



# RISK APPETITE STATEMENT

2nd quarter 2024



## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

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## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### I. PURPOSE AND GOVERNANCE

- a. ETC Export Trading & Cooperation (hereinafter “ETC or The Group”) is Non-Supervised Entity Active in the Financial Industry (hereinafter “NOSU”) as per [resolution 202 & 209 of Swift Corporate Rules](#), it means is an entity :
  - a.1. duly incorporated, validly existing and duly organized legal entity, and
  - a.2. rated with good standing financially (investment grade) certified by an External Credit Assessment Institution (ECAI), in accordance with EU Regulation (EC) No 1060/2009.
  - a.3. subject to regular compliance’s audits in accordance with applicable laws and regulations, under supervision of an independent audit committee
  - a.4. subject to regular audits in accordance with internationally recognised accounting standards by an independent audit firm, and
  - a.5. majority-owned by a Supervised Financial Institution,
- b. As NOSU and in accordance with his Nace’s codes, ETC is specialized in Trade Finance and Counter-Guarantee niches with African Markets,
- c. This Risk Appetite Statement (hereinafter “RAS”) it has been inspired from Risk Appetite Framework (hereinafter “RAF”) of [Financial Stability Board](#)
- d. The RAS provides a comprehensive summary of Risk Appetite parameters guiding the operations of ETC. Its main purpose is to facilitate concise presentation and informed periodic review of the level of risk ETC takes in its key activities. It reflects market practice, enhances the quality of internal decision-making, and helps build risk awareness culture. It assists the Group in

communication with stakeholders, including correspondent banks, investors and rating agencies, supporting continued access to funding and ability to pursue the Group’s objectives.

- e. The document provides a consolidated overview of how various types of risk are governed in the Group. The following sections 2 and 3 describe the main principles underpinning risk appetite articulation and the overarching risk governance structure. Section 4 introduces Financial Loss Tolerance Thresholds (FLTTS) which are assessed against the results of the annual ETC-wide stress test. The FLTTS form part of the articulation of risk appetite for a number of financial risks. Section 5, 6, 7 and 8 then set out in detail key aspects of the Group’s risk appetite for each risk type including capital and leverage risk, liquidity risk, credit risk, market risk, operational risk and reputational risk. Detailed risk type definitions and metrics used for risk measurement and limitation can be found in Annex 2.
- f. Most of the parameters described in this RAS have been proposed and adopted by Management through dedicated policy instruments, and approved by the Board of Directors (hereinafter “the Board or BoD”). These are referenced throughout the paper. This RAS will be updated annually to reflect changes in such underlying policies.
- g. The document is prepared and updated periodically by the Middle Office composed of Risks, Compliance and Commitments departments in consultations with other executive managers of the Group.

### II. KEY PRINCIPLES

- a. The Group achieves its strategic objectives by assuming risk. Without appropriate limitation, these risks have the potential to

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threaten its key resources including net profit, capital, liquidity and reputation. In turn, these risks could therefore undermine the trust and confidence our stakeholders, including shareholding governments, partners, organizations and other relevant bodies, have in the Group, its Management, and its strategy. At the extreme, these risks could necessitate requests for callable capital or even threaten the existence of the Group.

- b. To ensure that the risk profile of the Group remains strong, based on Management's recommendation, the Board adopts a set of Risk Appetite parameters articulated in this Statement and other policy documents as appropriate. These parameters guide both strategic planning and day-to-day decisions, thereby avoiding excessive risk taking and encouraging the development of robust controls to protect the key resources of the Group.
- c. In aggregate, the Group's standalone balance sheet strength, which facilitates the achievement of its objectives and simultaneously maintain confidence in its resilience in the face of adverse events underpin the A (Investment Grade) rating. The Risk Appetite parameters have been calibrated to ensure its continuation.
- d. Management is required to establish and maintain an appropriate infrastructure (including risk measurement, limits, rules, guidelines, independent decision-making, controls, monitoring, testing and reporting) to ensure that this Risk Appetite is complied with and to provide reports in the form of annual stress tests and quarterly risk reporting to evidence compliance.

### III. RISK GOVERNANCE ARCHITECTURE (RGA)

- a. The overall Risk Governance Architecture of ETC is anchored in the :
  - i. Business process procedure (normalizing business flow and offices' responsibilities),
  - ii. Officers' delegations (normalizing Officers' Responsibilities),
  - iii. Manual of risk management (normalizing credit, market and operational risk management in accordance with Basel Committee baselines),
  - iv. AML/CTF manual (normalizing AML, CTF and ABC risk management in accordance with Italian law decree 231/2007 and related EU directive)
  - v. Ethical code (normalizing business ethics, conduct for employees and professional practices in accordance with ETC organization business model referring to Italian law decree 231/2007).
- b. The Group seeks to protect and build up its capital in order to support an enhanced range of activities and enable itself to withstand negative impact to its capital due to financial losses resulting from credit, market or other financial risks. Consistent with Basel Committee baselines, ETC complies with sound principles to all its operations, which implies alignment with market practice in terms of assessing, measuring and managing the risks faced by ETC.
- c. ETC follows market practice by reference to common standards of corporate governance, Basel committee baselines and other market practices in the finance industry. Additional reinforcement comes from the wider objectives of ETC, whereby ETC wishes to deploy capital appropriately,

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- to achieve adequate overall return on the risks borne, to support its financial sustainability, and to mitigate against potential excessive losses that would deplete its medium term operational capacity.
- d. To achieve this, ETC puts in place checks and balances to ensure that: Investment decisions are not unduly influenced by business targets and that risks are fully considered to ensure that there is a good prospect of avoiding losses. The build-up of any material correlated risks is identified, reviewed and where appropriate acted upon. Controls are adequately designed around all material risks, robustly implemented and rigorously tested, to ensure Management is agile to act on evolving risk profiles.
  - e. Within the context of ETC 's overall RGA, Middle Office is responsible for ensuring independent risk management of the exposures including corporate recovery matters, operational risk and information security, and for ensuring the review and compliance of ETC 's activities with environmental and procurement policies, integrity, AML and prohibited practices as well as implementing related policy initiatives. The responsibility of the Middle Office for financial controls carried out in connection with operational risks is shared with the Presidency and Administration and Finance.
  - f. The Chief Executive Officers (CEOs), Chief Risk Officer (CRO), Chief Compliance Officer (CCO) and Chief Commitments Officer (CCSO) are members of the Risk Committee (RCO) and report to the Presidency. Furthermore, the Presidency reports regularly to the Board on matters concerning the risk management function.
  - g. ETC 's overall framework for identification and management of risks is underpinned by: Shared responsibility by all staff members to identify and manage risks they incur in the course of fulfilling their responsibilities ("first line of defense"). This includes risk control activities performed within the first line of defense functions, such as peer reviews within compliance, liquidity and capital management controls operated by Middle Office. Empowered and appropriately resourced "second line of defense" functions are operated by RCO, with control responsibilities for matters falling into their areas of competence, including Risk Management of credit, market, liquidity, capital management and operational risks (as per legal, ESG and reputational risks). Independent Internal Audit functions, which act as "third line of defense", are operated by Audit Committee of BoD (ACO) and Supervisory Body 231 (SUB), independently assess the effectiveness of the processes within the first and second lines of defense.
  - h. In discharging the duties of the Chief Officers are supported by several departments, as well as by the Risk Committee. The RCO is chaired by Presidency and Chief Officers. It oversees all aspects of the portfolios across all sectors and countries, and provides advice on risk management policies, measures and controls. It also approves proposals for new products and dossiers submitted by Front Office. Its membership comprises senior managers across ETC including representatives from Middle and Front Offices.
  - i. Risk Management
    - i. provides an independent assessment of risks associated with individual investments undertaken by ETC ,
    - ii. performs an ongoing review of the portfolio to monitor the risk presented by investments,
    - iii. assesses and proposes ways to manage risks arising from correlations and concentrations within the portfolio,



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- iv. and ensures that adequate systems and controls are put in place for identification and management of operational risks across ETC. Working together with other departments and units, Risk Management develops and maintains relevant policies for operations and promotes risk awareness across ETC.
- j. In exercising its responsibilities, Risk Management aims to: Provide assurance that risk-taking decision-making in ETC is balanced and within the agreed appetite, and that control processes are rigorously designed and applied; and Support ETC's business strategy and its execution, including the maximisation of transition impact through provision of efficient and effective delivery of risk management advice, challenge and decision-making.
- k. ETC's Department of the Chief Compliance Officer (DCCO) is responsible for protecting the integrity risks arising from the ETC's operations and its clients and proposed clients, and for ensuring that ETC has adopted appropriate standards on anti-money laundering; counter-terrorist financing; conflicts of interests; insider trading; Prohibited Practices; treatment of confidential information; and integrity and domiciliation due diligence that are in line with, or reflect, internationally accepted norms.
- l. In accordance with its terms of reference, the ACO and SUB periodically reviews and evaluates the functions performed by the Management. The SUB regularly meets with the heads of all these functions, without other members of Management being present.

### IV. FINANCIAL LOSS TOLERANCE THRESHOLDS

- a. Portfolio degradation rate (PDR)  $3\% <$  Common Equity Tier 1 (CET1)

### V. CAPITAL, LEVERAGE AND LIQUIDITY RISK APPETITE

- a. Capital Risk Appetite =  $\text{CET1 ratio}^1 = (\text{Tier1} + \text{Additional Tier1}) / [\text{Risk Weighted Assets (RWA)}^2 * 118\%] > 8\%$
- b. Leverage Risk Appetite = Leverage Basel III ratio (LVR) =  $(\text{Tier1} + \text{Additional Tier1}) / \text{Exposure} > 3\%$
- c. Liquidity Risk Appetite
  - o Liquidity Coverage ratio (LCA) =  $\text{Stock of High-Quality liquid Assets (SHQA)} / \text{Expected total Net Cash Outflows over 30 days stress period (ETNC30)} > 100\%$  ;
  - o Net Stable Funding ratio (NSFR) =  $\text{Cash and equivalent (C\&E)} / \text{Long term liabilities(LTL)} > 100\%$

### VI. CREDIT RISK APPETITE

- a. Credit Risk Appetite = Single Obligor Limit (SOL) =  $\text{RWA Obligor}^3 < (\text{Tier1} + \text{Additional Tier1})^4 * 25\%$
- b. Credit Risk Appetite = Single Transaction Limit (STL) =  $\text{RWA Single Transaction} < \text{RW or RCA} * 50\%$

### VII. MARKET RISK APPETITE

- a. Country risk
  - o Single Country Limit (SCL) admitted country =  $\text{Leverage Basel III}^5 * 25\% >$

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<sup>1</sup> CET1 : please see Glossary

<sup>2</sup> RWA : please see Glossary

<sup>3</sup> Obligor please see Glossary

<sup>4</sup> Tier1: please see Glossary

<sup>5</sup> Leverage Basel please see Glossary

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SUM Country RWA < 25% GDP

b. Sector risk

- o Single Sector Limit (SSL) of admitted country = SUM Sector RWA < Leverage Basel III \* 25%

c. Product risk

- o Single Product Limit (SPL) = EXP < 80% Counterpart Bank outstanding [CRB]
- o Single Product Limit (SPL) = SPL = EXP < 80% LC
- o Confirmation [MRPA]
- o Single Product Limit (SPL) = SPL = EXP < 80% Medium/Long Term Loan [PFB]
- o Single Product Limit (SPL) = SPL = EXP < 80% Short Term Loan [TFB]
- o Single Product Limit (SPL) = SPL = EXP < 100% Surety Bond [STB]

d. Rating risk

- o AAA, AA: Leverage Basel III \* 100% < SUM RWA Investment grade class 1
- o A, BBB: Leverage Basel III \* 80% < SUM RWA Investment grade class 2
- o BB, B: Leverage Basel III \* 60% < SUM RWA Speculative grade class 3
- o CCC, CC, C: Leverage Basel III \* 12,5% < SUM RWA Speculative grade class 4
- o D: Leverage Basel III \* 3% < SUM RWA Speculative grade class 5

that an institution may incur, as a consequence of decisions that are principally based on the output of models, due to errors in the development, implementation or use of such models.

- b. Model risk can lead to financial loss, poor business and strategic decisions, or damage to reputation. Model risk occurs primarily for two reasons:

- i. a model may have fundamental errors and produce inaccurate outputs when viewed against its design objective and intended business uses;
- ii. and a model may be used incorrectly or inappropriately or there may be a misunderstanding about its limitations and assumptions. Model risk increases with greater model complexity, higher uncertainty about inputs and assumptions, broader extent of use, and larger potential impact.

- c. The Group puts in place risk based controls on inputs, assumptions and modeling techniques. For models critical to financial reporting, risk compliance or investment decisions, such controls typically involve review by an independent second line of defense team within Risk Management.

- d. At the same time, the Group recognises that, in addition to the usual modeling challenges, models supporting its core activity are exposed to acute uncertainty about their inputs and assumptions, exacerbated by its focus on frontier and emerging markets where reliable data remains scarce and comparators are not straightforward to select.

- e. As a consequence, the Group has an overall moderate model risk appetite, provided that data and model limitations are understood by model users and decision makers. The Group's model risk

### VIII. MODEL RISK APPETITE

- a. The Group utilizes a wide range of models to measure and manage its financial risks. These models give rise to model risk. Model risk is the potential for financial loss or other adverse impact

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control framework is risk based, with the level of controls depending on the criticality of the models.

- f. The Model Risk Management Framework: Key Principles is the overarching document describing the Group's approach to identifying and managing model risk across its business activities. It sets out the types of models used at the Group, as well as defining the risk appetite and control processes used in managing model risk.

### IX. CLIMATE (ENVIRONMENTAL) RISK APPETITE

- a. In regard to the reputational impact of its activities, the Group is committed to the UN Global Compact (UNGC). This action implies carefulness from investments in environmentally or socially harmful projects.
- b. As part of UNGC our commitment to sustainable and responsible business practices, ETC has embedded the Ten Principles of the United Nations Global Compact into strategies and operations, and committed to respecting human and labour rights, safeguarding the environment, and working against corruption in all its forms. Membership implies the publication of United Nations Global Compact Communication on Progress (COP), demonstrating our ongoing commitment to responsible business action in support of broader societal goals. As part of our continued engagement with the United Nations Global Compact and its Ten Principles, this report outlines our efforts to support and uphold universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Our Communication on Progress (COP) and other activities and engagements are available on our UNGC Participant profile,

our website and herewith attached (Appendix 5).

- c. The process implemented:
- the check of information against a set of performance requirements for key areas of environmental and social sustainability that projects are expected to meet.
  - the remedial action plan to be implemented by clients in case of failure to meet requirements.
  - and the rejection of projects that expose The Group to unacceptable environmental and social risks.

### X. OPERATIONAL AND REPUTATIONAL RISK APPETITE

- a. Operational Risk :
- **Type of operational risks**
    - Internal fraud
    - External fraud
    - Employment practices and workplace safety
    - Customer, product and business practices
    - Damage to physical assets
    - Business interruptions and systems failures
    - Operations execution, delivery and process management

- **Standardized approach method**

In the context of operational risk, the standardized approach or standardized approach is a set of operational risk measurement techniques proposed under Basel II capital adequacy rules for banking institutions. Basel II requires all banking institutions to set aside capital



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for operational risk. Standardized approach falls between basic indicator approach and advanced measurement approach in terms of degree of complexity. Within each business line, gross income is a broad indicator that serves as a proxy for the scale of business operations and thus the likely scale of operational risk exposure within each of these business lines. The capital charge for each business line is calculated by multiplying gross income by a factor (denoted beta) assigned to that business line. Beta serves as a proxy for the industry-wide relationship between the operational risk loss experience for a given business line and the aggregate level of gross income for that business line. ETC is active in Corporate and Trade Finance, therefore his beta factor for Operational risk is 18%.

### b. Reputational Risk

#### o **Customer Risk Assessment**

ETC Group has in place customer risk assessment and management procedures and accordingly classifies its customers according to their respective risk scales. Customer due diligence measures are applied to all new customers and at appropriate times to existing customers on a risk sensitive basis. Appropriate systems and controls are used to manage the identified compliance risks. The general principle of a risk-based approach is that where there are higher risks of money laundering, enhanced measures are applied and correspondingly where the risks are lower, simplified measures are permitted.

#### o **Prohibitions**

We have no appetite for customers who engage in any of the following:

1. International sanctions or

embargoes, in particular as issued by HM Treasury of UK ("OFSI"), the European Union ("EU"), the United Nations ("UN") or the US Office of Foreign Assets Control ("OFAC");

2. Wilfully or deliberately negligent breaches of laws, regulations, or policies applicable to financial crime risk;
3. Repeated unintentional or repeated accidental violations of laws, regulations, or policies applicable to the risk of financial crime;
4. Misuse of account for the purpose of money laundering or terrorist financing;
5. Facilitating business activity that could be construed as a tax offense;
6. Refusing to provide sufficient information or documentation to demonstrate compliance with the standards described in this statement.
7. We intend to do business only with reputable customers who use their own products, services and related accounts for legitimate purposes and whose identity can be established and verified.
8. In accordance with this principle, we will not knowingly conduct business with customers below who wish to have ETC coverage:
  - a. Arms, defense, military;
  - b. Atomic power;
  - c. Illegal narcotics,
  - d. Human trafficking,
  - e. Shell Banks,
  - f. Casinos,

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- g. Shell companies, counterfeit, and shelf companies,
- h. Terrorism related associations.
- 9. We expect our clients to have policies, procedures, systems, and controls in place that allow them to ensure sufficient transparency of transaction flows and that prevent them from sending us these types of payments.
- **Restrictions**
- 6. General trading companies,
- 7. Money service businesses,
- 8. Other gambling entities (excluding state sponsored lotteries),
- 9. Offshore Banks,
- 10. Politically Exposed Persons (PEP),
- 11. Shipbroker companies,
- 12. Logistics companies.

We have heightened concerns about the risks posed by the following industries and will seek to limit activities that we consider suspicious. For these categories, we may reach out to you to better understand transaction flows.

- 1. Embassy / Consulate,
- 2. Charities (associations),
- 3. Used car dealers,
- 4. Travel and tourism companies,
- 5. Precious metal dealers,

We also expect our customers to have appropriate controls in place with respect to these industries.

- **Anti-Bribery and Corruption**

ETC Group does not tolerate any form of corruption or bribery. Any request for bribes or other benefits, whether business or personal, must be rejected immediately. We expect our customers to have policies, procedures, and a program in place to comply with anti-bribery and anti-corruption regulations and laws relating to the jurisdictions in which our customers and their clients operate.

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### XI. ANNEXES

1. GLOSSARY OF TERMS
2. RISK TAXONOMY AND RISK APPETITE RELATED METRICS AND CONTROLS
  - a. COMMITMENTS REPORT (outstanding commitments or exposures, guarantees received)
  - b. RISKS REPORT (prudential ratios, concentration risks, markets and operational risks)
  - c. COMPLIANCE REPORT (rating of outstanding obligors, their legal representatives and beneficial owners)

### ANNEX 1: GLOSSARY

**Capital:** Members' equity attributable to equity holders as defined by the International Financial Reporting Standards and reported in the Balance Sheet of the Bank. Capital consists of paid-in capital, reserves and retained earnings.

**Tier 1:** is a component of capital that is

mostly common stock held by a bank or non-bank institution.

**Obligor:** In the Financial Supply Chain, is the stakeholder who undertakes contractual obligations.

**Leverage Basel:** measures the group's consolidated tiers 1 ability to withstand its total exposure; the higher it is, the stronger is the group.

**SBLC-A "Stand By Letter of Credit"** is a legal document according to ICC rules (International Chamber of Commerce) that guarantees a Beneficiary in order to Obligor risk default

**Liquidity Coverage ratio (LCR):** measures the group's consolidated tiers 1 ability to withstand its total exposure; the higher it is, the stronger is the group.

**Net Stable Funding Ratio (NSFR) :** measures the amount of available stable fundings (cash and equivalents) to the required stable funding (Existing financial debts and Risk weighted assets).

**Risk weighted assets (RWA):** are used to determine the minimum amount of capital the group must hold about the risk profile of

its coverage activities.

**High Quality liquid Assets (HQLA):** Assets easily and immediately convertible into cash at little or no loss of value

**Expected total Net Cash Outflows over 30 days stress period (ETNC30):** defined as the total expected cash outflows (monthly operational costs and monthly prorata RWA) in the specified stress scenario for the subsequent 30 calendar days

**Cash and equivalent (C&E):** also known as the "Available stable funding", is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year

**Long term liabilities(LTL):** Defined as the total of of The group financial debts and its risk weighted assets

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## ANNEX 2: RISK TAXONOMY AND RISK APPETITE RELATED METRICS

## COMMITMENTS at 30.06.2024

TOTAL COMMITMENTS AT 30.06.2024										
ID	OBLIGOR C.	SECTOR	RATING	PRODUCT	ISSUING DATE	EXPIRING DATE	G.TEE VALUE	FINANCING	EXPOSURE at 30.06.2024	RWA at 30.06.2024
2841/02	CAMEROUN	MANUFACTURING	UNRATED	PFB	2018-11-08	2025-11-08	€15 054 340,45	€30 108 680,90	€3 554 497,05	0,00 €
3101	BÉNIN	REAL ESTATE ACTIVITIES	UNRATED	PFB	2020-09-21	2028-09-30	€1 524 490,17	€3 048 980,34	€925 583,32	0,00 €
3031/02	GUINÉE EQUATORIALE	MANUFACTURING	B	PFB	2020-10-29	2028-04-30	€1 524 490,17	€7 317 552,83	€1 016 326,78	0,00 €
2951	GABON	FINANCIAL SERVICES	CCC	PFB	2020-11-19	2026-06-30	€1 868 659,07	€2 439 184,28	€669 370,41	0,00 €
SUR_C015	GUINÉE EQUATORIALE	MANUFACTURING	AAA	PFB	2022-02-07	2027-06-28	€2 317 225,06	€2 896 531,33	€1 774 895,79	0,00 €
BDC_C004	GABON	REAL ESTATE ACTIVITIES	CCC	PFB	2022-02-07	2031-09-30	€34 301 028,88	€68 602 057,76	€34 301 028,88	0,00 €
BGFL_C007	RD CONGO	WHOLESALE TRADE	BBB	CRB	2024-03-20	2025-03-19	€3 100 000,00	€4 650 000,00	€3 100 000,00	0,00 €
SUR_C025	GUINÉE EQUATORIALE	MANUFACTURING	B	PFB	2022-06-27	2028-04-30	€1 905 612,72	€3 811 225,43	€1 369 659,14	0,00 €
3351/03	GABON	FINANCIAL SERVICES	BBB	CRB	2023-06-29	2024-06-30	€12 400 000,00	€99 200 000,00	€12 400 000,00	6 200 000,00 €
4007/9066	BENIN	MANUFACTURING	BB	CRB	2023-12-31	2024-12-30	€17 150 514,44	€34 301 028,88	€17 150 514,44	0,00 €

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TOTAL COMMITMENTS AT 30.06.2024										
ID	OBLIGOR C.	SECTOR	RATING	PRODUCT	ISSUING DATE	EXPIRING DATE	G.TEE VALUE	FINANCING	EXPOSURE at 30.06.2024	RWA at 30.06.2024
4019/9066	BÉNIN	ACCOMMODATION	CCC	CRB	2024-01-24	2024-12-31	€4 184 725,52	€8 369 451,04	€4 184 725,52	0,00 €
4017/9016	GABON	FINANCIAL SERVICES	B	PFB	2023-03-07	2028-03-07	€1 715 051,44	€2 286 735,26	€1 286 288,58	0,00 €
4015/9081	RDC	TELECOMMUNICATION	BBB	PFB	2023-03-23	2028-03-22	€1 395 000,00	€2 790 000,00	€1 158 113,21	459 218,21 €
4037/9066	BÉNIN	CIVIL ENGINEERING	BB	CRB	2024-06-05	2025-06-04	€7 622 450,86	€15 244 901,72	€7 622 450,86	0,00 €
4023/9086	GUINÉE EQUATORIALE	MANUFACTURING	BB	PFB	2023-06-07	2029-06-06	€1 143 367,63	€2 286 735,26	€1 143 367,63	158 546,98 €
4038/9057	RDC	FINANCIAL SERVICES	B	CRB	2023-05-23	2024-09-12	€18 600 000,00	€37 200 000,00	€18 600 000,00	1 860 000,00 €
ETCG2023400 507	MALAWI	WHOLESALE TRADE	BB	O&A	2023-11-10	2024-11-01	€124 763,82	€4 436 100,00	€124 763,82	0,00 €
ETCG2023400 508	MALAWI	WHOLESALE TRADE	BB	O&A	2023-11-10	2024-11-01	€193 258,43	€6 871 492,95	€193 258,43	0,00 €
ETCG2023400 509	MALAWI	WHOLESALE TRADE	BB	O&A	2023-11-10	2024-11-01	€162 820,71	€5 789 250,00	€162 820,71	0,00 €
ETCG2023400 510	MALAWI	WHOLESALE TRADE	BB	O&A	2023-12-04	2024-11-15	€659 153,60	€3 733 103,70	€659 153,60	0,00 €
ETCG2023400 511	MALAWI	WHOLESALE TRADE	BB	O&A	2023-12-04	2024-11-15	€305 841,06	€1 732 125,00	€305 841,06	0,00 €
ETCG2023400 512	MALAWI	WHOLESALE TRADE	BB	O&A	2023-12-04	2024-11-16	€677 382,55	€3 836 343,00	€677 382,55	0,00 €
ETCG2023400 513	MALAWI	WHOLESALE TRADE	BB	O&A	2023-12-04	2024-11-17	€482 777,31	€2 734 200,00	€482 777,31	0,00 €
ETCG2023400 514	MALAWI	WHOLESALE TRADE	BB	O&A	2023-12-04	2024-11-18	€459 787,92	€2 604 000,00	€459 787,92	0,00 €



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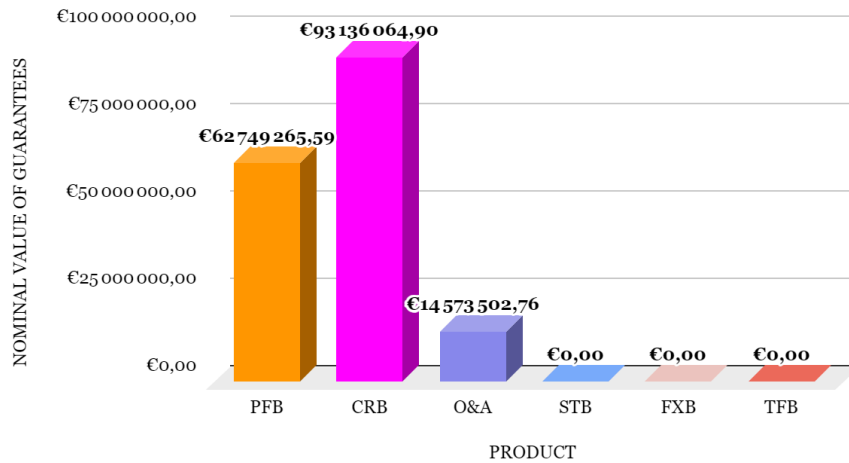
TOTAL COMMITMENTS AT 30.06.2024										
ID	OBLIGOR C.	SECTOR	RATING	PRODUCT	ISSUING DATE	EXPIRING DATE	G.TEE VALUE	FINANCING	EXPOSURE at 30.06.2024	RWA at 30.06.2024
4042/9066	BÉNIN	MANUFACTURING	UNRATED	CRB	2023-09-22	2024-09-21	€9 756 737,10	€19 513 474,21	€9 756 737,10	0,00 €
4048/9066	BÉNIN	CIVIL ENGINEERING	B	CRB	2023-09-26	2024-09-25	€3 811 225,43	€8 232 246,93	€3 811 225,43	0,00 €
4049/9066	BÉNIN	CIVIL ENGINEERING	B	CRB	2023-09-26	2024-09-25	€1 524 490,17	€4 573 470,52	€1 524 490,17	762 245,09 €
ETCG2024406003	NIGER	WHOLESALE TRADE	BB	O&A	2024-03-11	2024-08-29	€909 259,26	€4 759 259,26	€909 259,26	0,00 €
ETCG2024406004	ZIMBABWE	WHOLESALE TRADE	BB	O&A	2024-06-04	2025-05-26	€947 015,94	€1 114 136,40	€947 015,94	668 481,84 €
ETCG2024406005	ZIMBABWE	WHOLESALE TRADE	BB	O&A	2024-06-04	2025-05-26	€1 469 811,99	€1 729 190,58	€1 469 811,99	1 037 514,34 €
ETCG2024406006	ZIMBABWE	WHOLESALE TRADE	BB	O&A	2024-06-04	2025-05-26	€1 541 446,94	€1 813 466,99	€1 541 446,94	1 088 080,19 €
ETCG2024406007	BURKINA FASO	WHOLESALE TRADE	BB	O&A	2024-06-11	2024-07-08	€3 295 440,00	€5 492 400,00	€3 295 440,00	1 922 340,00 €
ETCG2024406008	BURKINA FASO	WHOLESALE TRADE	BB	O&A	2024-06-24	2024-07-31	€3 344 743,23	€5 574 572,05	€3 344 743,23	1 951 100,22 €
4055/9057	RDC	TRANSPORTATION STORAGE	BBB	CRB	2024-04-18	2025-04-17	€2 790 000,00	€5 766 000,00	€2 790 000,00	927 210,00 €
4070/9115	TCHAD	MANUFACTURING	BB	CRB	2024-05-23	2025-05-22	€4 573 470,52	€15 244 901,72	€4 573 470,52	0,00 €
4071/9066	BÉNIN	WHOLESALE TRADE	CCC	CRB	2024-05-21	2025-05-20	€7 622 450,86	€15 244 901,72	€7 622 450,86	5 716 838,14 €
<b>TOTAL COMMITMENTS</b>							<b>€170 458 833,25</b>	<b>€ 445 347 700,06</b>	<b>€ 154 908 698,45</b>	<b>22 751 575,01 €</b>

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

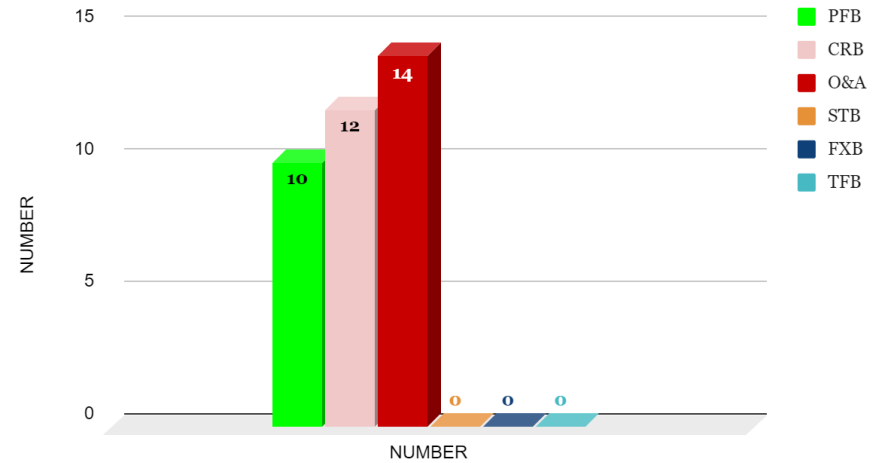
### NOMINAL VALUE OF EXPOSURE BY PRODUCT

### NUMBER OF WARRANTIES ISSUED PER PRODUCT

**NOMINAL VALUE OF EXPOSURE BY PRODUCT**



**NUMBER OF GUARANTEES PER PRODUCT**



#### **COMMENT**

From the above table and charts, at 30 th June 2024, our irrevocable commitments in the portfolio are as follows. **36** valid irrevocable commitments for a total amount of **Eur 170,458,833.25** of which :

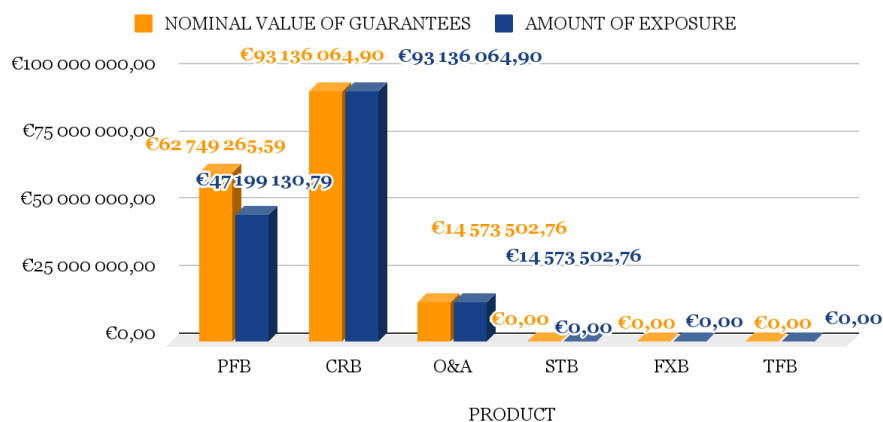
**10 PFB** representing **27.78 %** in number of the said commitments with a value of **Eur 62,749,265.59** ;  
**12 CRB** representing **33.33%** in number of the said commitments, with a value of **Eur 93,136,064.90**; and  
**14 O&A** representing **38.89%** in number of the said commitments with a value of **Eur 14,573,502.76** .

From the above, we can say that in terms of numbers, the O&A is at the top list but in terms of figures the CRB is our flagship product.

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### COMPARATIVE GRAPH OF NOMINAL AND RESIDUAL VALUES OF GUARANTEES ISSUED AT 30/06/2024

#### NOMINAL VALUE OF GUARANTEES & AMOUNT OF EXPOSURE



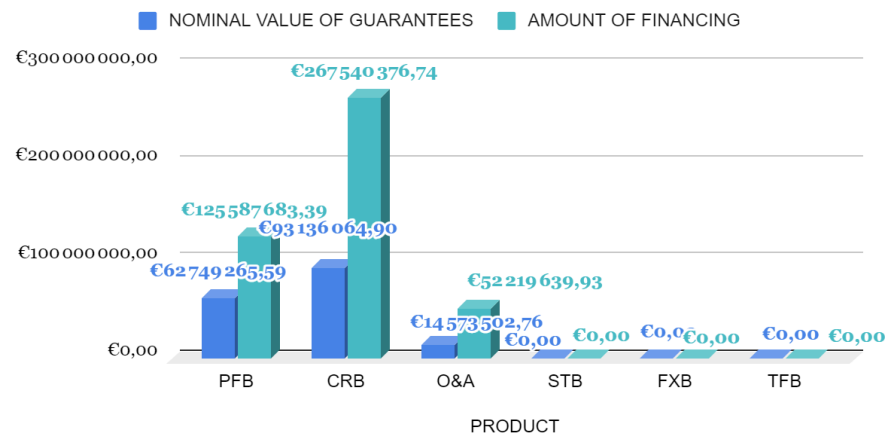
#### COMMENT

From the graphic above, on the :

- **10 valid PFB** worth **Eur 62,749,265.59** to date, we remain exposed to **Eur 47,199,130.79**;
- **12 CRB valid** for a value of **Eur 93,136,064.90** to date, we remain exposed to **Eur 93,136,064.90**;
- **14 valid O&A** worth **Eur 14,573,502.76** to date we remain exposed to **Eur 14,573,502.76**

### PRODUCT RISK

#### NOMINAL VALUE OF GUARANTEES & AMOUNT OF FINANCING



#### COMMENT

From the graphic above, on the :

- **Eur 62,749,265.59** of cover granted, on the **PFB**, the total amount of financing granted by the beneficiaries of our guarantees is **Eur 125,587,683.39**, i.e. cover of 49,96%, which means that we are below the **80%** limit;
- **Eur 93,136,064.90** of cover granted, on the **CRB**, the total amount of financing granted by the beneficiaries of our guarantees is **Eur 267,540,376.74**, i.e. cover of 34,81%, which means that we are below the **80%** limit;
- **Eur 14,573,502.76** of cover granted, on **O&A**, the total amount of financing granted by the beneficiaries of our guarantees is **Eur 52,219,639.93** i.e. cover of 27,91%, which means that we are below the **80%** limit.

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### CREDIT RISK APPETITE

#### CAPITAL, LEVERAGE AND LIQUIDITY RISK APPETITE

Risk type	Metrics	
Capital risk	<b>CET 1 = 763.91%</b>	Since Basel III sets the core capital ratio at a minimum of <b>8.00%</b> , no breaches were recorded up to June 30th, 2024.
Leverage risk	<b>LRA<sup>6</sup> = 132.39%</b>	As the leverage ratio is set at a minimum of <b>3.00%</b> by Basel III, allowing the Group a yardstick commitment of <b>EUR 6,600,618,142.33</b> with a Group validated Tier1 of <b>EUR 205,085,824</b> , no breach was recorded up to June 30th, 2024.
Liquidity risk	<b>LCR<sup>7</sup> = 201.39%</b>	Liquidity risk reflects the Group's financial health and the confidence of its partners. In the seek of this risk mitigation, the Basel Committee has included two ratios in its regulatory framework.
	<b>NSFR<sup>8</sup> = 881.45%</b>	The Group monitors this risk and regularly carries out short- and long-term liquidity simulations.  Based on Basel requirements, The Group's resilience against short and long-term obligations is perfectly strengthened by its short-term assets.

#### CONCENTRATION RISK

Risk type	Metrics	
Single Obligor limit	<b>SOL = EUR 51,271,456.00</b>	The Group did not register any exposure up to this limit during the quarter 2 of 2024 and therefore respects the Basel requirement
Single Transaction limit		The Group did not register any exposure up to the limits during the quarter 2 of 2024 and therefore respects the prudential requirements

<sup>6</sup> LRA please see Glossary

<sup>7</sup> LCR please see Glossary

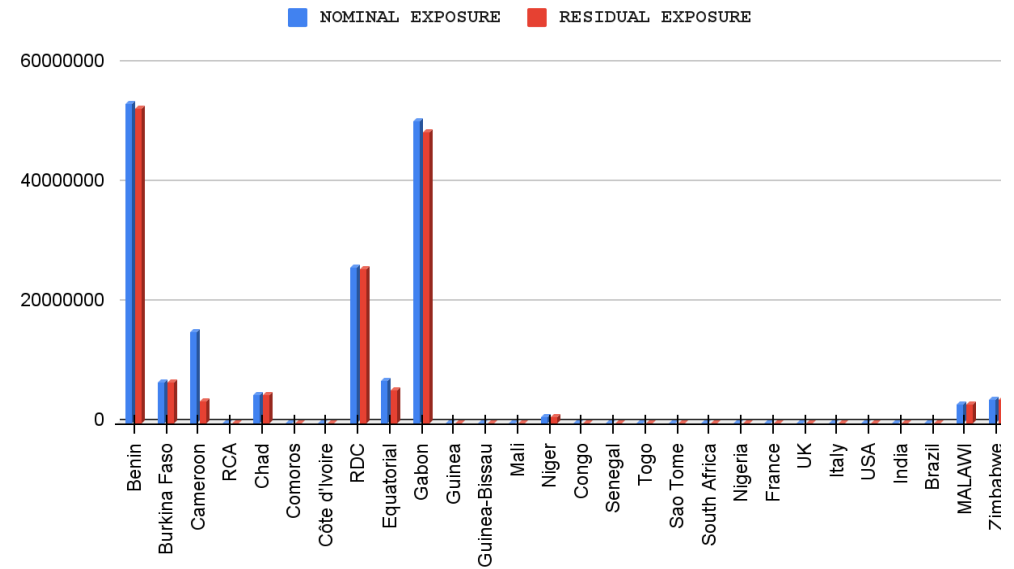
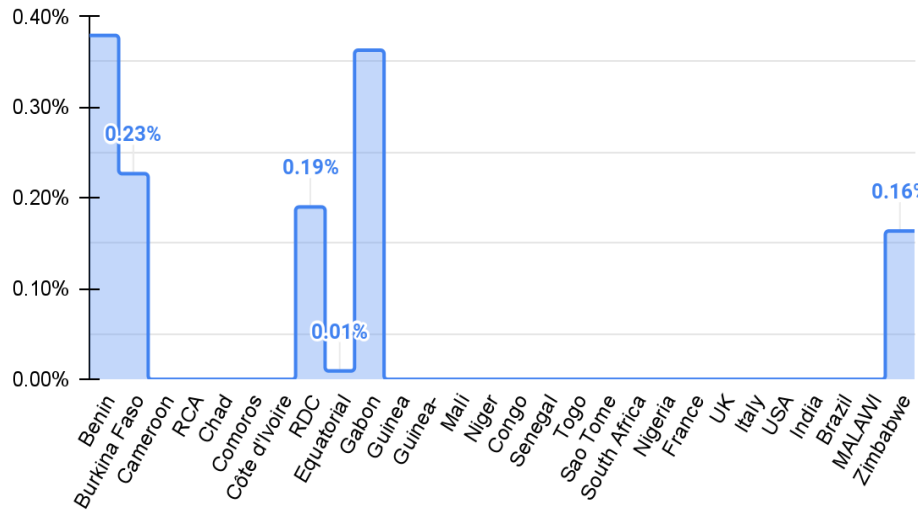
<sup>8</sup> NSFR please see Glossary

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### MARKET RISK APPETITE

#### COUNTRY RISK

**SINGLE COUNTRY LIMIT (SCL) RATIO**



This standard, measured by weighted net assets per country in relation to an internal prudential limit of **25.00%** of total authorized exposures, is set by Basel at a maximum of **100.00%**.

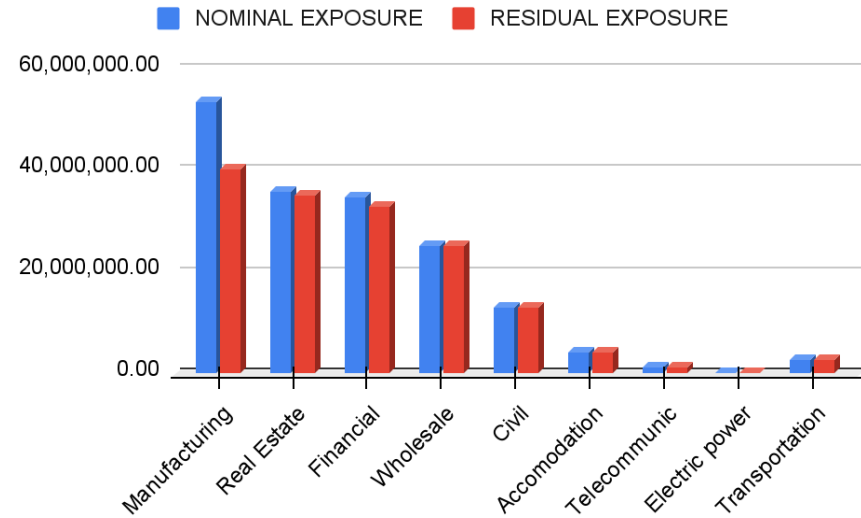
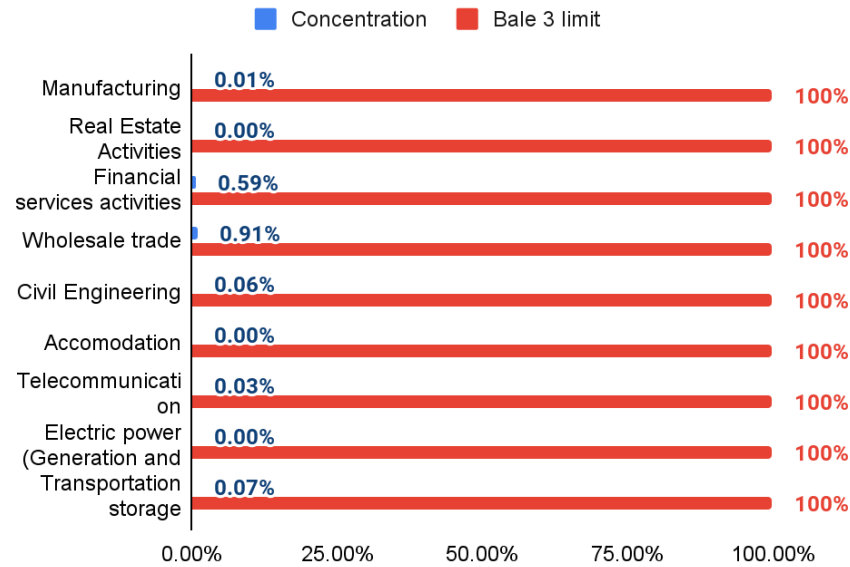
**This ratio is respected by all countries benefiting of the guarantee.**



## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### SECTOR RISK

#### SINGLE SECTOR LIMIT (SSL) RATIO



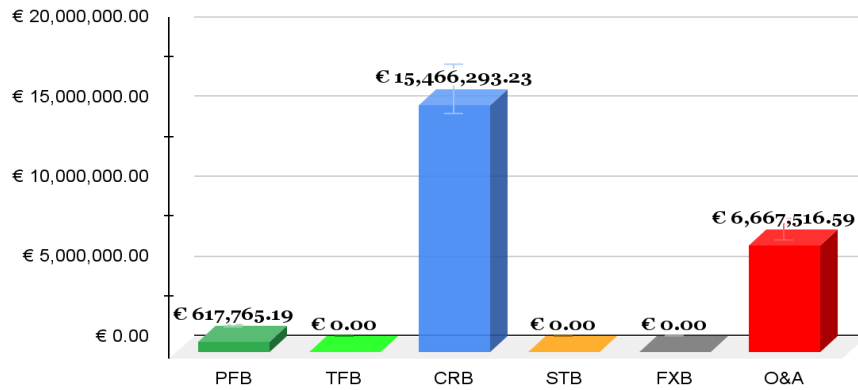
This standard is measured by weighted net assets per sector of activity compared with an internal prudential of **25.00 %** of total exposures and is set by Basel at a maximum of **100.00 %**.

**The Group complies with this ratio in all business sectors covered by the ETC guarantee.**

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### PRODUCT RISK

EXPOSURE (RWA) PER PRODUCTS



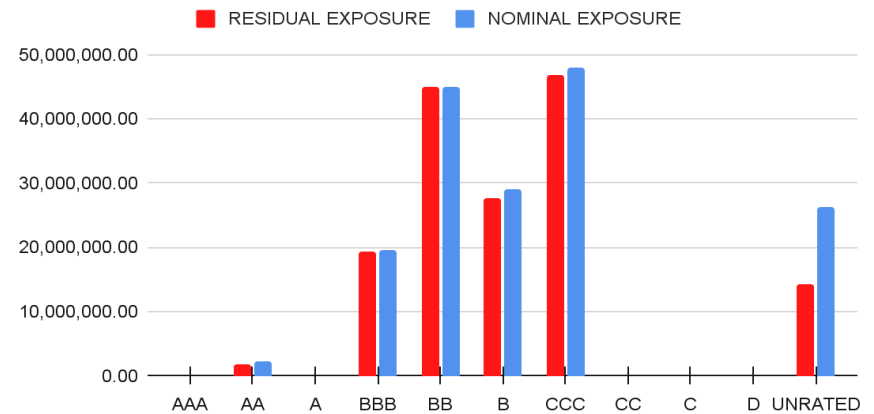
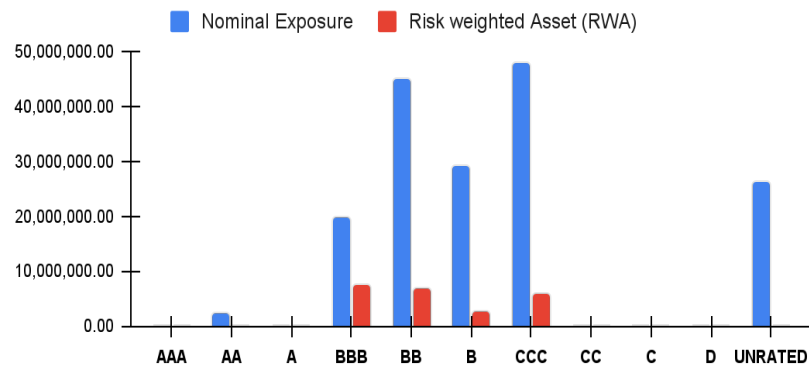
The Risk-weighted assets (RWA) are estimated at **EUR 22,751,575.01** as of June 30th 2024, with CRBs accounting for **67,98%** or **EUR 15,466,293.23**

Despite the Group's commitment to the financial coverage activity, the following points should be noticed up to the end of quarter 2, 2024:

- **SPL [CRB] respected**
- **SPL [PFB] respected**
- **SPL [TFB] respected**
- **SPL [STB] respected**
- **SPL [O&A] respected**

### RATING RISK

RATING RISK



## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

The CCC rating presents a risk (exposure) evaluated at **EUR 47,976,864.33**, i.e. **28.15%** of the active portfolio, followed by the BB, B and UNRATED ratings for values representing **26.44%**, **17.06%** and **15.45%** respectively. The Group's weighted net assets at June 30th 2024 show 3 weighted risks for the Group, i.e. a BBB rating for **EUR 7,586,428.21**, a BB rating for **EUR 6,826,063.57** and a B rating for **EUR 2,622,245.09**.

### OPERATIONAL RISK APPETITE

RISK TYPE	
Risk of loss due to intentional acts, involving at least one party internal to the establishment, aimed at fraud, misappropriation of property belonging to the establishment or its customers, manipulation of information, circumvention of regulations, legislation or establishment policy.	
Internal fraud	Risk of loss resulting from acts by a third party to defraud, misappropriate property belonging to the company or its customers, manipulate information or circumvent legislation;
External fraud	Risk of loss resulting from acts by a third party to defraud, misappropriate property belonging to the company or its customers, manipulate information or circumvent legislation;
Employment practices and workplace safety	Risk of loss resulting from an unintentional or negligent breach of professional duty to customers, or from a breach attributable to the nature or design of a given product;
Customer, product and business practices	Risk of loss due to destruction or damage resulting from natural disasters or external causes;
Damage to physical assets	Risk of losses resulting from business interruptions or technological system malfunctions;
Business interruptions and systems failures	Risk of losses arising from failures in transaction processing or process management, and losses incurred in relations with commercial counterparties and suppliers;
Group risk mitigation strategy applied by the standardised approach valuation of <b>EUR 4,095,283.50</b> , i.e. <b>18.00% of Group risk-weighted asset</b>	

## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

## COMPLIANCE

ID DOSSIER	COUNTRY	LEGAL REPRESENTATIVE PEP	ULTIMATE BENEFICIAL OWNER PEP	PROFIL
2391	CAMEROUN	No	No	Low
3351-04/9026	FRANCE	No	No	Low
4038/9057	DEMOCRATIC REPUBLIC OF CONGO	No	No	High
2951	GABON	No	No	Low
3031/02	EQUATORIAL GUINEA	Non	No	High
3101	BENIN	No	No	Low
BDC C004	GABON	Yes	Yes	High
SUR C015	EQUATORIAL GUINEA	No	No	High
			No	
BGFI C007	DEMOCRATIC REPUBLIC OF CONGO	No	No	High
4017/9016	GABON	No	No	Low
4007-02/9066	BENIN	No	No	Low
SUR C025	EQUATORIAL GUINEA	No	No	High
4015/9081	DEMOCRATIC REPUBLIC OF CONGO	No	No	High
4019-02/9066	BENIN	No	No	Low
4023/9086	EQUATORIAL GUINEA	No	No	Low
			No	
4037/9066	BENIN	No	No	Low
4042/9066	BENIN	No	No	Low
4049/9066	BENIN	No	No	Low

### RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

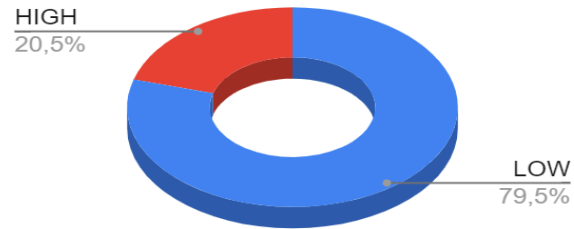
4048/9066	BENIN	No	No	Low
4005-07/9076	FRANCE	No	No	Low
4005-08/9077	FRANCE	No	No	Low
4005-09/9078	FRANCE	No	No	Low
4005-10/9076	FRANCE	No	No	Low
4005-11/9076	FRANCE	No	No	Low
4005-12/9076	FRANCE	No	No	Low
4005-13/9076	FRANCE	No	No	Low
4055/9057	DEMOCRATIC REPUBLIC OF CONGO	No	No	High
			No	
4005-14/9076	FRANCE	No	No	Low
4060-003/9076	FRANCE	No	No	Low
4071/9066	BENIN	No	Non	Low
4070/9115	CHAD	No	No	Low
4069/9116	TOGO	No	No	Low
4060-004/9076	FRANCE	No	No	Low
4060-005/9076	FRANCE	No	No	Low
4060-006/9076	FRANCE	No	No	Low
4060-007/9076	FRANCE	No	No	Low
4067/9114	COTE D'IVOIRE	No	No	Low
4060-008/9076	FRANCE	No	No	Low
4081/9125	EQUATORIAL GUINEA	No	No	Low



## RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024

### Rating medium of dossiers at 30.06.2024

<b>31 LOW PROFIL</b>	<b>79,5%</b>
<b>0 MEDIUM PROFIL</b>	<b>0%</b>
<b>08 HIGH PROFIL</b>	<b>20,5%</b>




#### COMMENT

At **30.06.2024**, we have **39 transactions of corporate clients** currently being monitored in our database, including **39 Legal Representatives** and **42 Ultimate Beneficial Owners**.

Of the **39 transactions of corporate clients**, **35** have already received our guarantee, leaving **4** yet to receive our guarantee

Of the **39 transactions of corporate clients**, **31** are **low profile** and **08** are **high profile**.

DocuSigned by:  
  
**P.O** 0713D065060D48D...  
 Sophia MAMADOU BOUBA  
**Chief Commitment Officer**

DocuSigned by:  
  
 97765C13C8Z44CE  
 Steaven GBETOWENONMON  
**Chief Risk officer**

DocuSigned by:  
  
 81A70361680E46F  
 Eunice VODOUNOU  
**Chief Compliance Officer**

RISK APPETITE STATEMENT (RAS) - 2nd Quarter 2024



**ETC Invest S.p.A**

Via Galileo Galilei 2, CAP 31057 Silea, Treviso – Italia

[www.etcgroup.it](http://www.etcgroup.it)

[front.office@etcgroup.it](mailto:front.office@etcgroup.it)

**Certificat de réalisation**

Identifiant d'enveloppe: 7978F08C9A0C461AA017C88586E5A86F

État: Complétée

Objet: Complétez l'enveloppe avec DocuSign : RISK APPETITE STATEMENT (RAS)\_30.06.2024

Enveloppe source:

Nombre de pages du document: 25

Signatures: 3

Émetteur de l'enveloppe:

Nombre de pages du certificat: 2

Paraphe: 0

Carine Ahouanmenou

Signature dirigée: Activé

Via Galileo Galilei, 2

Horodatage de l'enveloppe: Activé

Silea (TV), Veneto 31057

Fuseau horaire: (UTC+01:00) Amsterdam, Berlin, Berne, Rome, Stockholm, Vienne

carine.ahouanmenou@etcgroup.it

Adresse IP: 197.234.223.248

**Suivi du dossier**

État: Original

Titulaire: Carine Ahouanmenou

Emplacement: DocuSign

24 juillet 2024 | 15:26

carine.ahouanmenou@etcgroup.it

**Événements de signataire****Signature****Horodatage**

Amenan Carine Ahouanmenoua

carine.ahouanmenou@etcgroup.it

Senior Commitment Officer

Niveau de sécurité: E-mail, Authentification de compte (aucune)

DocuSigned by:

*Amenan Carine Ahouanmenoua*

0713D065060D48D...

Envoyée: 24 juillet 2024 | 15:38

Consultée: 24 juillet 2024 | 15:50

Signée: 24 juillet 2024 | 15:51

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Eunice Vodounou

eunice.vodounou@etcgroup.it

Chief Compliance Officer

ETC Invest SpA

Niveau de sécurité: E-mail, Authentification de compte (aucune)

DocuSigned by:

*Eunice Vodounou*

81A70361680E46F...

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**Divulgence relative aux Signatures et aux Dossiers électroniques:**

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Steaven Gbetowenonmon

steaven.gbetowenonmon@etcgroup.it

Chief Risk Officer

ETC Group

Niveau de sécurité: E-mail, Authentification de compte (aucune)

DocuSigned by:

*Steaven Gbetowenonmon*

97765C13C8744CF...

Envoyée: 24 juillet 2024 | 15:37

Consultée: 24 juillet 2024 | 15:49

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**Divulgence relative aux Signatures et aux Dossiers électroniques:**

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**Événements de signataire en personne Signature****Horodatage****Événements de livraison à l'éditeur****État****Horodatage****Événements de livraison à l'agent****État****Horodatage****Événements de livraison intermédiaire État****Horodatage****Événements de livraison certifiée****État****Horodatage**

Événements de copie carbone	État	Horodatage
Sophia MAMADOU BOUBA sophia.mamadoubouba@etcgroup.it Principal Commitment Officer ETC Group Niveau de sécurité: E-mail, Authentification de compte (aucune)	<b>Copié</b>	Envoyée: 24 juillet 2024   16:17
<b>Divulgateur relative aux Signatures et aux Dossiers électroniques:</b> Non offerte par DocuSign		

Événements de témoins	Signature	Horodatage
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Événements notariaux	Signature	Horodatage
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Récapitulatif des événements de l'enveloppe	État	Horodatages
Enveloppe envoyée	Haché/crypté	24 juillet 2024   15:38
Enveloppe mise à jour	Sécurité vérifiée	24 juillet 2024   15:44
Enveloppe mise à jour	Sécurité vérifiée	24 juillet 2024   15:44
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Enveloppe mise à jour	Sécurité vérifiée	24 juillet 2024   15:44
Livraison certifiée	Sécurité vérifiée	24 juillet 2024   15:49
Signature complétée	Sécurité vérifiée	24 juillet 2024   15:51
Complétée	Sécurité vérifiée	24 juillet 2024   16:17

Événements de paiement	État	Horodatages
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