

# Letters of Credit

## Why Letters of Credit?

Letters of Credit represent an added layer of security between buyers and suppliers that ensure certain criteria will be met before a payment is made. Letters of Credit are useful when:

- Trading with a new counterparty or in a new market
- Reliable credit information about a foreign buyer is difficult to obtain
- You deem a foreign buyer's credit to be unacceptable, for any reason
- Regulatory exchange controls may require documentation to perform cross-border payment
- There are concerns that unforeseen delays during a transaction may strain cash flow

With offices in 38 countries, let our dedicated Letter of Credit Advisory Team create a custom solution for you, no matter where you do business.

## International Trade: Protecting Your Interests?

Trading internationally involves risks and Letters of Credit are one of the most versatile and secure instruments used to support international transactions, ensuring the payment for, and shipment of, goods and services. For example, Letters of Credit can offer peace of mind to the supplier that they will be paid, allowing them to ship goods or provide services without advanced payment. Buyers will rest easy knowing their goods are on the way, and by retaining cash longer, they can strengthen their working capital.

## Mitigate Risk: Security for Both Buyer and Seller?

Mizuho NY issues different types of Letters of Credit to support customers' global needs across diverse industries and for a variety of purposes. These include performance or financial Standby Letters of Credit (SBLCs), bank guarantees, documentary Letters of Credit, and collections.

- Standby Letter of Credit (SBLC): Often used to support the credit profile of a buyer, and provide assurance when entering into a contract that payment will be made once goods or services are delivered
- Documentary collections (Import/Export): A payment vehicle, only drawn down when there is a presentation of documents in conformity with all terms and conditions
- Letter of Credit Confirmation: A second guarantee provided to the beneficiary when the creditworthiness of the issuing bank may be questionable
- Bank Guarantee: Similar to a SBLC, this instrument is only drawn down in the event that the counterparty fails to perform (or pay)

Conduct your international trade with confidence by mitigating the risks associated with new markets, buyers, or suppliers.

## Buyer Benefits

- Enjoy peace of mind when you conduct new business opportunities internationally
- Mitigate risk of non-payment/non-delivery
- Replaces the credit profile of both buyers and sellers with that of the Bank
- Cash substitute for performance or payment obligations
- Negotiate more favorable pricing or conditions
- Improve working capital through a variety of funding options

For more information about Mizuho Letters of Credit Advisory:

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## What Can the Mizuho Letter of Credit Advisory Team Do for You?

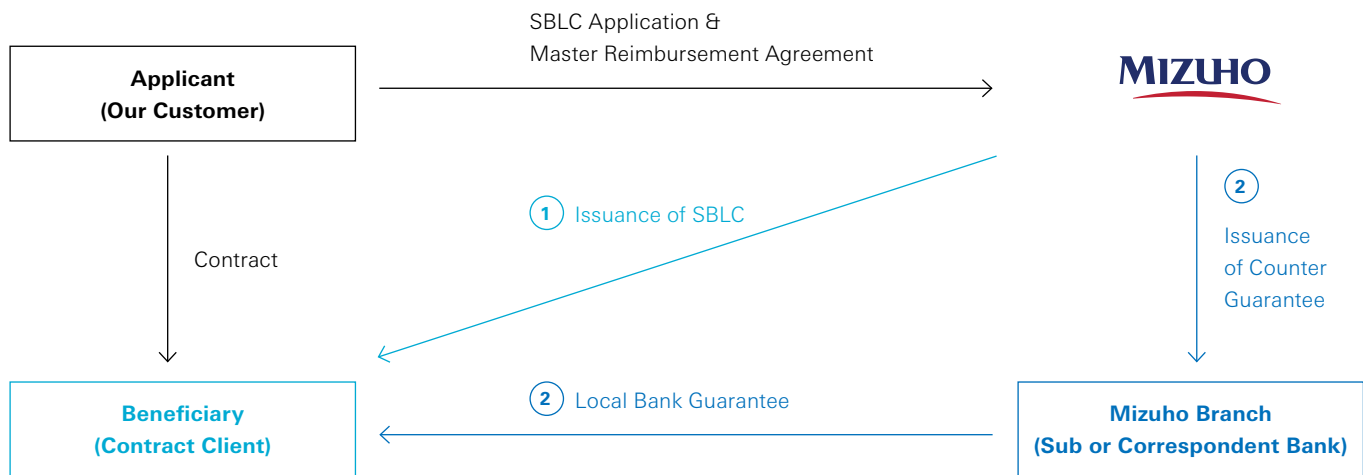
- Execute and manage Letters of Credit, SBLCs, and Bank Guarantee transactions globally
- Consult and build your optimal delivery structure within our network of branches, subsidiaries, and correspondent banking relationships such as cross-border or back-to-back contract bonds
- Guide you through required legal document negotiation
- Counsel you on strategic risk management
- Advise you on additional resources available to improve your Letters of Credit portfolio and achieve working capital targets

## Open & Manage Standby Letters of Credit All in One Place

Mizuho Global Trade Service (MGTS) can streamline your documentary transactions, simplify reconciliation, and enhance your reporting through our web-based portal. MGTS was designed for you to issue or amend SBLCs, monitor outstanding SBLCs balances, check the status of items requiring action, and download transaction reports.

### How It Works

Standby Letters of Credit (SBLCs) can be issued **①** direct to beneficiary or **②** through a local counterparty



## Mizuho Americas

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