

Export Letter of Credit or L/C Confirmation (LCE)

A SOLUTION DESIGNED TO SECURE AND FACILITATE INTERNATIONAL TRADE TRANSACTIONS

ETC's Export Letter of Credit or L/C Confirmation is a solution designed to secure and facilitate international trade transactions for African banks and their corporate clients. This service guarantees payments for exporters, ensuring smooth and reliable transactions.

OUR OBSERVATION

In the context of trade with and within Africa, payment security and trust between trading partners are essential. In the L/C Confirmation, ETC, acting as the confirming institution, adds its commitment to that of the African issuing bank on behalf of the foreign exporting beneficiary. This helps overcome challenges related to the specific risks of African economies, facilitates international trade, and reduces financial risks for exporters and importers.

OBJECT	RISK	INSTRUMENT	SWIFT INTERBANK MESSAGE	OBLIGOR	GUARANTEE / CONFIRMING	BENEFICIARY
Payment guarantee for imports in the context of international trade transactions.	Risk of non-payment by the importer after receipt of conforming goods.	Export Letter of Credit (LCE)	FIN MT700	Importer's Bank	Export trading & cooperation (ETC)	Foreign Exporter / Supplier

INSTITUTION DE GARANTIE ET DE TRADE FINANCE

Technical and financial services for investment and international trade projects

ETC
EXPORT, TRADING
& COOPERATION





WHAT IS IT ?

The **Export Letter of Credit is an irrevocable commitment** issued by ETC as a Non-Banking Financial Institution, guaranteeing that the seller (exporter) will receive payment upon presentation of documents that comply with the specified terms and conditions. It ensures the security of commercial transactions by confirming that payment will be made once contractual conditions are met. The confirmation provides additional assurance to the seller, who can rely on it in case of insolvency of the issuing bank.

WHO CAN BENEFIT ?

- **African banks:** To secure transactions for their clients and enhance their credibility with international partners.
- **Corporate Clients:** Exporting companies seeking to guarantee payment from their foreign buyers.

WHEN TO REQUEST IT ?

- To secure international commercial transactions.
- When there is a lack of trust between trading partners.
- In the presence of high political or economic risks.
- To facilitate access to international markets for the exporting company.
- To benefit from flexible and secure payment terms.

THE ADVANTAGES

- **Payment Security:** Guarantees payment to exporters provided the terms of the letter of credit are met.
- **Risk Reduction:** Minimizes the risks of non-payment and commercial disputes.
- **Transaction Facilitation:** Simplifies and accelerates international trade exchanges.
- **Trust Building:** Establishes a trust-based relationship between the importer and the exporter.
- **Access to Favorable Credit Terms:** Allows negotiation of advantageous payment terms and improves cash flow management.
- **Regulatory Compliance:** Ensures transactions adhere to international and local regulations.

PRICING

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

- 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

AMOUNT OF THE GUARANTEE	COVERAGE RATIO	DURATION OF THE GUARANTEE	COVERED RISKS	FACTORS GENERATING	ENGAGEMENT
Up to €5 Million	Letter of Credit Value	According to the duration of the L/C, up to a maximum of 360 days	Risk of Non-Payment	Term Default Declared by the Supplier	Documentary Compliance