

access2Markets

Trade Finance Facilitation Program

Product Guide: Guarantees



GUARANTEES

LACFI (Issuing Bank, IB)

GFI (Confirming Bank, CB)

Sends to IDB the conditions precedent The IB or CB sends to IDB the details of The IB or CB sends to IDB the to effectiveness: the eligible instrument: guarantee application (by Swift) Sign the a.Internal/external legal opinion documentary letter of credit up to 24h prior to the issuance date stand-by letter of credit Master Facility b.Process agent appointment letter Notifies the IB If the CB sends the application to Finances confirms counter-Agreement c. Written designation of the international guarantee and CB that the department in charge of the promissory note the IDB, the IB will send to the IDB guarantees, discounts or + Annex A Sign the banker's acceptance (Guarantee Facility implementation of the environmental notice of transaction is closed its consent to the guarantee issuance accepts the eligible instrument and social requirements issued by the IB Utilizations) effectiveness bill of exchange (via email) (via Swift) Sign the Confirming Bank Agreement Agree on the guarantee terms: Guarantee Guarantee + Annex 1 (Supplemental Terms and Conditions) - Amount and tenor: up to the IB's issuance date expiration date line approved limit (max.: 3 years) Coverage: up to 100% of the face Issues guarantee in favor of Pays to the CB the fees/interest due amount of the eligible instrument the CB (via Swift) and sends to the CB, and the face amount of the - Pricing: a portion of the fees/spread eligible instrument (if applicable) a copy to the IB (via e-mail) charged by the CB - Issuance and maturity date Effectiveness date: from the issuance The IB or CB (whichever submitted date, or up to 2 days thereafter the guarantee application to the IDB) pays to IDB the guarantee fees on the 24th of Jan., Apr., Jul., or

If the IB does not pay to the CB the portion of the face amount of the eligible instrument guaranteed by the IDB:

- The CB sends to the IB a repayment request
- The CB sends to IDB the notice of unpaid claim (7 days after sending the repayment request to the IB, and within the 15 days guarantee claim period)

Guarantee execution

Oct., as set forth in the guarantee

Reimburses to the CB the portion of the face amount of the eligible instrument guaranteed by the IDB

- Reimbursement deadline: up to 15 days after the receipt of the notice of unpaid claim

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