payment. Your risk is consequently moved from the buyer to the issuing bank.

Once you present DC-complying documents you trigger the payment obligation of the issuing bank.

Nordea confirmation

If the issuing bank or the country of the issuing bank is unknown to you or includes a risk that conflicts with your company policy, then Nordea can confirm* the DC for you.

Confirmation by Nordea means that Nordea is under obligation in the same way as the issuing

bank, e.g. to pay you when you make a DC-complying presentation to Nordea.

Financing

A DC can be payable either directly in connection with shipment or at a future date.

By using a DC with future payment you offer your buyer financing. But this does not mean that you have to wait for the payment. Nordea can pay you directly and thereby provide you with financing*.

When to use a DC

A DC has a variety of uses. But is strongly recommended when the transaction amount is of such volume that failure to pay or delayed payment would have a notably negative impact on your company.

We also recommend you to use a DC when you need financing* for credits given to the buyer or simply when the buyer is unknown to you or the country of the issuing bank is politically or economically unstable.

*) subject to credit approval.

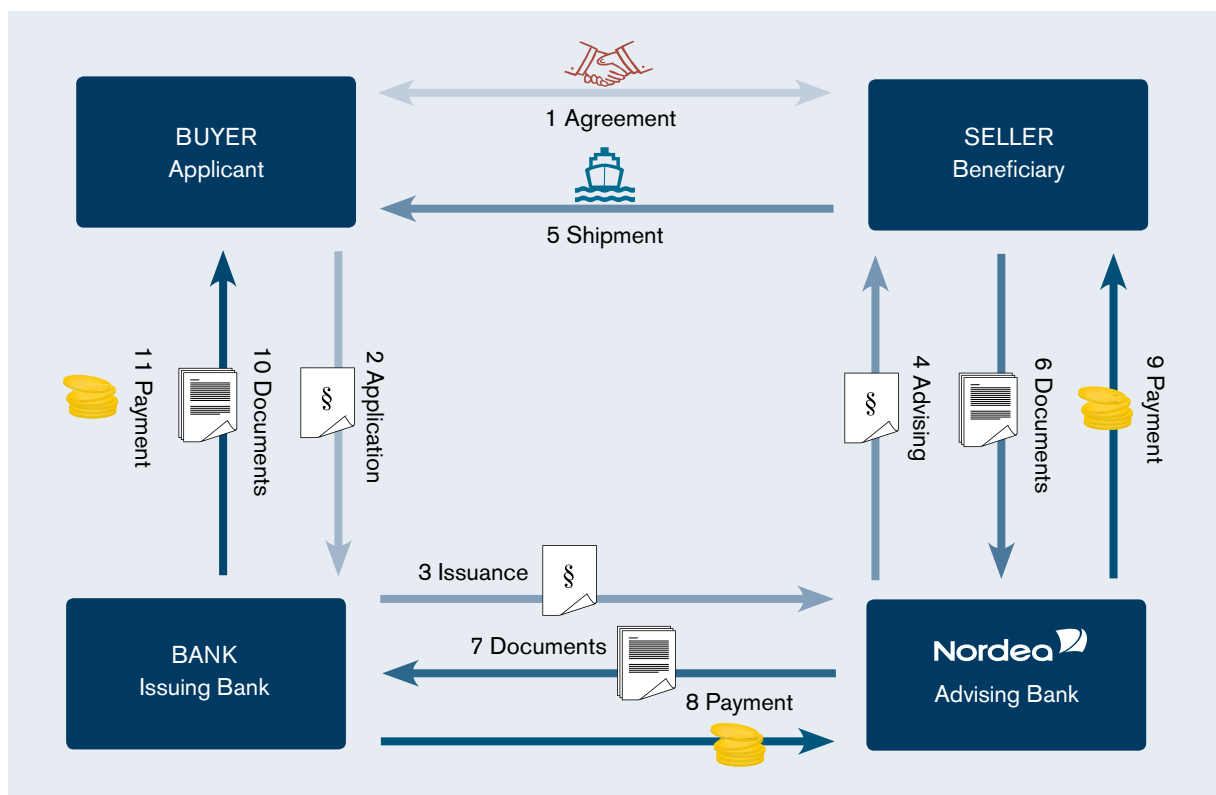
How it works

First you and the buyer agree on the terms of the contract (1), in this case that settlement will be made under a DC payable in connection with shipment. The buyer then applies for the DC at his bank (2) who issues the DC and send it to Nordea (3). Nordea advises the DC to you (4). You can now make the shipment (5) and present the documents requested in the DC to Nordea (6). Nordea checks that the documents are as per DC terms and sends the documents to the issuing bank (7) who remits payment through Nordea (8-9).

The buyer will get access to the document (10) after having paid the issuing bank (11) in accordance to the structure of the DC.

The banks involved will handle the DC subject to the “Uniform Customs and Practice for Documentary Credits” published by the International Chamber of Commerce (ICC).

Welcome to contact us and to find out more about how we can assist you with your trade finance transactions. You can also find us on the web nordea.com/tradefinance



Nordea Trade Finance:

- Located in Denmark, Finland, Norway and Sweden as well as in China, Estonia, Latvia, Lithuania, Poland, Russia, Singapore, UK and USA.
- Offers a full range of trade finance services including collections, documentary credits and guarantees as well as trade finance related e-solutions.
- Is the largest Trade Finance Bank in the Nordic region.