

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.

GUARANTEE INSTITUTION

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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)



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

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)

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