



itfc
International
Islamic Trade
Finance Corporation



LC CONFIRMATION PRODUCT

LC ISSUING BANKS



LC Issuing Banks

Background

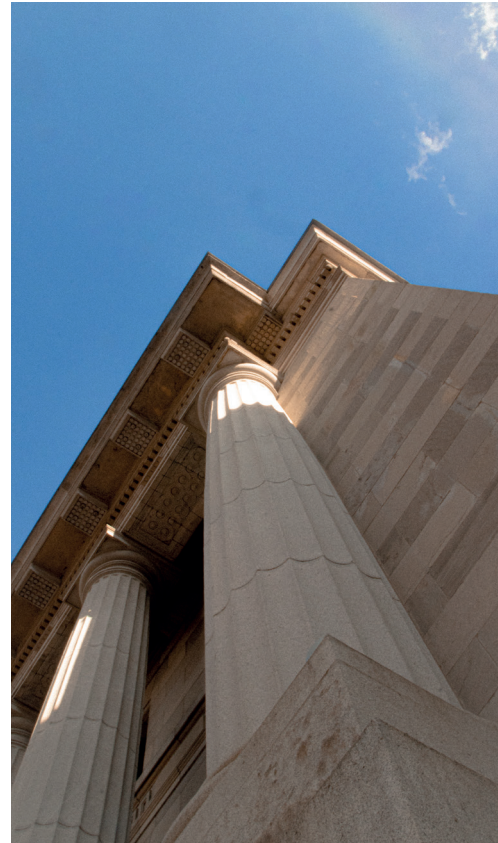
ITFC is embarking on expanding the trade finance proposition to support the import transactions of the private sector clients in the Member Countries (MCs). The Private Sector in general, and SMEs, are among the major contributors to the economic development of OIC Member Countries (MCs). Given the importance and contributions of the private sector to key socio-economic development, this is an important intervention that ITFC wants to drive in the coming years.

Given the challenges to reach private sector clients directly, ITFC endeavors to provide trade financing solutions through partnerships with local banks. To support this initiative, ITFC has launched 'LC Confirmation' product for banks in its Member Countries. The product, which is an un-funded trade solution, is designed with the view to support the private sector clients, including SMEs through local

banks in the Member Countries to facilitate a wide variety of import transactions where their issued Letter of Credit (LC) may require confirmation by the supplier.

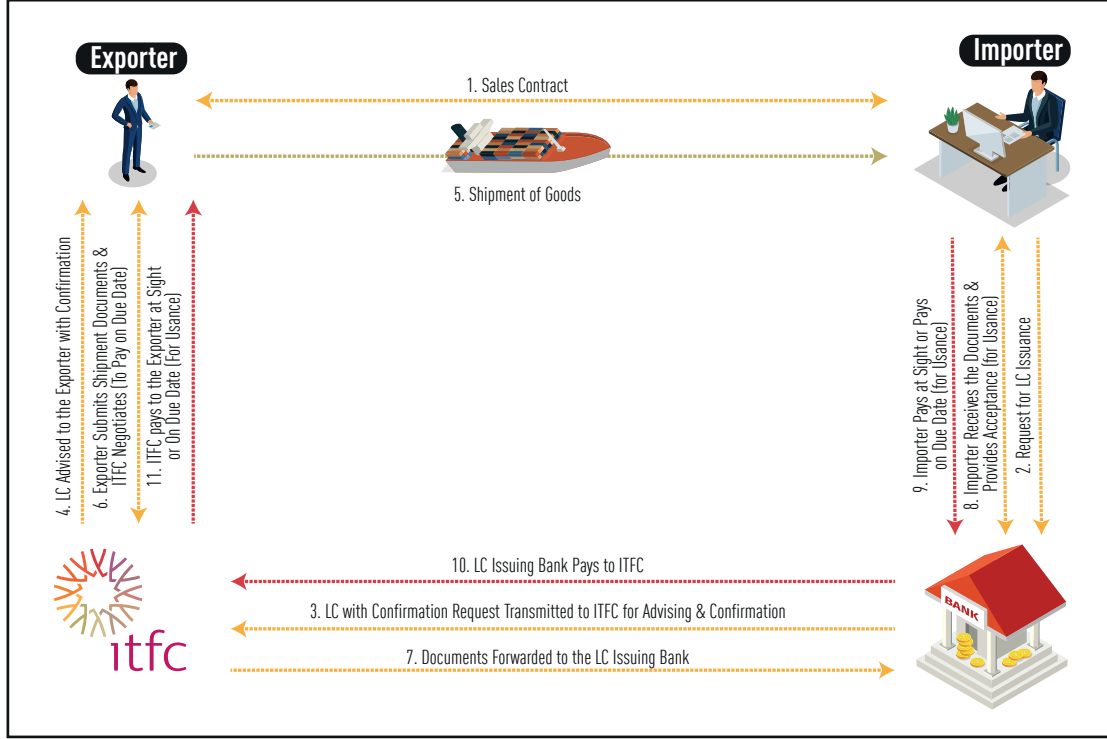
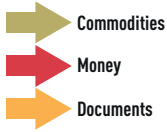
A Confirmation issued by ITFC on a Letter of Credit is an undertaking, in addition to that of the LC Issuing Bank, to pay the Beneficiary / supplier of the LC (Exporter) on due date upon submission of complying documents. Since LC Confirmation provides the exporter with additional comfort of payment, it is thus an important instrument which will enable ITFC to further facilitate the trade between the Member Countries and beyond.

One of the beneficiaries of this proposition is the LC Issuing Bank whose LCs may require confirmation by the exporter. By confirming the LC, ITFC will take the credit and country risks of the LC Issuing Bank.




How the Solution works?

**LC
Confirmation**





Benefit of ITFC's LC Confirmation Product

A large container ship is docked at a port. The ship's hull is dark blue with the letters 'UASC' visible. Several cranes are positioned along the deck, and stacks of colorful containers (blue, orange, green) are visible. The sky is a clear, light blue. In the background, other port infrastructure and cranes are visible.

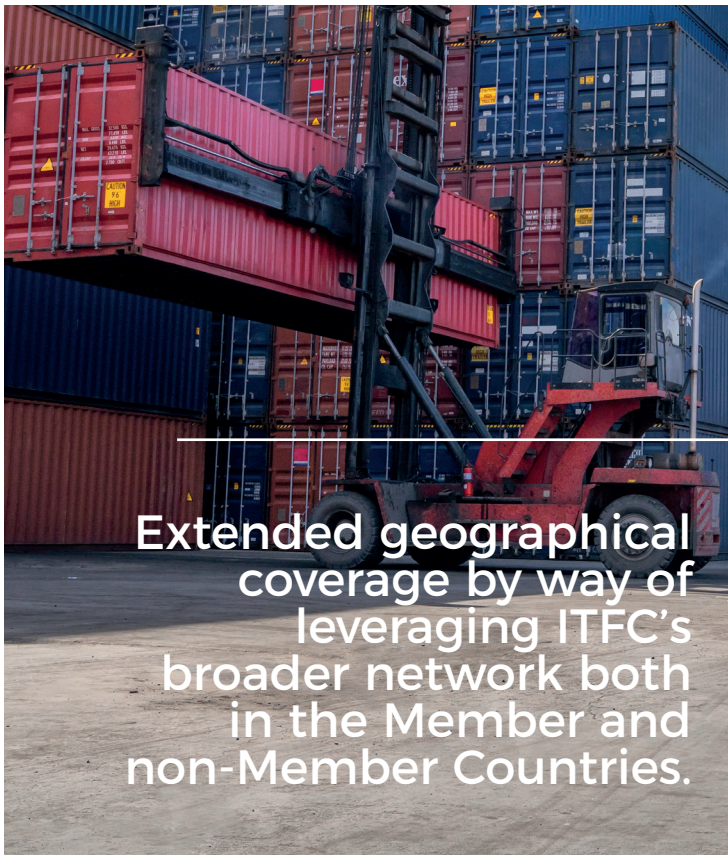
Ability to
attract & retain
import clients
by arranging
confirmation of
their LCs.

01



02

Leveraging on its A1 credit rating, ITFC's LC Confirmation solution will benefit the LC Issuing Bank to get their LC accepted by the exporter, who might not be comfortable in taking the LC Issuing Bank's risk on a standalone basis – i.e. improvement of risk profile.



Extended geographical coverage by way of leveraging ITFC's broader network both in the Member and non-Member Countries.

03





The possibility to cover up to 100% of the LC value thus reducing the cash collateral need.

04

Risk coverage for
challenging (i.e. LC with
Escalation Clause)
trade transactions



05

An aerial photograph of a green cargo ship docked at a pier. The ship is oriented vertically, with its bow at the top. The pier is made of concrete and has several metal railings. The water is a deep teal color. A large white number '06' is overlaid on the image, positioned to the left of the ship's deck. The number is large and bold. The background of the right side of the image is a solid dark teal color.

06

Quick Turn-around-time
to review the workability
of the LC & issue
Confirmation letter
favoring the beneficiary.

07

Ability to facilitate transactions under a trade facility with no commitment fee.





Capability to
arrange
market-based
confirmation
pricing.

08



09

Longer tenors
(6 to 12 months) risk
coverage may be available
for equipment and
projects related LC
transactions that have
clear and defined benefits.



10

Dedicated
Relationship Managers
are located in the
Regional offices to
serve business needs.



11

Opportunity to
build relationship
with IsDB Group.



12

In addition, ITFC can also provide Line of Financing facility to the LC Issuing Banks for short-term import transactions.

Contact us:

Mr. Hamady Soma Ba

Senior Manager, Private Sector Division, Trade Finance Department

T: +966 12 646 8273;

E: hba@itfc-idb.org

Mr. Mubarak Abayomi Elegbede

Head of Africa & Latin America, Trade Finance Department;

T: +966 12 646 8254;

E: MElegbede@itfc-idb.org

P.O. Box 55335, Jeddah 21534,
Kingdom of Saudi Arabia.
T +966 12 646 8337
F +966 12 637 1064

www.itfc-idb.org



itfccorp