



IIB provided post-financing under letter of credit

January 15, 2020

International Investment Bank (IIB) in the mid of January 2020 introduced a new product - *post-financing* under letter of credit - in the Trade Finance Support Program (TFSP) previously confirmed by the Bank, implementing in practice medium-term lending to one of the leading Belarusian banks under a documentary letter of credit.

This is the first IIB's targeted credit under TFSP with 2 years tenor from letter of credit issuance date. Under this project, IIB supported the supply of cotton fiber from the Czech Republic to the Republic of Belarus.

Letter of credit *post-financing* is a financial instrument under which confirming bank provides a loan to the letter of credit issuing bank, funding the exporter at sight after examining the documents submitted under the letter of credit subject to their compliance with letter of credit terms.

IIB's *post-financing* advantages:

- LOWER LENDING RATE: Importer purchases goods abroad from IIB's member states under letter of credit with IIB's loan provided to the issuing bank;
- LOAN AMOUNT: financing of up to 100 % of letter of credit amount;
- DURATION: credit repayment period - up to 2 years from letter of credit issuance date;
- DOCUMENTARY CONDITIONS: delivery documents are examined in compliance with Uniform Customs and Practice for Documentary Credits (UCP600) and the letter of credit terms.

TFSP is an effective tool for supporting mutual trade of IIB member states between themselves and with third countries. For more information about the Programme, please follow the link: <https://iib.int/ru/products/tfsp>.