



# TRADE FINANCE BOND (TFB)

## TRADE SUPPORT FOR SHORT TERM FINANCING NEEDS

The **Trade Finance Bond** (TFB) is an **individual trade guarantee** that supports companies in the trade of goods and services, thanks to the instrument **SBLC** (StandBy Letter of credit) according to the rules of the International Chamber of Commerce (ICC).

### OUR FINDING

In international trade, the risk of **payment default** is one of the major concerns. The countries of **sub-Saharan Africa** are particularly exposed to this risk, however, trade activity is becoming more and more democratized there. The volume of transactions carried out internationally is exploding.

When you are a bank, how can you protect yourself against the **risk of non payment** by your customers for trade carried out on the other side of the world ?

**ETC - Export Trading & Cooperation**, offers its **trade guarantee** (the TFB) to cover this risk of payment default.

INSTITUTION DE GARANTIE  
Services techniques et financiers pour les  
projets d'investissement et de commerce  
international

**ETC**  
EXPORT, TRADING  
& COOPERATION



OBJECT	RISK	INSTRUMENT	SWIFT INTERBANK MESSAGE	OBLIGOR	GUARANTEE / CONFIRMING	BENEFICIARY
Coverage of short term loans (trade)	Payment default risk	Stand-By Letter of Credit (SBLC)	FIN MT760	SME, Corporate, Commercial Banks	ETC - Export Trading & Cooperation	Financial Institution (FI) Development Financial Institution (DFI) Traders

## WHAT IS THIS ?

**Trade Finance Bond** abbreviated as « TFB » : The **Trade Guarantee** designates a guarantee which refers to ETC coverage (**risk of non payment**) on a short term loan relating to a **trade operation**, in particular financing in turnover (e.g. financing stock) or trade.

## WHO CAN BENEFIT ?

- You are a goods or services **trading company**
- You are a **bank**

## WHEN TO REQUEST IT ?

- You want to boost your **activities**
- You want to improve your bank's **solvency ratios** for better leverage
- You want to optimize your **cash flow**
- You want to **weight the credit risk** and benefit from an additional solution to strengthen **equity**.

## THE ADVANTAGES

- **Finance** trade loans
- **Mitigate and weight** the credit risk
- **Increase** your trade finance capabilities

## SOME BENEFICIARY BANKS

BGFIBank Cameroun - BGFIBank Bénin - BGFIBank Europe - BGFIBank RDC NSIA Banque Benin.

## 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 85 % of the loan	Up to 18 months	Risk of non payment	Term declared by the lender	Periodic report

