

# Mitigating trade risks

Choose trade finance instruments to suit country and counterparty risks

A range of financing options is available to suit your cross-border transactions. Each is best suited to a particular level of risk. Use this table to see which options suit your transaction: read across to find the country risk, then down to find your counterparty risk.

Country risk / Counterparty risk	Risk category 1	Risk category 2	Risk category 3	Risk category 4
	<b>0 = Affiliates</b>	• Open account	• Open account	• Open account
<b>1 = Low</b>	• Open account • Documentary collection	• Open account • Documentary collection	• Bank guarantee • Unconfirmed DC • Documentary collection with bank guarantee • Standby LC	• Confirmed DC • Confirmed standby LC • Documentary collection with bank guarantee • Cash in advance
<b>2 = Moderate</b>	• Open account • Documentary collection • Unconfirmed DC	• Documentary collection	• Unconfirmed DC • Documentary collection with bank guarantee • Bank guarantee • Standby LC	• Confirmed DC • Documentary collection with bank guarantee (confirmed) • Bill negotiation without recourse • Confirmed standby LC • Cash in advance
<b>3 = High</b>	• Unconfirmed DC • Bank guarantee • Standby LC	• Unconfirmed DC • Bank guarantee • Standby LC	• Confirmed DC • Bank guarantee (confirmed) • Confirmed standby LC	• Confirmed DC • Bank guarantee (confirmed) • Confirmed standby LC • Cash in advance
<b>4 = Very high</b>	• Unconfirmed DC • Bank guarantee • Standby LC	• Cash in advance • Unconfirmed DC • Bank guarantee • Standby LC • Documentary collection with bank guarantee	• Cash in advance • Confirmed DC • Bank guarantee (confirmed) • Confirmed standby LC	• Cash in advance • Confirmed DC • Confirmed standby LC

## LET US HELP

For advice about the right instruments to suit your particular transactions, contact your Nordea Trade Finance Adviser or visit [nordea.com/tf](https://nordea.com/tf).