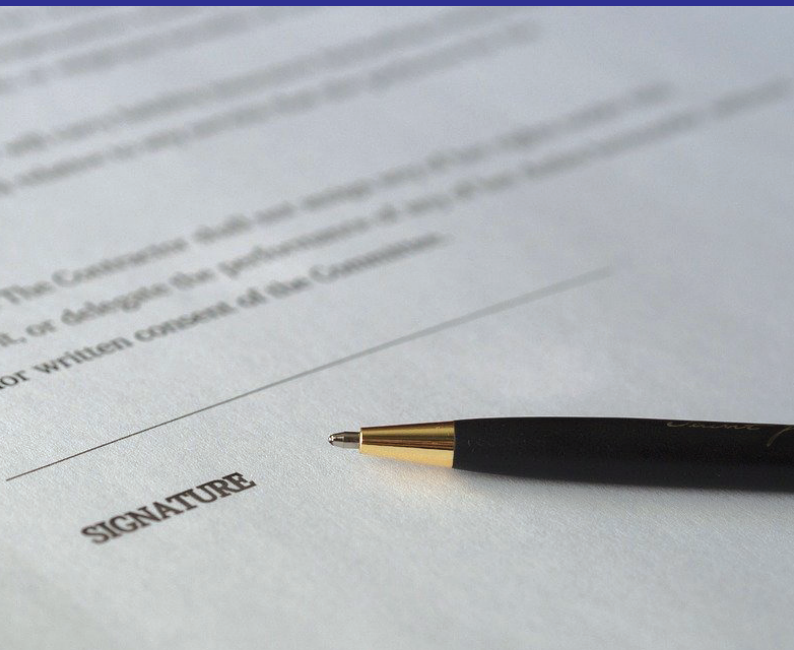


INTERNATIONAL TRADE

STANDBY LETTER OF CREDIT/ FOREIGN GUARANTEES



STANDBY LETTER OF CREDIT/FOREIGN GUARANTEES

What is it?

A Standby Letter of Credit is a form of a guarantee which is used against non-performance of a contract. Its intention is to cover a non-performance (default) situation.

How does it work?

When a foreign supplier requests our customer to issue a Standby Letter of Credit or Guarantee in their favor as a security for any future non-payment on any contract of supply of goods and /or service by the foreign supplier. Whilst any payment obligations by our customer are done through open account such that in case of default (non-payment to the supplier) by our customer, a demand by supplier will be called upon against the Guarantee for payment of any outstanding liabilities.

What is the target market?

Corporate customers engaged in major supply of goods or construction contracts.

What are the benefits?

- When a Standby Letter of Credit / Foreign Guarantee is issued on behalf of our customer, the bank guarantees to the supplier that the bank will pay any claims that may arise due to non-payment by our customer up to the total amount of the guaranteed amount.
- In the absence of this guarantee, customers are required to put cash up-front, thus risking and straining their cash flow.

Pricing:

Commission:	1.5% per 6 Months.
	Minimum: MWK59,750

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