ETC
EXPORT, TRADING & COOPERATION

Guarantee institution

for trade and investment finance in Africa

CORPORATE PRESENTATION 2023


CONCENTRATION RISK BOND
Garantie de division des risques
Standby Letter of Credit (SBLC)
ETC GROUP
EXPORT, TRADING & COOPERATION
INSTITUTION DE GARANTIE
Services techniques et financiers pour les projets d'investissement et de commerce international
esma
Swift

Summary

Anco Marzio LENARDON
PRESIDENT AND CEO
ETC - Export Trading Cooperation

Founder's word

Financial inclusion

To achieve climate, environmental and social sustainability goals, significant private and public investment is needed, especially in support of the sustainable revolution of the African economy.

Financing and guarantee mechanisms

Financial institutions involved in financing the economy are subject to new challenges. Indeed, the world of Finance will have to match the prudential principles of the Basel Committee with the criteria of the sustainable economy, especially the SDGs (Sustainable Development Goals). In this epochal change, Guarantee Mechanisms (GDM) will become more and more essential to mitigate financial risks as well as socio-economical and environmental ones.

MDGs, issued by Public Funds or Institutions rated by External Credit Assessment Agencies (ECAI), allow banks to optimize his of own funds thorough weighting of credit risk and reduction of concentration risk. This frees up resources to finance resilience, recovery and sustainable trade and investment transactions.

Export Trading Cooperation (ETC)

ETC as european Trade Finance Institution specialized in the technical and financial management of trade and investments in Africa, rated A3- at the European Securities and Markets Authority (ESMA) and member of Swift network (with its BIC ETCGIT2T), provides MDGs according to the standard of the International Chamber of Commerce (ICC).

ETC
EXPORT, TRADING & COOPERATION

WHO ARE WE ?

ETC

EXPORT, TRADING & COOPERATION

ETC GROUP - EXPORT TRADING COOPERATION

Missions and expertise

ETC Export Trading Cooperation is a European guarantee institution which acts as a partner of corporates, banks and financial institutions operating in Africa in order to provide technical and financial services in favor of investment projects and international trade.

Locations

The group headquarters is based in Treviso in Italy with its Regional Office in Cotonou in Benin, its Guarantee Fund in Douala in Cameroon, participating companies and branches between Europe, Central Africa and West Africa.

Italie

Guarantee Institution

Bénin

Regional Office

Cameroun

Guarantee fund

European public rating

ETC Export Trading Cooperation is rated A3- by the European Securities and Markets Authority (ESMA)

ETC Export Trading Cooperation is rated A3- (risk category 2 “low” according to the EU classification) with the European Securities and Markets Authority (ESMA) by an External Credit Assessment Institution (ECAI), in accordance with Regulation (EC) No 1060/2009.

To this end, ETC's public rating may be used for regulatory purposes within the European Union in compliance with CRR II (Capital Requirements Regulation), transposition in Europe of Basel III.

The ECAI is authorized by the entire European System of Financial Supervisors (ESFS) which is made up of three authorities: the European Securities and Markets Authority (AEMF or ESMA in English), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA).

Public rating of ETC with the registry of ESMA

Pan-African public rating

ETC Export Trading Cooperation is rated Long term AA and Short term A1 by the AMF-UMOA

The guarantee institution ETC Export Trading Cooperation benefits from the following public rating: Long term AA and Short term A1.

These ratings were issued by the pan-African rating agency Bloomfield Investment Corporation.

To this end, ETC's public rating can be used for regulatory purposes within the African Union.

Please find ETC's Public Rating through Bloomfield Investment Corporation.

Active member of the Swift network

ETC Export Trading Cooperation is an active member of SWIFT (Society for Worldwide Interbank Financial Telecommunication) under category 2 called NOSU (Non Supervised Entity active in financial industry), with its BIC (Business Identifier Code) ETCGIT2T.

Thus, the institution is able to exchange authenticated interbank financial messages with banks and other financial institutions. (Example: letter of credit, stand-by letter of credit, documentary remittance and others)...

ETC Export Trading Cooperation is a Non Supervised entity active in the financial sector (NOSU):

Main activity of NOSU:

a. To provide payment, securities, banking, financial, insurance or investment services or activities to Supervised Financial Institutions and/or third parties unrelated to NOSU.

b. Provide services to supervised financial institutions and/or third parties unrelated to NOSU, whose services support the processing of financial transactions in communications and information processing facilities. Which services require the sending of messages in the own name of the NOSU.

Specificities of NOSU

c. Legal person duly constituted, validly existing and duly organized

d. Financial strength and compliance with applicable laws and regulations

e. Subject to regular audits in accordance with internationally accepted accounting standards by an independent audit company

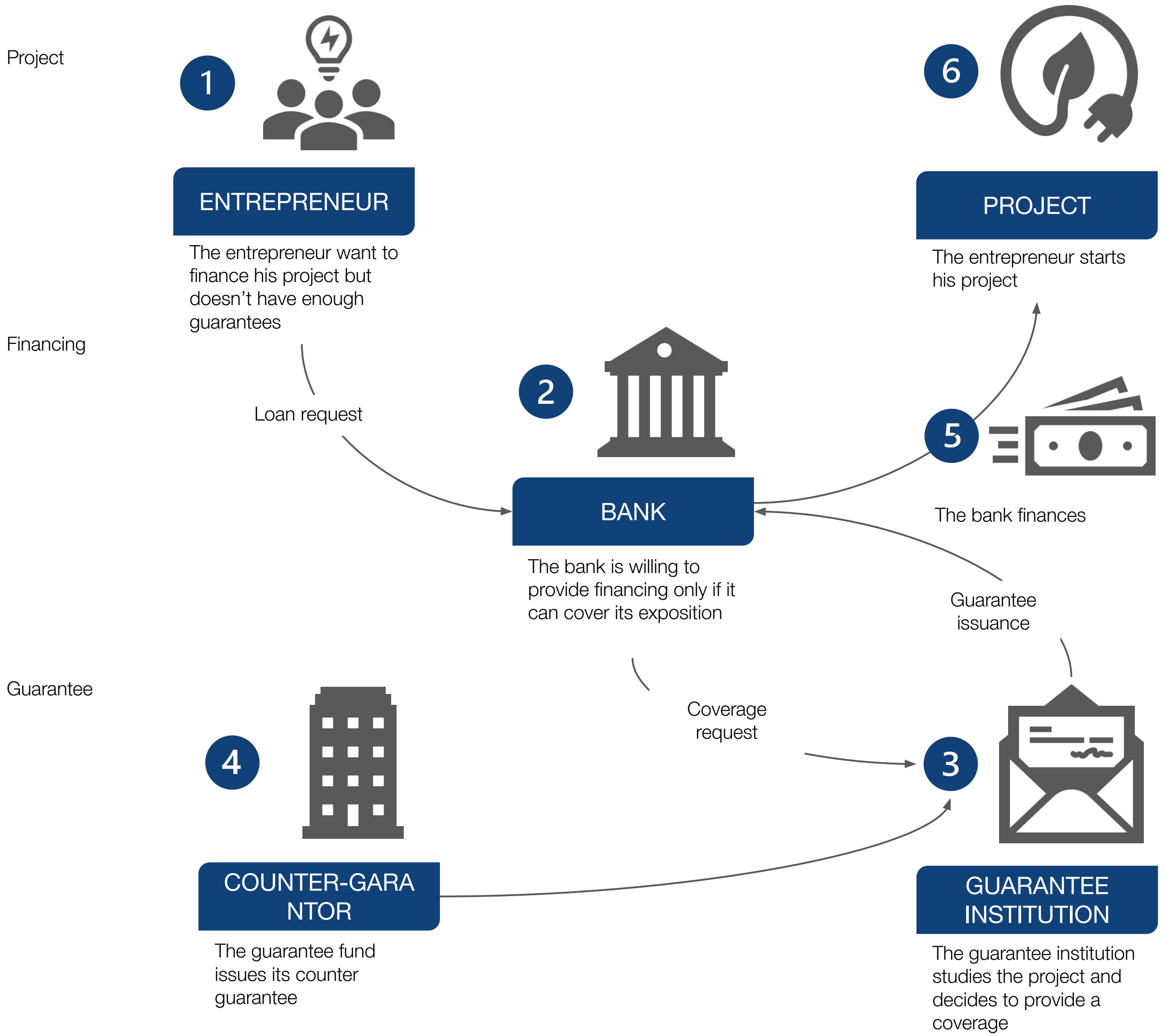
f. Majority-owned by one or more entities in the category of users of supervised financial institutions (SUPE),

g. Or recommended by three entities in the category of supervised financial institutions unrelated to NOSU.

Our guarantee

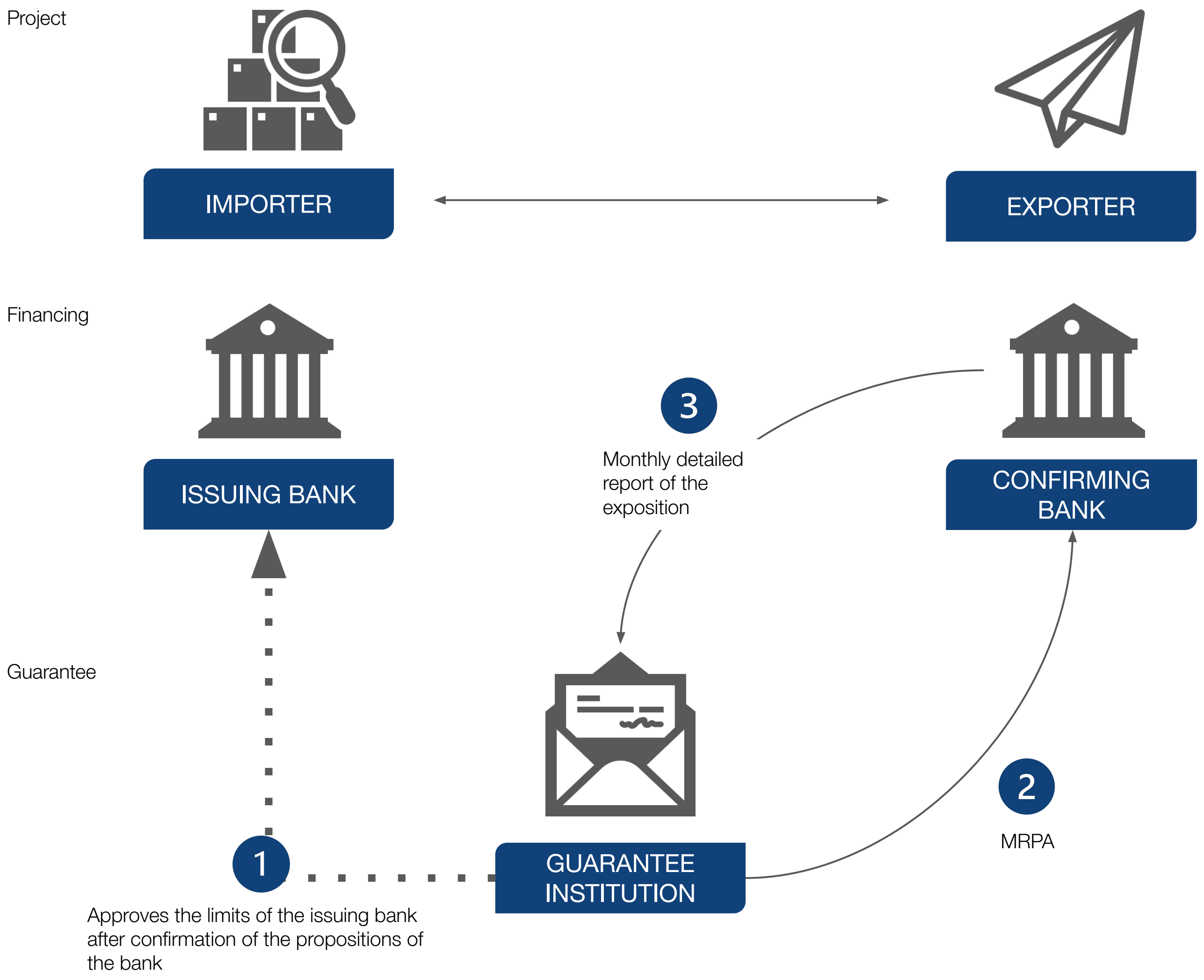
The hedging instrument offered by the ETC group is mainly that of the autonomous guarantee, materialized via SWIFT MT760 interbank message in accordance with the standards of the International Chamber of Commerce: Uniform Rules for Demand Guarantees (URDG) for the Guarantee and ISP for the Letter of Stand-by Credit).

Consequently, it represents a commitment by irrevocable signature which is equivalent to a direct claim for the beneficiary.



Our risks participation

The hedging instrument offered by the ETC group in Trade Finance transactions with international correspondents is that of risk sharing under an MRPA (Master Risk Participation Agreement). Each risk taken is materialized via SWIFT MT799 interbank message.



Our KYC procedures

ETC conducts a KYC - Know Your Customer process on each counterparty before the start of any activity in accordance with the European directive on AML (Anti-Money Laundering), CTF (Counter Terrorism Financing) and ABC (Anti-Bribery and Corruption) .

In addition, ETC Export Trading Cooperation adopts a business organization model in accordance with Legislative Decree of June 8, 2001, n. 231, in execution of the law of September 29, 2000, n. 300, which introduced in Italy the discipline of administrative liability of legal persons, companies and associations and, among other things, the fight against corruption.

The Decree is part of a vast process of ratification of certain international conventions previously signed by Italy such as: the convention on the protection of the financial interests of the European Communities of July 26, 1995, the convention on the fight against corruption of the May 26, 1997 and, finally, the OECD Anti-Bribery Convention of December 17, 1997.

Compliance with these standards is ensured by an independent Monitoring Body.

Our history

ETC Export Trading Cooperation has its origins in 2010 with a project named Steel & Style Africa, promoted by Confindustria (Association of Italian Industrialists) with the patronage of the Italian Chamber of Commerce. The aim was to facilitate Italian exports and industrial investment in sub-Saharan Africa and support African SMEs that need European supplies, technologies and expertise.

The lack of information on the African continent by European companies and financial institutions led to the creation of ETC Export Trading Cooperation specializing in exports and investments in Africa.

ETC was born from the vision of the founding members who considered the Confirmation service as an ideal tool to approach the African markets.

Our history timeline

2010
Origin
The embryonic project was born on the initiative of Confindustria with the patronage of the Italian Chamber of Commerce

2012
The first legal entity
ETC Srl, the Italian Confirming House, was created to stimulate Italian exports and investments in Africa

2014
R&D in OHADA business law
ETC in partnership with SACE (Italian Export Credit Agency) produced legal opinions as a tool to authorize payment instruments, guarantees as well as arbitrations and debt collection procedures

2015
The first African subsidiary
ETC opens its first subsidiary ETC Surety SA in Benin (BJ) to secure the group's investments and ensure debt collection

2016
SWIFT onboarding process
ETC launches the SWIFT membership process as a NOSU (Non Supervised Entity active in the financial sector) with the letters of recommendation from three banking institutions (Societe Generale, Crédit Agricole and Diamond Bank)

2017
Public ownership
ETC benefits from the public intervention of SIMEST, the investment company of the Italian government, and FINEST, the regional investment company of the north-eastern regions of Italy

2018
SWIFT Membership
ETC finalizes the SWIFT framework compliance process (Governance, AML, IT security and other rules for the financial sector) and obtains the NOSU certification

2019
First ESMA public credit rating
ETC finalizes the audit process with the European rating agency ModeFinance to publish its first credit rating (B1+/BBB+) with the European Securities and Markets Authority (ESMA)

2020
The first subsidiary in Cameroon
ETC launches its first instrumental consulting subsidiary to the Group in Douala

2021
New shareholders
ETC buys back Simest and Finest shares for the benefit of new shareholders BGFIBank EUROPE and MPS Fiduciaria

Creation of the Africa Regional Office
ETC establishes its regional office in Cotonou, Benin in order to be closer to its partners

2022
10th anniversary
10th year of the first legal entity of ETC.

The brand platform

Values:
Financial inclusion
Responsible growth
Multilateralism.

Ambition :
Make financial instruments accessible to economic operators in the OHADA space and create long-term partnership relations with institutions.

Vision :
Financial inclusion, support for responsible growth to reveal the role of the protagonists of the African economy on a global level, according to a multilateral approach.

Promise :
Boost the performance of banks and companies by mitigating risks and promoting leverage.

Mission :
Provide the African regional market with appropriate financial instruments to support trade and investment for responsible growth.

Benefits:
Compliance with prudential ratios
Equity optimization
Transaction volume growth
Loyalty of champion customers
Improved competitive positions of the bank.

Our network of partners

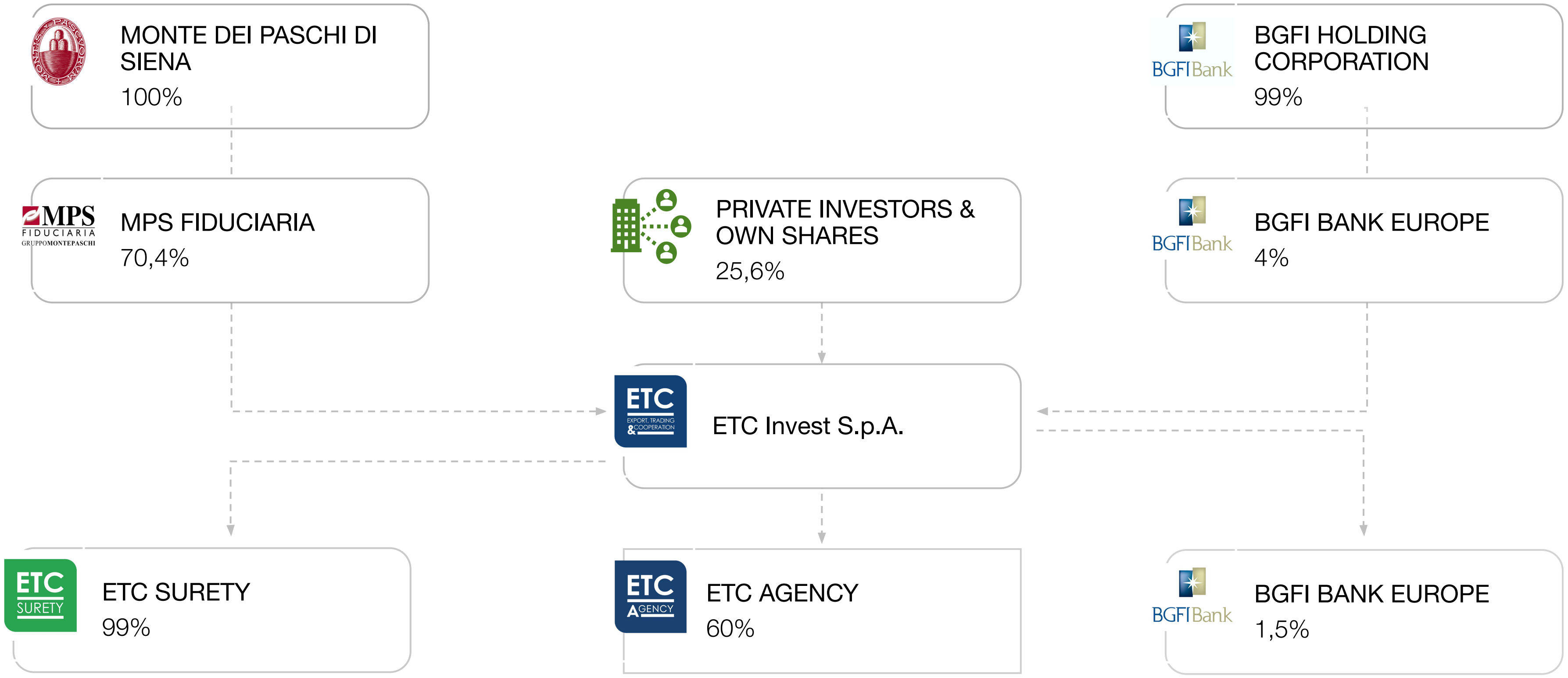
Institutions

Studio Duodo & Pivato
Revind
IC & Partners
FAPEMAC
FAGACE
FSA
SACE-SIMEST
FINEST
MODEFINANCE
CONFINDUSTRIA
CONFAPI
UNIAFRICA
OHADA
PAVIA ANSALDO
ITA
MIRWARE
MAZARS
SWIFT

Banks

BIDC
BDEAC
BSIC
ICCREA
AFREXIM BANK
MONTE DEI PASCHI DI SIENA
BGFIBANK
BANQUE ATLANTIQUE
ATTIJARIWAFA BANK
CRÉDIT AGRICOLE
SOCIETE GENERALE
NSIA BANQUE
ECOBANK
CCA BANK
UBI BANCA

Shareholder map



ETC

EXPORT, TRADING & COOPERATION

ETC IN FIGURES

Our results

+25

active countries
africa & europe

+76

million euro
consolidated equity

+431

million euro
engagements

+1049

million euro
project supported

Key figures by country

❶ **Benin**
Weight : 47,2%
Coverage : 80 132 166,31 €

❷ **Cameroon**
Weight : 21,9%
Coverage : 19 246 688,42 €

❸ **Ivory Coast**
Weight : 3,9%
Coverage : 7 628 005,1 €

❹ **Gabon**
Weight : 21,9%
Coverage : 61 284 739,39 €

❺ **Equatoriale Guinea**
Weight : %
Coverage : 6 890 695,58 €

❻ **DRC**
Weight : 3,6%
Coverage : 31 129 910 €

❼ **Senegal**
Weight : 10,4%
Coverage : 21 986 807,06 €

❽ **Autres**
Weight : 10,4%
Coverage : 19 684 380,27 €

Key figures by sector

Financial Services :
Weight :%
Coverage : €61 628 090

Manufacture / Industry :
Weight :%
Coverage : €56 586 064

Real Estate
Weight :%
Coverage : €38 825 518

Energy (Electricity, Water) :
Weight :%
Coverage : €28 512 475

Construction, Civil engineering :
Weight :%
Coverage : €27 627 420

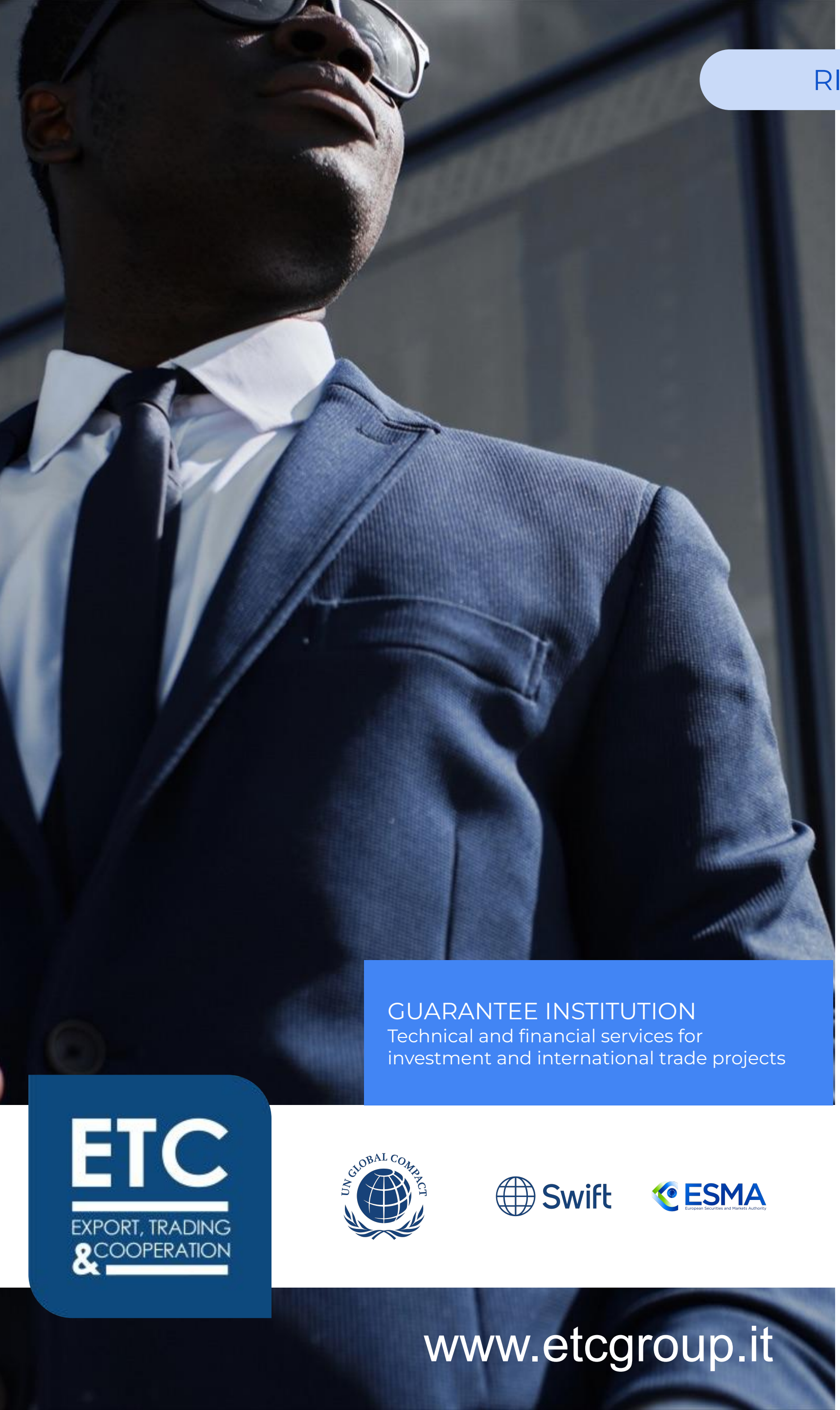
Accommodation (hotel) :
Weight :%
Coverage : €15 169 587

Oil & Gas :
Weight :%
Coverage : €13 681 304

Retail Sale :
Weight :%
Coverage : €3 600 000

Telecommunication :
Weight :%
Coverage : €1 350 000

OUR SERVICES



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CONCENTRATION RISK BOND (CRB)

RESPECT THE RISK DIVISION LIMIT ON YOUR EXPOSITIONS

The **Concentration Risk Bond** (CRB) is an **individual or portfolio risk division guarantee** that helps to mitigate and weight a bank's level of risk arising from its concentration on counterparties, a sector or a country.

The CRB ensures, among other things, compliance with **the risk division ratio** on the major risks in the portfolio. Large exposures are the sum of the values of a bank's exposures to a single counterparty or a group of interrelated counterparties that exceed 10% of equity. The risk division limit is set at **25% of regulatory capital.**.

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

OUR FINDING

In a context marked by the end of the transitional measures relating to risk division standards, increasing the maximum concentration ratio for large exposures to 25% of Tier 1 equity (T1), ETC's guarantee is a benefit.

OBJECT	RISK	INSTRUMENT	SWIFT INTERBANK MESSAGE	OBLIGOR	GUARANTEE / CONFIRMING	BENEFICIARY
Coverage of portfolio exposures	Insolvency risk of the clients	StandBy Letter of Credit (SBLC)	FIN MT760	SME, Corporate, Microfinance, Financial Institution	Export trading & cooperation (ETC)	Financial Institution (FI) Development Financial Institution (DFI)

WHAT IS IT ?

Concentration Risk Bond, abbreviated as « CRB » : the **Risk Division Guarantee** (individual or portfolio) refers to the short-term facility offered by ETC to cover the commercial risk towards **large risks** in the portfolio, in order to allow the credit institution to comply with the risk division coefficient. It is defined as the maximum ratio of 25% between the corrected capital (Tier 1) and the Exposure to a Client (or a Group of Clients having the same reference shareholder), according to the Basel III prudential framework.

WHO CAN BENEFIT ?

- → You are a **Financial Institution** (FI)
- → Vous êtes une **Development Financial Institution** (DFI)

WHEN TO REQUEST IT ?

- → You want **to support a portfolio of SME** to boost the financing of the economy
- → You want **to support the bank's champion clients** to boost the financing of investments and trade
- → You want **to support Major Risks** without exceeding the 25% prudential ratio limit
- → You want **to weight the credit risk** and benefit from an additional solution **to strengthen equity**

THE ADVANTAGES

- → **Mitigate and weight** credit risk
- → **Increase** your financing capacities
- → **Respect** the risk division ratio

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Nos équipes sont à votre écoute par e-mail :
info@etcgroup.it

SOME BENEFICIARY BANKS

BGFIBank Europe - BGFIBank RDC - EBI Ecobank International - NSIA Banque Benin

PRICING

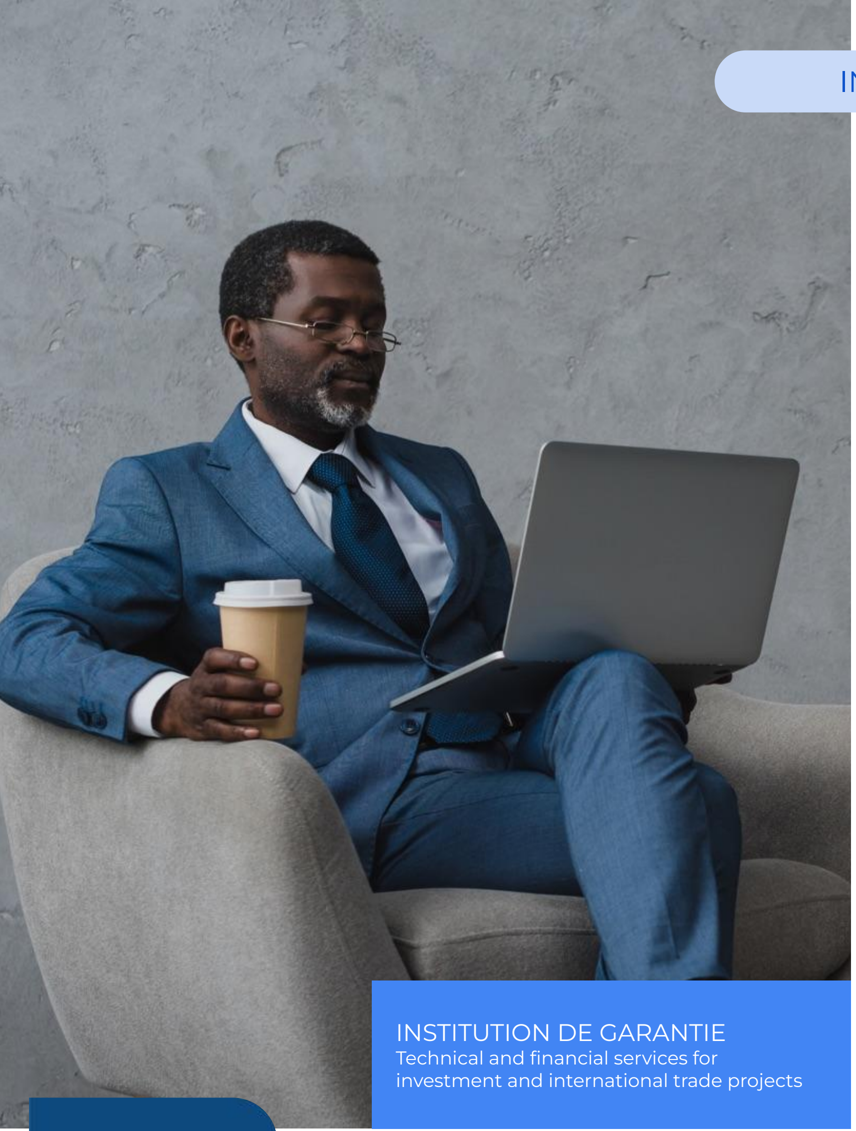
FORMULA : TAEG = (FDD/DDP) + (FDE/DDP) + CDE

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. 1 Million € max . 30 Millions €	Up to 60 % of the loan	1 year renewable	Client insolvency risk	Lapse of term declared by the lender	Periodic report



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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)

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

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→ 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

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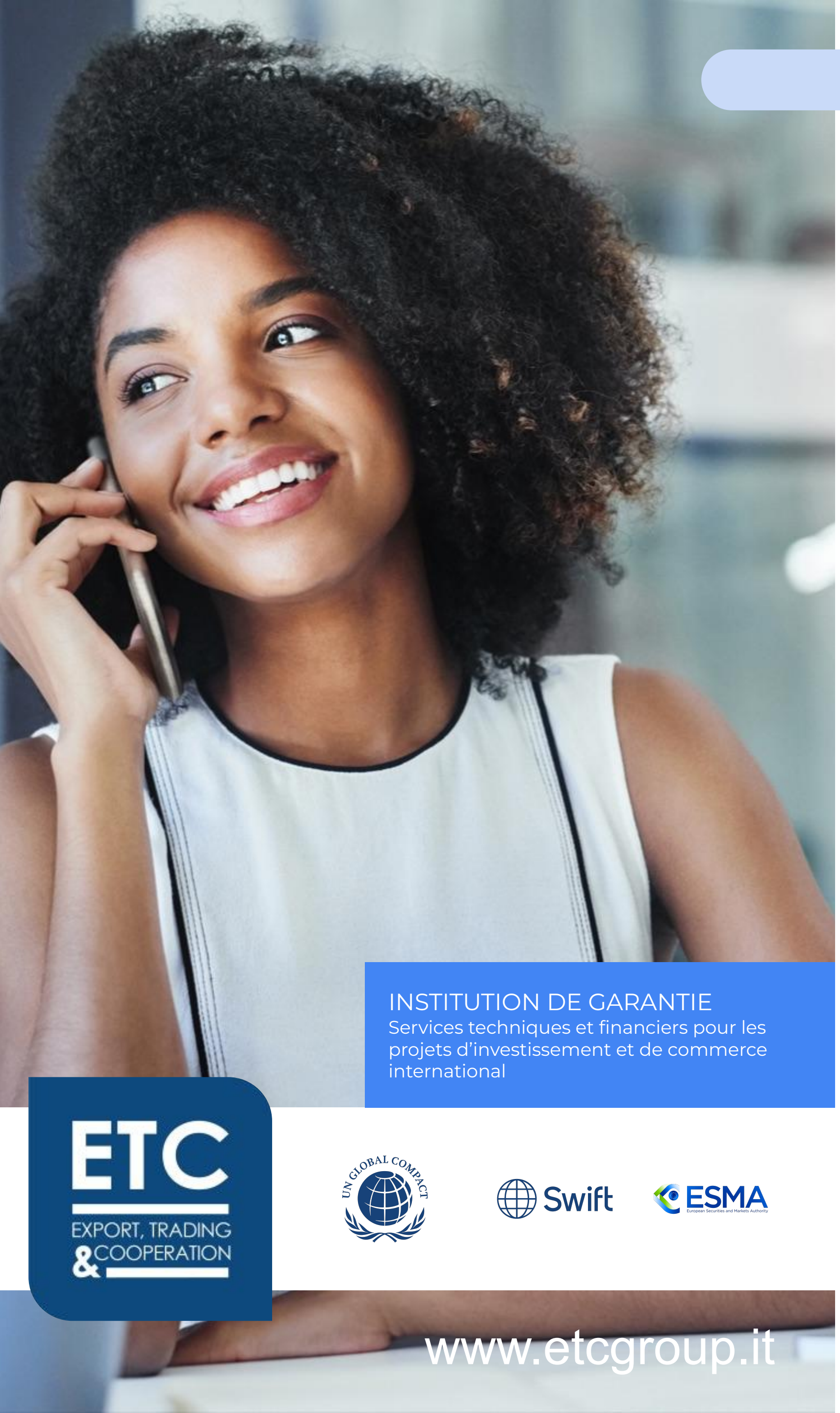

TRADE FINANCE BOND (TFB)

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.

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

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- → CDE = Commission d'engagement (Taux annuel selon Notation financière*) / Commitment fee (annual rate according to financial rating

*voir tableau

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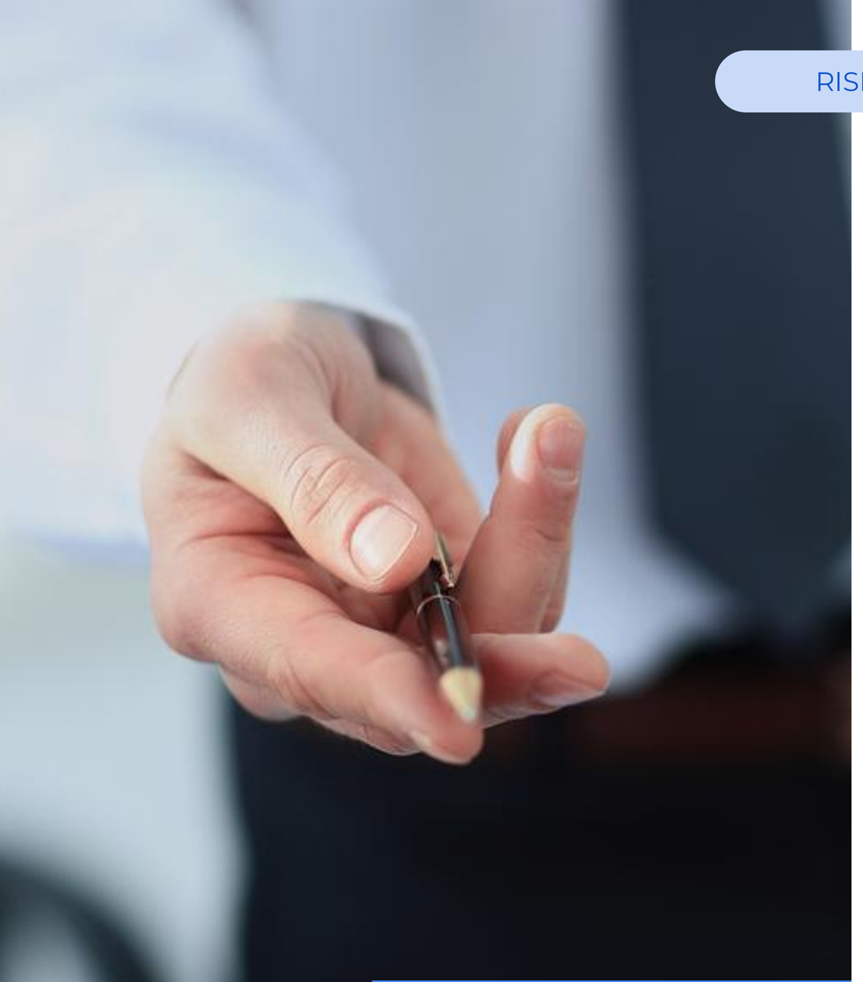
Yes	min. 250 000€ max . 30 Millions €	Up to 85 % of the loan	Up to 18 months	Risk of non payment	Term declared by the lender	Periodic report



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ETC EXPORT, TRADING & COOPERATION

MASTER RISK PARTICIPATION AGREEMENT (MRPA)

RISK PARTICIPATION FRAMEWORK AGREEMENT

The **Master Risk Participation Agreement (MRPA)** offered by ETC is a **Risk Sharing Agreement (BAFT)**, based on English law. It allows leading banks (correspondent banks) to syndicate their risks in Trade Finance transactions, particularly in the context of transactions with **African markets.**

The type of risk participation offered by ETC Export Trading Cooperation is **participation by signature** authenticated by Swift interbank messaging. Indeed, ETC is rated A3- (risk category 2 “low” according to the EU classification) with the European Securities and Markets Authority (ESMA) by an External Credit Assessment Institution (ECAI), in accordance with to Regulation (EC) No. 1060/2009. This “Investment Grade” rating allows risk weighting for regulatory purposes.

OUR OBSERVATION

The shortage of **correspondent banks** and other financial institutions inclined to African risk is now proven. This state of affairs sometimes pushes **African issuing banks** and their importing clients to give up. The volume of transactions delayed or canceled due to this situation constitute a real obstacle to the development of African markets.

It is in this context that **ETC - Export Trading & Cooperation** proposes to potential Correspondent Banks the ratification of a Master Risk Participation Agreement **(MRPA).** It will be made with this agreement, possible to share the risk of default and reduce the concentration risk on a portfolio of transactions, thanks to the implementation of **hedging lines** specific to each counterparty.

OBJECT	RISK	INSTRUMENT	SWIFT INTERBANK MESSAGE	OBLIGOR	GUARANTOR / CONFIRMER	BENEFICIARY
Risk sharing default on a portfolio transaction	Risk of insolvency of the Obligor(s)	Acceptance of offer from the Leading bank according to MRPA	FIN MT799	Issuing financial institution	**LEADING BANK** Confirming bank **PARTICIPANT** Export trading & cooperation (ETC)	Confirming Financial Institution (FI) (Leading Bank)

WHAT IS IT ?

The ETC **Master Risk Participation Agreement (MRPA)** is a **risk sharing agreement** signed between ETC and the Correspondent Bank to enable the latter to syndicate its risks in Trade Finance transactions with Issuing Banks based in Africa.

WHO CAN BENEFIT ?

→ The **Confirming Banks**

WHEN TO REQUEST IT ?

→ You are regularly solicited by **issuing Banks based in Africa** in the context of Trade Finance transactions, including **Letter of Credit Confirmation**

→ You wish **to share the risk of default and reduce the risk of portfolio concentration** towards with your Issuing Banks partners by requesting a participation.

→ You would like to benefit from **hedging lines dedicated** to portfolio counterparties.

THE ADVANTAGES

→ **Optimize Tier 1 capital** and reduce concentration risk by reducing exposures

→ **Comply with the requirements of BASEL III** in terms of CET1 minimum capital requirement and concentration risk.

→ **Enter** new markets

SOME BENEFICIARY BANKS

→ Euro zone and UK

PRICING

FORMULA : AGR = (AF/TR) + (IF/TR) + CF

LEGENDE :

→ AGR = Annual Global Rate

→ AF = Application FEE (Indicative rate 0.5% flat)

→ IF = Issuing Fees (Indicative rate 0.25% flat)

→ TR = Tenor (year)

→ CF = Commitment fee (annual rate according to financial rating

MORE INFORMATION
Our teams are at your disposal by email:
info@etcgroup.it

SILENT RISK SUB-PARTICIPATION	TRANSACTION TO BE GUARANTEED	MAXIMUM RATE GUARANTEED	TENOR	RISKS COVERED	GENERATING FACTS	COMMITMENT
Yes	min. 1 Million € max . 30 Millions €	Up to 80% of the transaction	on a case by case basis depending on transaction	Client insolvency risk	Lapse of term declared by the lender	Periodic reporting

The benefits for you

Being a partner of ETC means:

- Take advantage of an interbank instrument
- Have an irrevocable commitment and a direct claim
- Comply with prudential ratios
- Weight risk and optimize own funds
- Benefit from an additional solution to the capital requirement
- Avoid syndication and retain your own Customers
- Participate in stock market transactions on Euronext
- Participate in the Certified Compliance Partner program aimed at promoting the excellence of African FIs in international markets
- Work with a United Nation Global Compact partner

FRAMEWORK OF THE PARTNERSHIP

Guarantee cost

The Global Effective Annual Rate (APR) is defined in accordance with:

- The quality of the bank's portfolio
- The Annual Volume of Guarantees (AGV)
- Portfolio typology

The APR is the result of 3 components:

- Administration fees (flat), depending on the type of operation (short or long term)
- Issuance costs (flat), depending on the Swift supply chain (direct transmission of the guarantee or by correspondent bank)
- The Commitment Fee (per year), depending on the Obligee's rating (according to the Basel III standard method)

The APR calculation formula is as follows:

- **TEAG = (Application fees / loan duration) + (Issuance fees / loan duration) + commitment fee**

Prices Applicable from 18 august 2023

RATING			RISK WEIGHTNING			PRICING							
RATING	MACRO CLASS	DESCRIPTION	*CQS (Credit Quality Step)*			*Commitment (p.a.) Confirming fee (p.a.)*		*Application fee (flat)*		*Issuing fee (flat)*		*Entry fee (flat) [Only if the Applicant is Client Corporate]*	
			Corporate	Bank	Souverain	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
AAA		Excellent company with extreme reliability and ability of repaying financial obligations.	20%	20%	0%	0.75%	0.89%	0,50%	1.00%	0,25%	0,50%		
AA	Healthy	Very good company with very good capability of repaying financial obligations.	20%	20%	0%	0.90%	1.06%	0,50%	1.00%	0,25%	0,50%		
A		Good company with good capability of repaying financial obligations. Very low dependence on possible adverse macroeconomic conditions.	50%	50%	20%	1.08%	1.27%	0,50%	1.00%	0,25%	0,50%		
BBB	Balanced	Average company with average capability of repaying financial obligations. Possible adverse macroeconomic conditions or different management or strategies might impact on the capability of repaying debt.	100%	100%	50%	1.30%	1.53%	0,50%	1.00%	0,25%	0,50%		
BB		Average company with only enough capability of repaying financial obligations. Possible adverse macroeconomic conditions or different management or strategies might impact on the capability of repaying debt.	100%	100%	100%	1.56%	1.84%						
B	Vulnerable	Average to instable company with low capability of repaying financial obligations. Vulnerable to possible adverse macroeconomic conditions or different management or strategies.	150%	100%	100%	1.87%	2.20%					2.500 up to 500.000 3.500 up to 2.500.000 4.500 from 2.501.000	2.500 up to 500.000 3.500 up to 2.500.000 4.500 from 2.501.000
CCC		Unstable company with low capability of repaying financial obligations. Very vulnerable to possible adverse macroeconomic conditions or different management or strategies.	150%	150%	150%	2.24%	2.64%						
CC		Poor company with insufficient capability to meet financial obligations. Company that needs financial restructuring to ensure operational continuity.	150%	150%	150%	2.69%	3.17%						
C	Risky	Poor company with insufficient capability of repaying financial obligations. Company that needs financial and debt restructuring with capital injection in order to ensure operational continuity.	150%	150%	150%	3.22%	3.81%						
D		Company for which a missed payment on a financial obligation was officially recorded.	150%	150%	150%	3.87%	4.57%						
UNRATED			100%	100%	100%	1.56%	1.84%						

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