

# Short Term Corporate Trade Loan

## Fund your exports, imports or UK trading activity

Designed to help you with the costs of trading. A short-term corporate trade loan can be used for many purposes: for importing materials before selling on domestically (Import Loan); to finance contract production costs prior to shipment (Export Loan); or to fund ongoing and regular stock turnover (Stock Loan). The loan is tailored to a specific contract and repayment is made from the proceeds of that contract.

### Your needs

You want to fund your trading activities. These may include the cost of fulfilling a specific contract before shipping the goods (such as raw materials and labour); the import of goods before selling on to customers; and keeping up your stock levels in advance of sales.

### Our solution

Trade Loans are short term loans tailored to a specific contract or contracts.

They cover the funding gap between you paying your suppliers and being paid by your customer – usually less than six months.

Repayment is generally made from the sales proceeds: when your customer pays you, the loan is repaid.

### Benefits

- Only take the credit you need (30, 60, 90, 180 days etc.). No need to build your trade funding requirements into your annual overdraft.
- Due to the way these loans are controlled, in some cases we can provide a greater level of credit than we may be able to with an overdraft or business loan.
- The loan(s) are kept separate to any other facilities or loans so the funds do not become mixed with working capital for general everyday purposes

### Considerations

- To draw funds from a Short Term Corporate Loan, certain pre-agreed documents associated with the contract have to be presented e.g. purchase order, invoice, shipping documents
- The money from the loan has to be used to pay pre-agreed suppliers

### Is the Short Term Corporate Loan right for you?

You might consider the Short Term Corporate Trade Loan if you:



Need help to bridge the gap between paying suppliers and ultimately being paid by your customers



Require an alternative to using your overdraft



Want to keep funding for specific contracts separate from your general working capital

### How it works

#### You meet your Relationship Manager (RM) and Trade Finance specialist

Your RM explains your options and if a Trade Loan is appropriate, then your local Trade Finance specialist works with you to produce a bespoke Trade Loan that fits your needs



#### Apply

Your RM helps you submit a credit application to our credit team and, if accepted, provides a Trade Loan agreement for you to sign



#### Draw down of the trade loan

When you require the loan (or part of it) to pay your suppliers, you forward copies of previously agreed documentation (purchase order, invoice, shipping documentation) to our Transaction Control team and they reimburse you for payments made to suppliers



#### Repayment

When your customer pays you, our Transaction Control team repays the loan from the proceeds of your customer's payment to your account

## Working with you

Our team of specialist trade advisors will work with you and your Relationship Manager to understand your business and your plans for the future. Our wide range of trade finance products, along with the benefits and the costs, will be explained to you and a joint decision will be made as to the best solution(s) for your business.

## Product Specifications

- **Term:** Up to 2 years but typically 30-180 days
- **Flexible repayments:** Early Repayment Possible
- **Interest Rate:** Fixed

### Your Challenges

- You cannot fund a new contract because your everyday credit facilities are already being used for other purposes
- You do not know what your trade funding requirements will be for the coming year and therefore don't want to build lending into your overdraft that you may not need

### Our Solution

- Due to the way these loans are controlled, in some cases we can provide a greater level of credit than we may be able to obtain with an overdraft or business loan
- Trade Loans are designed to cover short periods of time - 30, 60, 90, 180 days - in order to fund your trading costs for a particular contract. It can be drawn when you need it. Each loan is repaid as soon as you are paid by your customer

### Additional Information

- Letter of Credit
- Capital Import Finance
- Arrangement fee
- Interest rate

### Explanation

- This can be used alongside your Trade Loan and will help to minimise the risk of you not being paid.
- If you are importing equipment and require the flexibility of an asset finance repayment solution, then our Capital Import Finance product combines both an Import loan and Lombard's Asset Finance expertise into one streamlined transaction.
- An arrangement fee may apply
- The loan will charge an interest rate

Security may be required. Product fees may apply. Over 18s only. Subject to status, business use only.

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