



Afreximbanker

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Afreximbank President Jean-Louis Ekra addresses guests during anniversary celebration

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Afreximbank celebrates 20th anniversary

The African Export-Import Bank has marked the 20th Anniversary of its establishment with an impressive array of activities that drew the participation of some of Africa's leading political and business figures, including former Nigerian President Olusegun Obasanjo and the Ethiopian Deputy Prime Minister.

The well-attended celebratory activities took place at the United Nations Conference Centre in Addis Ababa between 19 and 22 June, 2013. They had been organized to coincide with the celebration of the 50th anniversary of the African Union, created in 1963 as the Organization of African Unity, and the holding of the 19th Annual General Meeting of the Bank's Shareholders.



President Ekra (l) with former President Obasanjo of Nigeria (2nd R), joined by Afreximbank pioneer President Christopher Edordu and Mrs. Edordu.

President Obasanjo was the special guest and Chairman at a special anniversary lecture delivered by the pioneer President of Afreximbank, Mr. Christopher Edordu. In the lecture titled, "Afreximbank – History, founding philosophy, objectives and establishment challenges, achievements and future prospects," Mr. Edordu delved into the issues that led to the founding of the Bank and the challenges it confronted as it tried to establish itself as a credible trade finance institution.

The lecture was followed by reminiscences about the Bank by several persons who played key roles in its founding or in its early days, including Dr. Babacar Ndiaye, who, as President of the African Development Bank, initiated the creation of the Bank.

The celebrations also featured two all-day seminars on "Industry clusters and supply chains as prerequisites for diversification and sustainable exports in Africa", and "The lost head cornerstone – The Diaspora as a resource for trade and economic development in Africa", respectively.

An investment forum, which focused on investment opportunities in Ethiopia, was held under the theme, "Creating well-functioning industry clusters/supply chains to support development of Ethiopia's agricultural sector."

In addition, a book chronicling the 20 years of the Bank was launched and guests were treated to a special video presentation about the Bank as part of the celebrations.

The Agreement establishing Afreximbank was signed in May 1993 by the founding shareholders, when the Constituent Assembly for the establishment of the Bank met in Abidjan, creating the institution with a starting authorised capital of USD 750 million.

The 20th Anniversary celebrations were held in cooperation with the Ethiopian Government.

The well-attended celebratory activities took place at the United Nations Conference Centre in Addis Ababa between 19 and 22 June, 2013



Scenes from anniversary celebration.

Continuity plan helps Bank stay operational during turmoil

As political uncertainty continues to roil activities in Egypt, Afreximbank's host country, the Bank has emerged as one of the few international organizations and institutions to continue full operations, thanks a robust business continuity and contingency plan put in place by the Management.

The Bank has remained open and operational since the political crisis began on 30 June and has been able to successfully meet all its commitments and obligations.

"Our business continuity and contingency plan proved resilient during the turmoil, enabling us to continue to provide uninterrupted services to our clients and customers across Africa and beyond," said Jean-Louis Ekra, President of Afreximbank.

"The Bank always puts staff safety first. In this situation, the programme ensured that no staff was exposed to any unnecessary risk and that necessary support was available for continued job performance," added Mr. Ekra. "The result was that we were able to meet all our obligations on schedule."

According to the President, as soon as it had become clear that events were reaching a critical point, the Bank's Emergency Management Committee convened and the various crisis management systems that had been established were activated.

This provided staff with the confidence and comfort to continue to perform their duties and functions with minimal concerns about their personal safety or the safety and security of the Bank and its premises.

The President commended the staff for their commitment to the Bank and said that the institution would continue to work to ensure the safety of the staff and the Bank during emergency situations.

"The Bank always puts staff safety first. In this situation, the programme ensured that no staff was exposed to any unnecessary risk and that necessary support was available for continued job performance"

*Jean-Louis Ekra,
President of Afreximbank*



The Cairo street

Shareholders approve new ownership structure **increased capital base**



EVP Dr. B. O. Oramah addresses Afreximbank shareholders

The shareholders decided that, as part of the equity raising exercise, new shares, to be fully paid with par value of 10,000 dollars, would be issued as Class D shares and would constitute a new category that could be held by any investor.

In a remarkable show of confidence in the Bank's leadership, Afreximbank's shareholders have approved changes to the Bank's Charter authorizing an increase in the authorized capital to five billion dollars from its current 750 million dollars and creating a new class of shares.

In an action that was overwhelmingly endorsed at their Extra-ordinary General Meeting in Harare on 8 December 2012, the shareholders decided that, as part of the equity raising exercise, new shares, to be fully paid with par value of 10,000 dollars, would be issued as Class D shares and would constitute a new category that could be held by any investor.

The new class of shares joins the existing three classes, namely: Class A shares, held by African States, regional and sub-regional financial institutions and economic organizations; Class B shares, which are reserved for national financial institutions and African private investors; and Class C shares that are held by international financial institutions, economic organizations, non-regional financial institutions and non-African private investors.

Under the terms of the Charter changes, Afreximbank would raise the capital through a private placement of ordinary shares (in the new Class D category), issued against cash, and offered to new and existing shareholders. Afreximbank would, in addition, carry out an initial public offering of part of those shares within 24 months, subject to market conditions.

Explaining the rationale for the proposal of the changes, Afreximbank President Jean-Louis Ekra had said earlier that recapitalization would give Afreximbank the robust foundation to more effectively execute its mandate of financing and promoting African trade. "A tremendous surge in requests for the Bank's facilities had meant an increased demand for term loans for import of investment goods such that whereas before 2007, pipeline transactions averaged three to four billion dollars annually, by 2011, the figure had risen to 21 billion dollars," he said.

According to the President, the Charter changes will strengthen the Bank's development objectives as it increases the volume of its business.

The Harare Extra-Ordinary General Meeting of Shareholders followed an earlier one in Nairobi on 15 September where the decision was

Intern's experience at Afreximbank By Ingrid Allou

My three-month internship at Afreximbank gave me a unique opportunity to observe the kind of contribution that Africans can make toward the economic development of the continent as well as access to the high-level of expertise that exist within Africa.

At the Bank, I observed highly-skilled African staff members conclude many very complex trade deals, enabling businesses across the continent to strengthen their export trading capacities and capabilities. My time at the Bank really made me conscious of what Africans are capable of and renewed my faith and confidence in the future of the continent.

Having come to Afreximbank after obtaining my advanced diploma, in readiness for proceeding for my bachelor's degree, I found working at the Bank to be very valuable in terms of making me understand the importance of taking one's professional life seriously and of making the right choices in order to deliver effectively on a job.



Afreximbank interns (L-R) Ishola Nasirou, Asinty Mukete and Ingrid Allou.

I also found that by handling files in the Bank's Library, where I spent considerable time, I gained much better understanding of the bank's activities, including its business models and the kind of documents issued by the different departments. More than anything else, I particularly I enjoyed the unhindered access it gave me to a variety and diversity of reading materials that I would never have had the opportunity to read anywhere else.

As I get ready to proceed to finalise my degree programme, I feel a depth of gratitude for the opportunity that I was given by the Bank.

Ingrid Allou, from Cote d'Ivoire, completed an internship at the African Export-Import Bank Headquarters in Cairo. Twice each year, Afreximbank offers internships of up to six months to two undergraduate or postgraduate students from its member states to enable them learn about the Bank's mandate and operating model. The internships aim to promote broader understanding of the problems of African trade and trade finance and to teach the interns the principles of trade finance, especially structured trade finance, which is the Bank's operating model.

made to set up a nine-member committee to review the proposals for recapitalization.

That committee had been asked to look into those proposals with a view to achieving consensus and, thereby, facilitate their adoption. It was requested to take into account the consensus that the equity raising exercise and a need for further capital were the most important challenges confronting Afreximbank and that if sufficient equity was not immediately available from existing shareholders, new shareholders would be invited from other constituencies to provide additional resources.

"Before 2007, pipeline transactions averaged three to four billion dollars annually, by 2011, the figure had risen to 21 billion dollars,"

Jean-Louis Ekra, President of Afreximbank



Staff take in a presentation



Executive Secretary George Elombi introduces programme

Bank positions self for opportunities

To take advantage of the opportunities that are likely to emerge in 2013 and to further position itself as “The Trade Finance Bank for Africa”, Afreximbank, this year, introduced new programmes and facilities and laid more emphasis on existing ones, President Jean-Louis Ekra said in Cairo.

In an address at the Bank’s Fourth Annual Staff Communication Forum in January, Mr. Ekra announced that Afreximbank was introducing the Intra-African Trade Facilitation Programme (INTRAFAP) as a one-stop shop for intra-African trade solutions. It was also strengthening such facilities as the Africorrbanking and CONTOUR.

More emphasis was also being laid on the Export Development Finance Programme, he told the Bank’s Cairo Headquarters staff, who were joined via video conferencing by their colleagues in the Abuja and Harare Branch offices.

The Bank was intensifying “the mobilization of resources from diversified sources, including commercial banks, development finance institutions, export credit agencies and the Eurobond market”, he said, noting that although global economic recovery was expected to continue to be sluggish in 2013, Africa was forecast to see strong growth on the back of improvement in commodity prices and net export growth.

“We also plan to strengthen the Branches to facilitate effective marketing and product delivery by acquiring additional equipment and staff for them as well as launching branch marketing strategies to guide business origination at branch level,” continued the President.

Describing 2012 as a very eventful year for the Bank, the President said that despite continuing and deepening global economic crisis, Afreximbank made important strides and achieved many important milestones. The Bank was on track to achieve its target for the year.

“Perhaps, the most significant development for the Bank in 2012 was the confidence expressed by our Shareholders last December when they approved the Charter changes paving the way for a capital increase for the Bank,” Mr. Ekra said. According to him, the resulting equity mobilization exercise will position the Bank to deliver more effectively on its mandate while also maintaining the initial distribution of shareholding envisaged by the Bank’s founding fathers. In that regard, a minimum of 35 per cent of the Bank’s shares will continue to be held by the African public sector and 65 per cent by the private sector.

Mr. Ekra, who described the holding of the Bank’s Annual General Meeting outside the African continent for the first time in 2012 as reflecting the

growing profile of Afreximbank, said that that meeting, which took place in Beijing, marked the fruition of an important partnership for the Bank.

Other significant achievements by the Bank in 2012 include its increasingly significant role in diversifying and expanding African trade with the resultant growth in its portfolio; the strengthening of its human resources capacity with the addition of new staff to meet the increasing workload; the winning of the mandate to manage the \$1.9 billion financing for Kenya Airways; the continuing provision of opportunities for staff training and development as a key part of a carefully designed capacity building strategy under which group training was provided to 75 per cent of the staff and individual training to 28 per cent; the successful automation of the Bank’s personnel and major financial modules as part of the ongoing automation of the Bank’s processes; and the winning of prestigious awards, including the Best ECA/DFI in Africa Award by Euromoney Magazine for the third consecutive year.

Moreover, last year, all the three major rating agencies - Fitch Ratings, Moody’s and S&P - affirmed the investment grade ratings they had assigned Afreximbank and AADFI granted the Bank the best rating of all African DFIs.

The Communications Forum was introduced in 2009 as a way for the Senior Management to lay out the plans for the year and to review past performance.



75%
group training
of the staff

28%
individual training



INTRAFAP

Mr. Ekra announced that Afreximbank was introducing the Intra-African Trade Facilitation Programme (INTRAFAP) as a one-stop shop for intra-African trade solutions

Afreximbank wins coveted awards as ratings remain stable

EXCELLENCE
RECOGNITIONS

Reflecting Afreximbank’s rising profile as a result of its successful financing and promotion of African trade, the Bank has continued to receive a variety of awards of excellence and recognitions for its contributions.

In 2012, the influential industry publication, *Europe, Middle East and Africa (EMEA) Finance Magazine*, named Afreximbank the winner of its award for the “Best

Supranational Bond” in recognition of the Bank’s successful bond issue in 2011.

At the same time, *Euromoney Trade Finance Magazine* selected Afreximbank as the best ECA/DFI (export credit agency/development funding institution).

Additionally, the Bank received the award for the best aircraft finance deal for the 1.9 bil-

lion-dollar financing syndication it arranged for Kenya Airways.

Meanwhile, after their annual reviews, all the three major rating agencies affirmed the investment ratings they had assigned the Bank. Fitch Ratings and Standard and Poor’s rated Afreximbank BBB- respectively while Moody’s gave the Bank a Baa2 rating. All the ratings have a stable outlook.

Afreximbank wins mandate for multi-aircraft financing deal



Afreximbank team in group photo with other award winners.

Determined to retain its position as a key player on the African continent, Kenya Airways, one of Africa's largest airlines, last July turned to Afreximbank to help it manage the financing of an unprecedented 20 aircraft purchase deal worth 1.9 billion dollars. According to forecasts, Africa will be the next economic growth frontier and the deal will position the airline to continue its leadership in the aviation sector.

Under the deal, Kenya Airways mandated Afreximbank to arrange the financing facilities for the purchase of nine new Boeing 787-800s "Dreamliners", one Boeing 777-300ER and 10 Embraer-190 aircraft under a package consisting of a pre-delivery payments facility and an aircraft delivery finance facility to fund the deliveries.

"The new deliveries financed by Afreximbank will serve both capacity increase as well as allow for replacement of aircraft that are due for retirement," said Titus Naikuni, Group Managing Director and Chief Executive Officer of Kenya Airways. "The Dreamliners will replace the 767s while the E190s will be used for capacity expansion on the Africa regional routes."

"In implementing this important mandate, Afreximbank would be furthering its efforts towards the modernisation of the African aviation sector, which is one of the key enablers of intra-African trade," noted Afreximbank President Jean-Louis Ekra in his comments on the landmark mandate.

"The fleet expansion programme supported by the proposed financing promises to keep Kenya Airways ahead of its peers in the years ahead and, more importantly, facilitates intra-African trade, which is at the core of Afreximbank's mandate. We at Afreximbank are truly honoured to support one of Africa's leading carriers, Kenya Airways," said the President.

Monthly deliveries of the Embraer-190s began in August 2012 and are expected to be completed in November 2013. Deliveries of the Boeing 787 and Boeing 777-300ER are expected to commence during the first and fourth quarters of 2014, respectively.

The 1.9 billion-dollar transaction relates to the first phase of Kenya Airways' fleet upgrade, a key component of the airline's 10-year business plan covering the period 2012 to 2016. The airline plans to acquire 46 aircraft under the plan.

20 aircraft
purchase deal worth 1.9 billion dollars.

"The new deliveries financed by Afreximbank will serve both capacity increase as well as allow for replacement of aircraft that are due for retirement"

*Titus Naikuni,
Group Managing Director and Chief Executive Officer of Kenya Airways*

Kenya Airways was established following the breakup of the East African Community and the jointly owned East African Airways in January 1977. In 1996 the Kenyan government privatized the airline with a view to ensuring its continued growth. In 1995 a strategic partnership was signed with KLM, culminating in an Initial Public Offering in 1996.

Afreximbank gets new units

Several new units have been created in Afreximbank as part of capacity strengthening to help the institution to achieve its goal of emerging a stronger Bank that is better able to deliver on its mandate.

In 2012, the Bank created a Corporate Finance and Advisory Services Unit and an External Communications Affairs Unit to take on some of the expanded responsibilities foreseen under its strategic plan for 2012 to 2016.



Corporate Finance and Advisory Services Unit



Treasury Unit



External Communications Affairs Unit

The Corporate Finance and Advisory Services Unit provides specialist advisory services to clients, particularly by devising appropriate financing structures to match corporate strategies, while the External Communications Unit manages the development and implementation of the Bank's communications strategy by collecting, producing and disseminating the Bank's business information to external stakeholders.

The Bank also strengthened the human resources capacity in the Research and Planning Department, Banking Operations Department and Finance Departments.

In 2013, a Treasury Unit was created as a distinct unit to oversee the sourcing of funding for the Bank's assets and to manage its cash flow. The unit also oversees Afreximbank's liabilities; manages correspondent and Bank counterparty relationships; manages interest rate and foreign exchange risk; undertakes treasury control and reporting; and serves as secretariat to the Asset and Liabilities Management Committee and the Liquidity Management Working Groups.

The objective of the plan is to enable the airline:

- 1 operate in all major African cities;
- 2 launch into at least six new destinations every year during the first five years of its "Project Mawingu" and increase frequencies thereafter;
- 3 expand capacity to Asia with a focus on India and China;
- 4 improve efficiency, on-time performance and customer service; and
- 5 grow freighter business to optimise the expansion of that business segment across the African aviation sector.



Structured trade finance seminar continues tradition at Afreximbank



"Afreximbank was enhancing the capacity of African banks to play their intermediation roles and contribute to the socio-economic development of the continent."

*Mona Omar,
Assistant Foreign Minister
for African Affairs of Egypt*

In what has become a tradition, participants in Afreximbank's last Annual Structured Seminar/Workshop were treated to a relaxing evening in the open-air coolness of Cairo that allowed them to exchange experiences amidst light-hearted humour in the wind down to the annual event.

The atmosphere was easy-going as they accepted their certificates of participation but that did not detract from the seriousness and rigour that went into the three-day intensive training which was attended by close to 80 senior bankers and officers of financial institutions from countries across Africa.

The Seminar/Workshop, which ran from 5 to 7 November at the Cairo J.W. Marriott, was the 12th in the series to be organized by the Bank as a specialized training programme in structured trade finance. It sought to equip the participants to deal with risks in financing trade under a difficult politico-economic environment and changing trade counterparties. The 2012 event consisted of a two-day seminar on the fundamentals of structured trade finance as well as a one-day, two-workshop segment which dealt, respectively, with financial modelling in structured trade finance project and with promoting and financing trade between North and Middle Africa.

The participants came from Cameroun, Egypt, Gabon, Ghana, Guinea, Kenya, Malawi, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Togo, Uganda, Zambia and Zimbabwe. Several others came from the United Kingdom and the United States of America.

Afreximbank President Jean-Louis Ekra said at the opening that the seminar/workshop programme was introduced to help raise the structured trade finance capabilities of African banks and financial institutions actively engaged in promoting and financing African trade and trade-related projects. "The programme is also intended to provide a platform for the Bank to strengthen business relationships with its different clients and partner institutions through the networking opportunities it provides".

Mona Omar, Assistant Foreign Minister for African Affairs of Egypt, in her own remarks, said that by providing the specialised training programme to enhance the capabilities and skills of African bankers and traders, Afreximbank was enhancing the capacity of African banks to play their intermediation roles and contribute to the socio-economic development of the continent.



Seminar participants pose for photo.

New software solutions implemented to address deficiencies

Afreximbank's drive to automate its activities and bring them in line with the latest technological advances reached new heights with implementation of the SAP Enterprise Resource Planning (ERP) Software and the I-Apply software for loans origination activities. The Bank went live on SAP financials, human resources and cash management loan towards the end of 2012 while the customization of the I-apply module has also been completed. In addition, there has been a re-engineering of all the business processes of the Bank.

To enhance the security of the Bank's information, communication and technology resources, the relevant security systems have been upgraded to allow for a more secured and reliable access to mobile users through the implementation of *Cisco any connect secure mobility client* on all laptops that connect remotely to the Bank's servers.

Other enhancements to the IT infrastructure include deployment of additional storage to provide sufficient capacity to cater for the new document management system and archiving solution and for the increasing data and email storage requirements.

To take full advantage of new technologies, the Bank successfully replaced obsolete hardware and software solutions, including some desktop computers, laptops, and local area network equipment. It also upgraded its office suite of programmes and operating systems.



The Bank went live on SAP financials, human resources and cash management loan towards the end of 2012



The Bank successfully replaced desktop computers, laptops, and local area network equipment and upgraded its office suite of programmes and operating systems



Security systems have been upgraded to allow for a more secured and reliable access to mobile users



Data entry room.

Afreximbank records impressive 2012 results

612%

Bank's total assets
rising to \$3.7 billion

251%

Net Income soared
to hit \$65 million.

20%

Increase in
shareholders' funds

Afreximbank ended 2012 with an impressive performance that saw the Bank's total assets rising by 612 per cent to \$3.7 billion between 2003 and 2012.

Announcing the development during the Annual General Meeting of Shareholders of the Bank in Addis Ababa, President Jean-Louis Ekra said that "Net Income also soared by 251 per cent during the period to hit \$65 million. Shareholders' funds were also significantly up to end 2012 at of \$612 million."

"Efficiency measures were also good. Return on assets and return on equity averaged the 2003-2012 period at four per cent and 10 per cent respectively; cost/income ratio and net interest margins also averaged the period at levels of 22 per cent and three per cent while non-performing loan (NPL) ratio remained quite below the industry level, averaging less than one per cent during the period," said Mr. Ekra. He attributed the financial performance to solid internal controls and risk management introduced as the Bank grew.

For 2012, he said that Afreximbank's total assets were up by 30 per cent to reach \$3.7 billion, when compared to 2011, while net income rose by 12 per cent and shareholders' funds grew by 20 per cent. Return on equity was 11.5 per cent and NPL ratio remained good at two per cent.

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