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NEDBANK

MAKING

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# GUARANTEES

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HAPPEN

A bank undertaking in favour of a third party at the request of the bank's client.

# Guarantees

A guarantee is a bank undertaking in favour of a third party (the beneficiary) at the request of the bank's client (the applicant). The beneficiary can use the guarantee to enforce the payment instrument against performance default by the applicant, or to facilitate agreed payment terms.

## Target market

Guarantees are ideal for clients who need protection against non-payment or non-performance when:

- a seller is unable to assess a buyer's financial standing and is therefore unsure of the buyer's ability to pay for goods or services; or
- a buyer is unsure of a seller's financial capability and/or ability to perform under the contract.

## Pre-requisites

You must be a client of Nedbank Limited and have a Nedbank current account.

## Key features

<b>Scenario-defined forms and templates</b>	Form completion is simple, and there is an array of different templates to suit different client needs.
<b>Flexibility and authenticity of guarantees</b>	Guarantees are flexible in terms of the client's conditions. Nedbank guarantees have a good track record in the industry.
<b>Secure delivery</b>	Guarantees can be issued through the secure SWIFT infrastructure.

## Benefits of this product for your business

<b>Risk management</b>	It removes the risk associated with non-payment of the obligations taken on. It removes uncertainty between business partners at the beginning of the relationship or for the duration of a lengthy contract.
<b>Payment</b>	It provides protection against non-payment or non-performance.
<b>Bank as intermediary</b>	It protects the interests of the buyer or the seller through engagement of the bank as an intermediary.
<b>Cost benefit</b>	Drafting of the legal documentation is done by a specialised unit of experts within Nedbank and is generally cheaper than if done through a legal firm.
<b>Cashflow</b>	It allows clients to guarantee payment to a third party without necessarily committing funds upfront.

## Value-added services

<b>Advance payment guarantees</b>	ensures repayment of an advance by the seller in the event of non-performance by the seller of the latter's contractual delivery obligations. This applies in instances where the buyer has paid an upfront instalment to the seller for the purchase of raw materials and for the cost of production.
<b>Customs guarantees</b>	may be issued to cover the temporary exportation of samples (eg clothing and jewellery) with the pro viso that such goods are subsequently returned to South Africa.
<b>Carnet guarantees</b>	are essentially a customs waiver. They permit the clearance of equipment or merchandise through customs without the payment of duties and taxes because the merchandise or equipment will be exported within a year.
<b>Performance guarantees</b>	are given in favour of clients against counter-guarantees from banks and/or the applicant's parent companies outside South Africa, provided that the issuer is satisfied that reimbursement will be received, should it be required to effect any payments under the guarantee.
<b>Shipping guarantees</b>	are issued on behalf of importers, indemnifying shipping companies against any loss should the importer fail to pay and authorising the release of goods to the importer or to Nedbank.
<b>Airway releases</b>	are guarantees issued on behalf of importers and addressed to the transport operator at the port of entry (airport), authorising the release of goods to the importer or to Nedbank.
<b>Property guarantees</b>	provide assurance in transactions involving the sale of fixed property, and/or in agreements to provide finance against the security of a mortgage bond over fixed property.
<b>Lending-related guarantees</b>	are a type of performance guarantee linked to a loan/lending agreement that the applicant is liable for.

## How to apply

- Business Banking clients call **0860 111 055** or send an email to **busassist@nedbank.co.za**.
- Corporate Banking clients call: **0860 102 187** or send an email to **corpassist@nedbank.co.za**.
- Small Business Services clients call: **0860 116 400** or send an email to **sbsassist@nedbank.co.za**.
- Contact Nedbank retail branches.

## 5 steps to get started

- 1** Contact your Nedbank representative (banker/relationship manager) or your nearest Nedbank branch.
- 2** Provide information for completion and submission of the application form and supporting documents, with the Nedbank representative's assistance.
- 3** Sign guarantee, counter-guarantee and applicable security documents (ie pledged investment account), with the Nedbank representative's assistance.
- 4** Keep a copy of the guarantee for your records and give the original to the beneficiary.
- 5** Receive confirmation from Nedbank of guarantee issue.

## Frequently asked questions

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**Q: What is the pricing related to this product?**

- A:**
- An establishment (administration) fee is charged.
  - An opening commission is charged at inception/activation of the guarantee.
  - Renewal commission is charged according to the frequency agreed on.
  - An amendment fee may be charged for any changes to the guarantee.
  - A non-take-up fee is charged for non-acceptance of the guarantee.

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**Q: Can the terms and conditions of the guarantee be changed after it has been issued?**

- A:** Yes, the guarantee can be amended so that it meets the needs of the client and the beneficiary. Please note that this request may attract an amendment fee.
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