

PROJECT FINANCE BOND (PFB)

ALONGSIDE BANKS AND THEIR CORPORATE CLIENTS TO GUARANTEE THE FINANCING OF MEDIUM AND LONG TERM INVESTMENTS

The **Project Finance Bond (PFB)** is an **individual investment guarantee** offered by ETC - Export Trading & Cooperation which allows banks and other financial institutions to mitigate and weight the **risk of default** by covering medium and long term loans.

The instrument implemented for this is the **Stand-By Letter of Credit** according to the rules of the International Chamber of Commerce (ICC).

OUR FINDING

It is difficult when you are a **Bank in Africa** to finance large investment projects.

Banks and other Financial Institutions, faced with the compliance of **prudential principles**, are obliged to request collateral and/or the support of Guarantors.

As a result, many projects never see the light of day in this situation.

It is in this context that **ETC - Export Trading & Cooperation**, offers its guarantee instrument, in order to facilitate the financing of **investment projects**.

OBJECT	RISK	INSTRUMENT	SWIFT INTERBANK MESSAGE	OBLIGOR	GUARANTEE / CONFIRMING	BENEFICIARY
Coverage of medium and long term loans (investment projects)	Risk of non payment of installments	StandBy Letter of Credit (SBLC)	FIN MT760	SME, Corporate	Export trading & cooperation (ETC)	Financial Institution (FI) Development Financial Institution (DFI)

INSTITUTION DE GARANTIE

Technical and financial services for investment and international trade projects

ETC
EXPORT, TRADING
& COOPERATION



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WHAT IS IT ?

Project Finance Bond, abbreviated as « PFB » the **Investment Guarantee**, designates an **individual guarantee** to cover the **risk of non payment** of the reimbursement of a medium, long term loan for the benefit of an investment in the primary, secondary and tertiary sectors, excluding sectors of activity prohibited by the ETC group's code of ethics.

Risk sharing enables the credit institution to **mitigate and weight counterparty risks, comply with the CET1 ratio** (Common Equity Tier 1), defined, according to the **Basel III prudential framework**, as the **minimum ratio of 8%** between the primary capital of the credit institution (Tier 1) and weighted exposures in the portfolio.

WHO CAN BENEFIT ?

- You are a **bank** or another **financial institution** (FI)

WHEN TO REQUEST IT ?

- You wish to **finance an investment project** over the medium / long term
- You want to **weight the credit risk** and benefit from an additional solution to strengthen equity
- You want to **mitigate the risk** of non repayment

THE ADVANTAGES

- **Financing** investment loans
- **Mitigate and weight** credit risk
- **Increase** your project financing capacities

SOME BENEFICIARY BANKS

Banque de développement des Etats de l'Afrique centrale (BDEAC) - Banque Sahélo-saharienne de l'Industrie et du Commerce Benin (BSIC) - BGFIBank Cameroun - BGFIBank Gabon - BGFIBank Guinée Equatoriale - BGFIBank Guinée RDC - NSIA Banque Benin - Société Générale Guinée Equatoriale.

PRICING

FORMULA : TAEG = (FDD/DDP) + (FDE/DDP) + CDE

LÉGENDE :

- TAEG = Taux Annuel Effectif Global / Annual Global Rate
- FDD = Frais de dossier (Taux indicatif 0,5% flat) / Application FEE (Indicative rate 0.5% flat)
- FDE = Frais d'émission de la garantie (Taux indicatif 0,25% flat) / Issuing Fees (Indicative rate 0.25% flat)
- DDP = Durée du prêt (année) / Tenor (year)
- CDE = Commission d'engagement (Taux annuel selon Notation financière*) / Commitment fee (annual rate according to financial rating)

*voir tableau

SILENT RISK SUB-PARTICIPATION	LOAN TO BE GUARANTEED	MAXIMUM RATE GUARANTEED	DURATION OF ELIGIBLE LOANS	RISKS COVERED	GENERATING FACTS	COMMITMENT
Yes	min. 250 000€ max . 30 Millions €	Up to 80% of the loan	Up to 10 years	Risk of non payment	Term declared by the lender	Periodic report

