# Trade Notes and Bills

Promissory Notes and Bills of Exchange have been used as a means of short term trade finance for hundreds of years, however, financiers today often use alternative forms of finance such as loans and overdrafts. At Santander, we recognise that through their unique attributes, Promissory Notes and Bills of Exchange can still provide significant cash flow benefits to businesses.

## Promissory Notes

As a buyer you should probably want to negotiate the best possible deal with your suppliers. Promissory Notes can help you achieve this by enabling 100% up-front payment to your supplier/s (and usually not affecting your existing bank credit facilities and without the need for additional asset backed security requirement) which means that you will be able to:

- Boost your buying power enabling you to secure attractive discounts on goods purchased
- Extend the time when you have to settle invoices by up to 90 days without impacting your supplier
- Strengthen your credit rating with your suppliers
- Buy more stock ahead of seasonal sales peaks

## Bills of Exchange

Equally as a supplier you will probably want to negotiate the best possible deal with your buyer/s. A Bill of Exchange can help you achieve this by offering them extended credit terms which means that you will be able to:

- Invigorate your selling power allowing you to maximise margins on goods sold
- Accelerate collection of your receivables
- Make more cash available to you to fund additional stock for those peak times
- Reduce your borrowings and improve headroom under your bank facilities
- Make your growth opportunities more realistic

The technical bit....

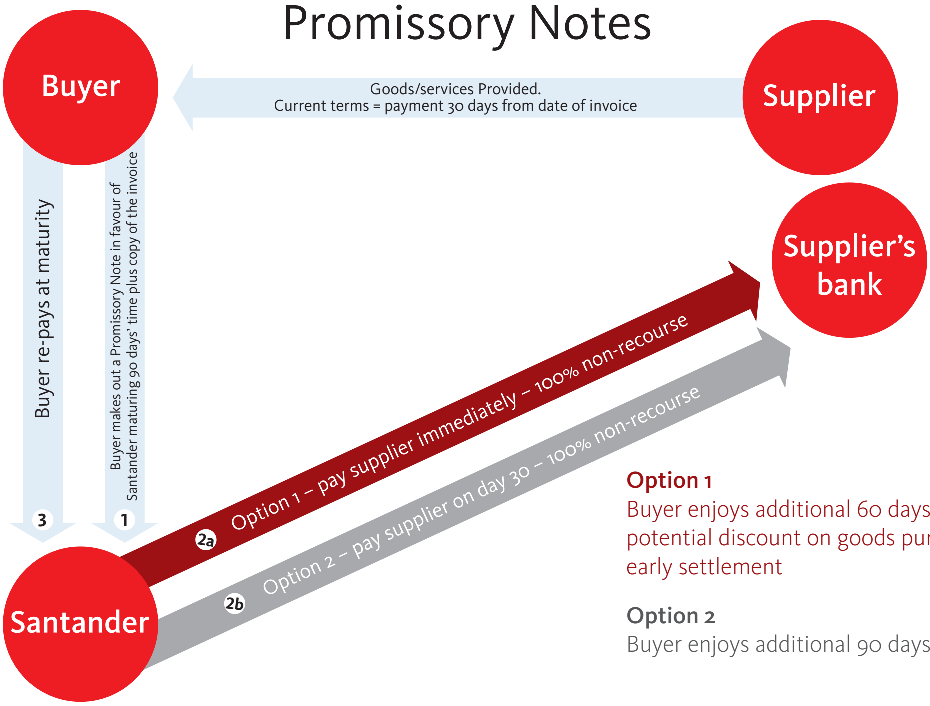
| Promissory Note | Bill of Exchange |
|---|---|
| Is a document detailing the terms of a promise by one party (the 'maker' and usually the buyer) to pay a sum of money to the other (the 'payee' and usually the seller). Legally it is similar to a Bill of Exchange but signed only by the 'maker'. | Drawn up by a seller, it is an international, legally binding commitment on the part of a trader (usually the buyer) to pay, at some fixed future date, a fixed sum of money for goods or services purchased, and received, in transit or being processed. This binding commitment is 'negotiable' i.e. it can be transferred to a financier such as a bank who is willing to provide funds up front less fees, referred to as a 'discount'. |

All lending is subject to status and lending criteria

Santander Corporate & Commercial

# How it works

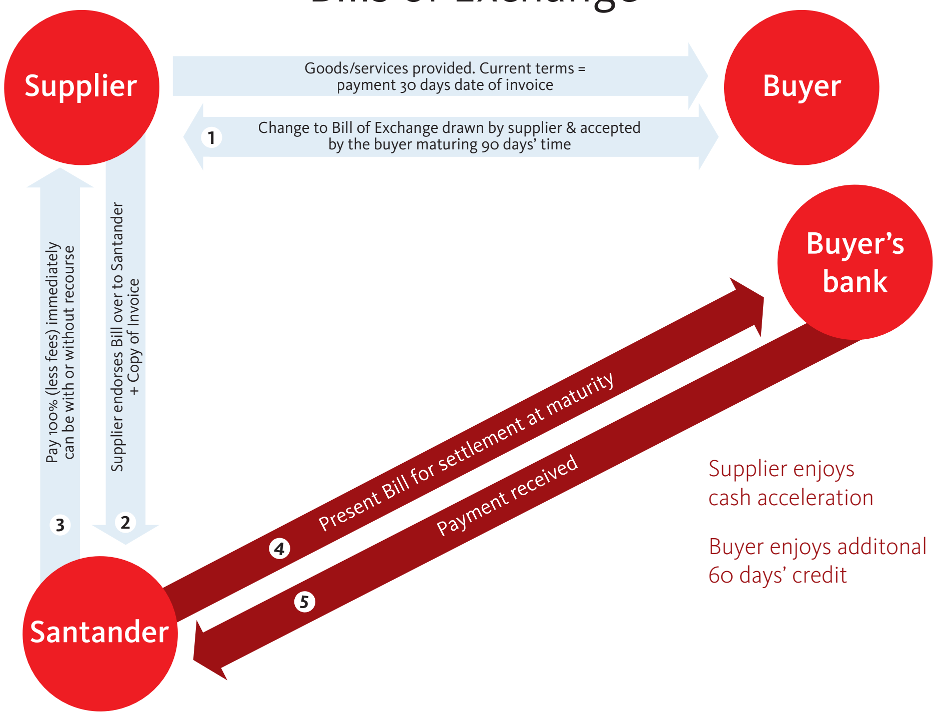
## Promissory Notes




**Option 1**
Buyer enjoys additional 60 days' credit plus potential discount on goods purchased for early settlement

**Option 2**
Buyer enjoys additional 90 days' credit

## Bills of Exchange




Supplier enjoys cash acceleration

Buyer enjoys additonal 60 days' credit