IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base offering memorandum following this page (the "**Base Offering Memorandum**") and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the Base Offering Memorandum. In accessing the Base Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE FOLLOWING BASE OFFERING MEMORANDUM MAY NOT BE FORWARDED, PUBLISHED, OR DISTRIBUTED (IN WHOLE OR IN PART) OR DISCLOSED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS BASE OFFERING MEMORANDUM MAY ONLY BE DISTRIBUTED TO NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**")) IN OFFSHORE TRANSACTIONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER FOR SALE OR AN INVITATION TO SUBSCRIBE OR PURCHASE ANY SECURITIES IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. SECURITIES ISSUED UNDER THE PROGRAMME (AS DEFINED BELOW) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD, DELIVERED, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. ACCESS HAS BEEN LIMITED SO THAT IT SHALL NOT CONSITUTE A GENERAL SOLICITATION IN THE UNITED STATES OR ELSEWHERE. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO THE FOREGOING RESTRICTIONS YOU WILL BE UNABLE TO PURCHASE ANY SECURITIES ISSUED UNDER THE PROGRAMME DESCRIBED THEREIN.

Confirmation of Your Representation: You have been sent the attached Base Offering Memorandum relating to a U.S.$3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by the African Export-Import Bank on the basis that you have confirmed to Barclays Bank PLC, HSBC Bank plc, Mitsubishi UFJ Securities International plc, Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch) or Standard Chartered Bank (each an "**Arranger**" and together, the "**Arrangers**"), being the senders of the attached that (i) you are not a U.S. person and are not acting for the account or benefit of a U.S. person as defined in Regulation S of the Securities Act ("**Regulation S**"), (ii) any offer or sale of the securities described in the Base Offering Memorandum is made pursuant to an offshore transaction within the meaning of Regulation S; (iii) you are a qualified investor (as defined in Article 2(1)(e) of the Prospectus Directive); and (iv) that you consent to delivery of the attached Base Offering Memorandum and any amendments or supplements thereto by electronic transmission.

Under no circumstances shall the attached Base Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, and there shall not be a sale of the securities being offered, in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of the attached Base Offering Memorandum are reminded that any subscription or purchase for securities under the Programme may only be made on the basis of the information contained in the Base Offering Memorandum as completed by the relevant pricing supplement.

This communication is directed solely at (i) persons outside the United Kingdom, (ii) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "**Order**"), (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities of the African Export-Import Bank or any member of its group may otherwise lawfully be communicated or caused to be communicated (all such persons in (i)-(iv) above being "**relevant persons**"). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this communication. The attached Base Offering Memorandum may only be provided to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

This Base Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Arrangers, nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Offering Memorandum distributed to you in electronic format and any hard copy of this Base Offering Memorandum made available to you on request from the Arrangers.

You are reminded that the Base Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Base Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Base Offering Memorandum to any other person.

The attached Base Offering Memorandum does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers or any affiliate of the Arrangers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arrangers or such affiliate on behalf of the Issuer in such jurisdiction.

ACTIONS THAT YOU MAY NOT TAKE: If you receive this Base Offering Memorandum by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your email software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this Base Offering Memorandum in electronic form is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES
BASE OFFERING MEMORANDUM - LISTING PARTICULARS

AFREXIMBANK

The African Export-Import Bank

(Established pursuant to the Agreement for the Establishment of the African Export-Import Bank, signed in Abidjan, Côte D'Ivoire, 8 May 1993)

U.S.$3,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Offering Memorandum (the "**Programme**"), the African Export-Import Bank (the "**Issuer**", "**Afreximbank**" or the "**Bank**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed U.S.$3,000,000,000 (or the equivalent in other currencies). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and to any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Offering Memorandum to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to the Irish Stock Exchange plc for the approval of this Base Offering Memorandum as Base Listing Particulars. Application will be made to the Irish Stock Exchange plc for the Notes issued under the Programme within 12 months of the date of approval of these Base Listing Particulars to be admitted to the Official List and trading on the Global Exchange Market ("**GEM**"), which is the exchange-regulated market of the Irish Stock Exchange plc. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. In relation to listed Notes, this Base Offering Memorandum is valid for a period of one year from the date hereof. However, unlisted Notes may be issued under the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the GEM.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons ("**U.S. Persons**") (as defined in Regulation S under the Securities Act, "**Regulation S**"). The Issuer has not been and is not intended to be registered under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"), by reason of the exception contained in Section 3(c)(7) thereof. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" ("**QIBs**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on, and in compliance with, Rule 144A that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the Investment Company Act and the rules thereunder for the purposes of Section 3(c)(7) of the Investment Company Act ("**Section 3(c)(7)**"). Prospective purchasers of the Notes will be deemed to have made the representations described in "*Subscription and Sale*" and are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In addition, until 40 days after the commencement of the offering, an offer or sale of any of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the offer or sale is made otherwise than in accordance with Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Base Offering Memorandum, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Each Series (as defined in "*Overview of the Programme – Method of Issue*") of Notes in bearer form will (except as provided below) be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**"), and will be sold in an "offshore transaction" within the meaning of Regulation S. Interests in temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche upon certification as to non-U.S. beneficial ownership. Each such Series of Notes in bearer form may instead be represented on issue by a permanent Global Note, as specified in the applicable Pricing Supplement.

The Notes of each Series to be issued in registered form ("**Registered Notes**") and which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**"), will initially be represented by a permanent registered global certificate (each an "**Unrestricted Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depository**") and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Registered Notes which are sold in the United States to QIBs within the meaning of Rule 144A ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each a "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons, which may be deposited on the relevant issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Issuer has been assigned ratings of "BBB-/F3" by Fitch Ratings Ltd. ("**Fitch**") and "Baa2/P-2" ratings by Moody's Investors Service Ltd. ("**Moody's**"). Tranches of Notes (as defined in "*Overview of the Programme – Method of Issue*") to be issued under the Programme may be rated or unrated. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "**CRA Regulation**"). Each of Fitch and Moody's is established in the European Union and registered under the CRA Regulation. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Base Offering Memorandum.

Arrangers and Dealers

Barclays	**HSBC**
MUFG	**RMB**

Standard Chartered Bank

The date of this Base Offering Memorandum is 9 May 2016

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Base Offering Memorandum and any relevant Pricing Supplement and confirms that, to the best of its knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in this Base Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such other information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arrangers (as defined in "*Overview of the Programme*"). Neither the delivery of this Base Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Offering Memorandum has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the issue of this Base Offering Memorandum nor the issue, subscription, offering and sale of the Notes constitutes a waiver by the Issuer or by any of its members, Directors, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement for the Establishment of the African Export-Import Bank dated 8 May 1993 (the "**Establishing Agreement**") or the Headquarters Agreement between the Issuer and the Arab Republic of Egypt dated 31 August 1994 (the "**Headquarters Agreement**"). The Issuer is, however, amenable to suit in respect of its obligations under the Notes in accordance with the Terms and Conditions of the Notes.

THE NOTES ARE NOT AN OBLIGATION OF ANY GOVERNMENT

This Base Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Dealers or the Arrangers accepts any responsibility for the contents of this Base Offering Memorandum or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Offering Memorandum or any such statement.

Neither this Base Offering Memorandum nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers or the Dealers that any recipient of this Base Offering Memorandum or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arrangers.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Offering Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated investors generally purchase Notes as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes may perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Application has been made for admission of the Notes issued under the Programme to the Official List of the Irish Stock Exchange plc and trading on the GEM of the Irish Stock Exchange plc in accordance with its rules. This Offering Memorandum forms the listing particulars for admission of the Notes to the Official List of the Irish Stock Exchange plc and trading on the GEM of the Irish Stock Exchange plc.

This Base Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Base Offering Memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the Arrangers or the Dealers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Arrangers or the Dealers has authorised, nor does any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arrangers or the Dealers to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

The Notes have not been and will not be registered under the Securities Act.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. NOTES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

STABILISATION

In connection with the issue of any Tranche (as defined in "*Overview of the Programme – Method of Issue*"), the Dealer or Dealers (if any) appointed as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or overallotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

In this Base Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended, references to "**U.S. dollars**", "**U.S.$**" and "United States dollars" are to the lawful currency of the United States of America, its territories and possessions, and references to "**£**", "**GBP**" or "**Sterling**" are to the lawful currency of the United Kingdom. All references to Egypt are to the Arab Republic of Egypt and references to "**LE**" or "**livre égyptienne**" are to the lawful currency of the Arab Republic of Egypt.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a supranational financial institution organised under an establishing agreement, which was registered with the United Nations as an international treaty in October 1995. The Issuer was thereby recognised as a multilateral organisation under Article 102 of the United Nations Charter. None of the directors and executive officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

SUPPLEMENTARY BASE OFFERING MEMORANDUM

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Offering Memorandum which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Offering Memorandum is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Base Offering Memorandum or publish a replacement Base Offering Memorandum for use in connection with any subsequent offering of the Notes and shall file such amendment, supplement or replacement Base Offering Memorandum with the Irish Stock Exchange plc and shall supply to each Dealer, the Trustee and the Irish Stock Exchange plc such number of copies of such supplement hereto as such Dealer, the Trustee and the Irish Stock Exchange plc may reasonably request.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934 (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

FORWARD LOOKING STATEMENTS

This Base Offering Memorandum includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may"', "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Offering Memorandum, including, without limitation, those regarding the Issuer's financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors referenced in this Base Offering Memorandum:

- political, economic and legal risks and uncertainties in the countries where the Issuer operates,
- general economic conditions and slowdown in the economic activity of key trading partners,
- changes in the competitive markets in which the Issuer operates,
- disruption or increased costs of financing,
- regulatory changes or costs of compliance with current and future environmental regulations in the jurisdictions where the Issuer operates,
- availability and costs of financing,
- exchange rate fluctuations,
- the creditworthiness of the Issuer's customers,
- litigation the Issuer may be involved in from time to time,
- trade restrictions or other changes to economic policy in countries in which the Issuer operates,
- the Issuer's debt service obligations,
- risks associated with the Issuer's capital structure,
- the Issuer's ability to raise future financing, and
- force majeure and other unforeseeable events.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Management Discussion and Analysis of Financial Condition and Results of Operations*". Forward-looking statements speak only as of the date of this Base Offering Memorandum and the Issuer expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Base Offering Memorandum to reflect any change in the Issuer's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuer cannot assure you that projected results or events will be achieved and the Issuer cautions you not to place undue reliance on these statements.

DOCUMENTS INCORPORATED BY REFERENCE

The following information has been previously published or is published simultaneously with this Base Offering Memorandum and which has been filed with the Irish Stock Exchange plc and shall be deemed to be incorporated in, and to form part of, this Base Offering Memorandum:

Condensed interim financial report of the African Export-Import Bank for the three months ended 31 March 2016

Condensed Statement of Profit or Loss and other comprehensive income for the three months ended 31 March 2016	Page 1
Condensed Statement of Financial Position as at 31 March 2016	Page 2
Condensed Statement of Cash Flow for the three months ended 31 March 2016	Page 3
Notes to the condensed interim Financial Report	Pages 4 to 14

Audited financial statements of the African Export-Import Bank for the year ended 31 December 2015

The African Export-Import Bank Annual Report 2015

Auditors Report	Page 1
Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2015	Page 2
Statement of Financial Position as at 31 December 2015	Page 3
Statement of Changes in Shareholders' Equity	Page 4
Statement of Cash Flows for the Year Ended 31 December 2015	Page 5
Notes of the Financial Statements	Pages 6 to 44

Audited financial statements of the African Export-Import Bank for the year ended 31 December 2014

The African Export-Import Bank Annual Report 2014

Auditors Report	Page 1
Statement of Profit or Loss and other Comprehensive Income for the Year Ended 31 December 2014	Page 2
Statement of Financial Position as at 31 December 2014	Page 3
Statement of Changes in Shareholders' Equity	Page 4
Statement of Cash Flow for the Year Ended 31 December 2014	Page 5
Notes of the Financial Statements	Pages 6 to 44

all of which shall be deemed to be incorporated in, and form part of, this Base Offering Memorandum, save that any statements contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Offering Memorandum to the extent that a statement contained, or incorporated by reference, herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Offering Memorandum. Information contained in documents incorporated by reference other than information listed in the table above is for information purposes only, and does not form part of this Base Offering Memorandum.

The Issuer will provide, without charge, to each person to whom a copy of this Base Offering Memorandum has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the Issuer at its principal office set out at the end of this Base Offering Memorandum. Documents incorporated by reference in this Base Offering Memorandum will be made available on the website of the African Export-Import Bank at www.afreximbank.com/knowledge/?cat=annual-reports and on the website of the Irish Stock Exchange plc at http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=616&uID=4646&FIELDSORT=docId.

Neither the content of the Issuer's website nor any other website nor the content of any website accessible from hyperlinks on Issuer's website nor any other website is incorporated into, or forms part of, this Base Offering Memorandum.

The Issuer has applied IFRS (as defined herein) as issued by the International Accounting Standards Board and as adopted by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for the Issuer is included in each of the Annual Reports.

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OVERVIEW OF THE ISSUER

Purpose and Authority

Afreximbank is a supranational financial institution, headquartered in the Arab Republic of Egypt, whose founding purposes are the facilitation, promotion and expansion of intra- and extra-African trade. Afreximbank was established in 1993 pursuant to the Agreement for the Establishment of the African Export-Import Bank (the "**Establishing Agreement**") which was entered into between 27 African states and multilateral institutions, and Afreximbank commenced operations on 30 September 1994. The Establishing Agreement was registered with the United Nations as an international treaty in October 1995 and Afreximbank was thereby recognised as a multilateral organisation under Article 102 of the United Nations Charter. As at the date of this Base Offering Memorandum, 40 African states have signed or acceded to the Establishing Agreement.

Afreximbank is one of a small number of participants in its sphere of activity that operate as a multilateral public-private partnership. Notwithstanding the number of governments and central banks that are members of Afreximbank, Afreximbank's charter provides that, when its authorised share capital is fully subscribed, up to 65 per cent. of the share capital can be offered to and held by other investors (including, but not limited to, African and non-African private investors (both natural and legal persons), international financial institutions and economic organisations, and non-regional financial institutions). Whilst Afreximbank pursues policy objectives in expanding and diversifying African trade finance, it effectively operates as a commercial, profit-oriented organisation.

Business Overview and Strategy

Afreximbank's vision is to be the trade finance bank for Africa, and its mission is to stimulate a consistent expansion, diversification and development of African trade while operating as a first-class, profit-oriented, socially responsible financial institution and a centre of excellence in African trade matters.

Afreximbank's business operations include extending credit to eligible African exporters by providing pre- and post-shipment finance; extending indirect credit to African exporters and importers of African goods through the intermediary of banks and other African financial institutions; promoting and financing trade between African states and other developing states; acting as intermediary between African exporters and African and non-African importers through the issuance of letters of credit, guarantee and other trade documents in support of export-import transactions; promoting and providing insurance and guarantee services covering commercial and non-commercial risks associated with African exports; carrying out market research; and providing auxiliary services aimed at expanding the international trade of African countries and boosting African exports.

Afreximbank seeks to be a preferred partner for major syndicated trade financings in Africa. It is able to act as lender of record, thereby enabling private banking partners to avoid stamp duties and to mitigate country risk in Africa. In addition, Afreximbank seeks to pioneer products across the continent in line with government policies, for example to promote local content for Africa's extractive industries, to facilitate migrant remittances and to design and implement specific country programmes.

OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Offering Memorandum.

Issuer	The African Export-Import Bank
Description	Euro Medium Term Note Programme
Size	Up to U.S.$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arrangers and Dealers	Barclays Bank PLC HSBC Bank plc Mitsubishi UFJ Securities International plc Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch) Standard Chartered Bank The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Offering Memorandum to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	HSBC Corporate Trustee Company (UK) Limited
Issuing and Paying Agent:	HSBC Bank plc
Registrar:	HSBC Bank plc
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "**Pricing Supplement**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium thereto as specified in the relevant Pricing Supplement.
Form of Notes	The Notes may be issued in bearer form only ("**Bearer Notes**") or in registered form only ("**Registered Notes**"). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "– *Selling Restrictions*" below); otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a common nominee for one or more clearing systems are referred to as "Global Certificates". Registered Notes sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold in the United States to QIBs within the meaning of Rule 144A will initially be represented by a Restricted Global Certificate.

Clearing Systems	Clearstream, Luxembourg and/or Euroclear for Bearer Notes and Clearstream, Luxembourg and/or Euroclear for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for each Tranche, if the relevant Global Note is a New Global Note ("**NGN**") or the relevant Global Certificate is held under the New Safekeeping Structure ("**NSS**"), the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a Classic Global Note ("**CGN**") or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years.
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement provided that the minimum denomination of the Notes shall be equal to or greater than (i) €100,000 (or its equivalent in another currency) or (ii) such other minimum denomination greater than €100,000 as may be allowed or required from time to time by the relevant central bank or equivalent regulatory authority in the relevant jurisdiction, and any laws or regulations applicable to the Issuer or the relevant currency, as the case may be. Notes (including Notes denominated in Sterling) which have a maturity of less than one year will, if the proceeds of the Issue are accepted in the United Kingdom, have a minimum denomination of £100,000 (or its equivalent in other currencies) and (iii) in the case of any Notes to be sold in the United States to QIBs, the minimum specified denomination shall be U.S.$200,000.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplementary offering memorandum, if applicable.
Redemption	Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders. If a Conditional Put Event occurs, the holder of any Note will have the option to require the Issuer to redeem that Note (see "*Terms and Conditions – 11. Events of Default and Put Events*").
Status of Notes	The Notes will constitute unsecured and unsubordinated obligations of the Issuer, all as described in "*Terms and Conditions of the Notes – 3. Status*".
Financial Covenants and Information Undertakings	See "*Terms and Conditions of the Notes – 5. Financial Covenants*".
Negative Pledge	See "*Terms and Conditions of the Notes – 4. Negative Pledge*".
Cross Default	See "*Terms and Conditions of the Notes – 11. Events of Default and Put Events*".
Ratings	The Issuer has been rated BBB-/F3 by Fitch and Baa2/P-2 by Moody's. Each of Fitch and Moody's is established in the European Union and registered under the CRA Regulation. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption	Except as provided in "– *Optional Redemption*" above, Notes will not be redeemable at the option of the Issuer prior to maturity. See "*Terms and Conditions of the Notes – 7. Redemption, Purchase and Options*".
Tax Status	Each Series of Notes and the interest thereon will not be exempt from taxation generally but, pursuant to the Agreement for the Establishment of the African Export-Import Bank, are not subject to any tax by a Participating State. All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes, except for taxes required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto and subject to certain exemptions, all as more fully described in "*Terms and Conditions of the Notes – 9. Taxation*" below.
Governing Law	The laws of England and Wales.
Listing and Admission to Trading	Application has been made to the Irish Stock Exchange plc for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the GEM, of the Irish Stock Exchange plc or as otherwise specified in the relevant Pricing Supplement and references to listing shall be construed accordingly. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

Selling Restrictions	The United States, the Public Offer Selling Restriction under the Prospectus Directive, the United Kingdom, Ireland, Singapore, Hong Kong, Germany, Japan and Egypt. See "*Subscription and Sale*". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. Notes in bearer form will be issued, sold, or exchanged in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act. The Issuer has not been registered and will not be registered as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7) thereof. The Notes are being offered, sold and delivered in the United States to QIBs in reliance on, and in compliance with, Rule 144A that are also QPs and outside the United States to non-U.S. Persons in accordance with Regulation S. Each purchaser of Notes will be deemed, by its acceptance of such Notes, to have made certain representations and agreements intended to restrict transfers of the Notes. The Notes in bearer form are also subject to certain restrictions on transfer. See "*Transfer Restrictions*".

RISK FACTORS

An investment in the Notes involves a high degree of risk. Prospective investors should carefully consider, among other things, the risks set forth below and the other information contained in this Base Offering Memorandum prior to making any investment decision with respect to the Notes. The risks highlighted below could have a material adverse effect on the Issuer's business, financial condition, results of operations or prospects, which, in turn, could have a material adverse effect on its ability to make payments under the Notes.

In addition, the value of the Notes could decline due to any of these risks, and prospective investors may lose some or all of their investment. Prospective investors should note that the risks described below are not the only risks that the Issuer faces but are the risks that the Issuer currently considers to be material. There may be additional risks that the Issuer currently considers immaterial or of which it is currently unaware, and any such risks could have effects similar to the risks set forth below.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with Notes issued under the Programme

The following section describes certain risks associated with an investment in the Notes that the Issuer currently considers to be material. Prospective purchasers of the Notes should consider, among other things, all the information set out in this Base Offering Memorandum and particularly the risk factors with respect to the Issuer, the region in which the Issuer operates, and the Notes.

Risks relating to the Issuer

As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, corporate governance or disclosure laws

Under Article IX of the Establishing Agreement, the Issuer enjoys freedom from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature.

The capital adequacy position of the Issuer is controlled and closely monitored by the Board, and is disclosed in the Issuer's Annual Reports. The Issuer has established a capital management policy (the "**Capital Management Policy**") that is based on the maintenance of a capital adequacy ratio that is in line with the recommendations of the Basel Committee on Banking Supervision (the "**Basel Committee**") as amended from time to time (including the papers entitled "*International Convergence of Capital Measurement and Capital Standards*" dated July 1988 as amended from time to time (the "**Basel Paper**"), the paper entitled "*International Convergence of Capital Measurement and Capital Standards: A Revised Framework*" dated June 2004, as amended from time to time (the "**Basel II Paper**"), and the papers entitled "*A global regulatory framework for more resilient banks and banking systems*" dated June 2011 as amended from time to time and "*International framework for liquidity risk measurement, standards and monitoring*" dated January 2013 as amended from time to time (together, the "**Basel III Papers**"), each prepared by the Basel Committee). However, the Issuer is not subject to capital requirements by a regulatory body such as a central bank or equivalent institution and there can be no assurance that the Issuer will continue to maintain its Capital Management Policy or to comply with it or that its Capital Management Policy will continue to be in line with the recommended actions of the Basel Committee or any other internationally recognised capital adequacy standards.

To the extent that the capital management strategy elected by the Board differs from expectations of investors or other market participants, it could result in negative market perceptions of the Issuer. Dissatisfaction of some of the Issuer's shareholders or a negative market perception of the Issuer with regard to the use of capital could adversely affect the Issuer's access to capital and thus its financial position.

Although the Issuer has a clear corporate governance structure enshrined in its charter, the Issuer is not subject to any corporate governance laws or rules normally applicable to national corporations. Accordingly, the corporate governance standards adhered to by the Issuer may differ from those generally applicable to corporations organised in the United States, the United Kingdom, EU countries or other jurisdictions.

A principal objective of the securities laws of the United States, the United Kingdom or other EU Member States and many other countries is to promote the full and fair disclosure of all material corporate information to the public. The Issuer is not subject to any disclosure requirements comparable to the requirements imposed in the United States, the United Kingdom and other EU Member States, or certain other jurisdictions and, therefore, there may be less publicly-available information about the Issuer than would be required if the Issuer were organised and/or regulated in those other jurisdictions.

As at the date of this Base Offering Memorandum, the Issuer's subscribed share capital is two-fifths paid up. Any failure to successfully call the remaining instalments or to complete its current general capital increase without raising other capital may have a material adverse effect on the Issuer's operations

The Issuer's share capital is divided into four classes (Class A Shares, Class B Shares, Class C Shares and Class D Shares). Class D Shares must be fully paid at the time of subscription, however the Class A Shares, Class B Shares and Class C Shares are payable in five instalments. As at the date of this Base Offering Memorandum, no Class D Shares have been issued and the Issuer's subscribed share capital consists solely of Class A Shares, Class B Shares and Class C Shares. In respect of these, two out of the five instalments have been called by the Issuer, amounting in aggregate to U.S.$344.4 million (excluding share premium) out of the overall nominal subscribed capital of U.S.$860.9 million. These two calls have been 100 per cent. honoured by the Issuer's shareholders.

The Class A, Class B and Class C Shareholders are obliged by the Charter of the Issuer to pay the remaining three instalments (amounting to an additional U.S.$516.5 million) when called by the Board of Directors of the Issuer (the "**Board**"). If the Issuer called for such capital and such call was not materially honoured, this could have an adverse impact on the Issuer's financial position.

At an Extraordinary General Meeting of the Shareholders held in Cairo, Egypt on 20 September 2014 (the "**2014 EGM**"), the Shareholders passed a resolution granting the Board unconditional approval to undertake a general capital increase under which the Issuer planned to raise approximately U.S.$500 million by the end of 2016 to enable it to grow its business as set out in the Fourth Strategic Plan (see "*Description of African Export-Import Bank - Strategic Planning – General*") and maintain its current capital adequacy ratio of about 20 per cent. as tested in accordance with the Basel II and Basel III requirements (the "**GCI**"). The focus of the GCI is on raising equity investment from existing shareholders increasing their current equity stakes. As at the date of this Base Offering Memorandum, the Issuer has received U.S.$394.2 million in new capital funds from its shareholders pursuant to the GCI. As part of the GCI, the Bank has designed an innovative equity-bridge funding structure whereby certain investors may from time to time provide bridging financing designed to be eligible for Tier 1 Capital treatment under Basel II and Basel III criteria. Under this financing, which has been drawn down in two tranches, one in December 2014 and one in December 2015, investors purchased bonds backed by equity warrants in the Issuer with purchase proceeds in the amount of U.S.$77.3 million and U.S.$46.3 million respectively being recognised in the Capital and Reserves of the Issuer. The equity warrants give investors the right to convert into Class D Shares. The Issuer retained the right (but was not obliged) to retire the warrants using the proceeds of the GCI. On 4 June 2015, the Issuer retired all the then outstanding equity warrants issued in December 2014 using proceeds received as part of the GCI, and on 30 April 2016, retired the outstanding equity warrants issued in December 2015, again using proceeds received as part of the GCI. However, there can be no assurance that the Issuer will be successful in fully completing the GCI or in raising adequate funding pursuant to the GCI or in raising equity bridge funding of the kind described above.

The Bank's existing equity is in the form of callable capital of which to date only two out of five instalments have been called (see "*Description of the African Export-Import Bank - Share Capital and Ownership – Calls on Shares*") and accordingly the Board may also elect to call on its existing Class A, Class B and Class C Shareholders for one or more of the three outstanding equity instalments. Any material failure to obtain such additional equity funding through capital calls on existing shareholders, equity raisings, bridge finance or by tapping other sources of capital could have an adverse impact on the Issuer's expected growth or ability to maintain its stated target capital adequacy ratios. This could trigger downgrades to the Issuer's credit ratings. A credit rating downgrade would likely increase the Issuer's funding costs, and reduce its access to the debt capital markets. In that case, the Issuer's ability to obtain the necessary funding to carry on its financing activities in Africa at meaningful levels could be adversely affected.

The Issuer's corporate governance structure may change

The charter of the Issuer (the "**Charter**") provides for a balanced governance structure, in terms of the distribution of shareholdings among African states, African banking institutions, the African Development Bank and other private sector and public sector organisations and their representation on the Board. Since the Issuer was only established relatively recently in the context of multilateral financing institutions, certain transitional measures and changes to the Issuer's governance structure will be required as the organisation grows and develops. For example:

- prior to the amendment of the Charter at the reconvened Third Extraordinary General Meeting on 8 December 2012 (the "**Third EGM**"), the Charter required that the Issuer's authorised share capital, when fully subscribed, was to be distributed proportionally among the three categories of shareholders as 35 per cent. for Class A Shareholders, 40 per cent. for Class B Shareholders and 25 per cent. for Class C Shareholders;
- at the Third EGM, the Charter was amended to provide for a new category of Class D Shares, and the proportionate distributions were also amended such that a minimum of 35 per cent. of the authorised share capital is now to be held by Class A Shareholders, and up to 65 per cent. of the authorised share capital can be held by Class B, C and D Shareholders. Notably, Class D Shares can be held by any person, which could potentially include African States and others who are also eligible to hold Class A Shares; and
- Article 14 of the Charter states that the Class A, Class B and Class C Shares may be transferred only among holders of shares of the respective Class or to any third party who is eligible to become a holder of such class of shares pursuant to Article 7 of the Charter. The new category of Class D Shares may be freely transferred

without restriction to any person. Article 14 also contains a number of transitional provisions that apply following the first issue of Class D Shares, including: (i) holders of Class B and Class C Shares may apply to convert their shareholdings to Class D Shares, and (ii) Class B Shares that are 100 per cent. beneficially and legally owned by an African State may be converted to Class A Shares.

In addition, there is no restriction on the number of shares that may be held by any one individual shareholder or group of shareholders, which could potentially lead to a concentration of ownership of the Issuer. As at the date of this Base Offering Memorandum, a concentration of ownership of the Issuer would not of itself result in an ability to appoint or remove a majority of the Board. However, if the Issuer's corporate governance structure and established practices were changed, whether by virtue of the GCI or otherwise, such that a concentration in control of the Issuer could result in an ability of any person or group of persons acting together to appoint or remove a majority of the Board, this may in turn adversely affect the investment policies and the lending activities of the Issuer and consequently the Issuer's results of operations and profitability.

The Issuer's loans are geographically highly concentrated

Whilst the Issuer exists to facilitate, promote and expand intra- and extra-African trade, its lending activities are currently concentrated in a relatively small number of countries. For example, of the Issuer's outstanding loans, as at 31 March 2016, 38.2 per cent. were to borrowers in West Africa and 44.1 per cent. were to borrowers in North Africa. The biggest share of this exposure to West African borrowers was to borrowers in Nigeria (as at 31 March 2016, Nigerian borrowers accounted for approximately 25 per cent. of the Issuer's exposure in West Africa, in comparison to approximately 37 per cent. as at 31 December 2015 and approximately 60 per cent. as at 31 December 2014). Furthermore, as at 31 March 2016, of the Issuer's 20 largest borrowers by outstanding amount (which account for 36.5 per cent. of the Issuer's total loan portfolio), nine were based in Nigeria (with a total gross outstanding amount of approximately U.S.$951.2 million or approximately 11.5 per cent. of the Issuer's total outstanding loans), two were based in Egypt (with a total gross outstanding amount of approximately U.S.$3,267.4 million or approximately 39.4 per cent. of the Issuer's total outstanding loans, and of which U.S.$3,200 million consists of loans to a single borrower, the Central Bank of Egypt), and three were based in Ghana (with a total gross outstanding amount of U.S.$285.1 million or approximately 3.4 per cent. of the Issuer's total outstanding loans).

The concentration of the Issuer's lending activities is accompanied by a certain level of concentration of country risk, which could have an adverse impact on the Issuer's credit portfolio and, as a result, its financial condition, growth, prospects, cash flows and results of operations.

A significant proportion of the Issuer's loan portfolio consists of loans to financial institutions and therefore the Issuer is exposed to systemic risk in the financial system which could materially adversely affect the Issuer's financial performance

The Issuer's loan portfolio contains a significant concentration of loans to African financial institutions, and therefore the Issuer's business may be particularly subject to changes in economic conditions and the level of systemic risk in the financial system, given the impact that this may have not only on the Issuer directly but also on the ability of its financial institution clients to service their obligations to the Issuer, which may increase the risk of loss in the event of significant shocks to relevant financial systems. In addition, any increases in regulatory oversight and requirements imposed by the governments of Participating States on their financial sectors could potentially impact upon the Bank's activities and business, in light of the significant concentration of African financial institutions in its loan portfolio.

The Issuer's credit portfolio may or may not continue to grow at the same or similar rate as in recent years and any continued growth may increase credit exposure

No assurance can be given that, in the future, the Issuer's credit portfolio, including the Issuer's foreign trade portfolio, will continue to grow at historic rates. A sustained reversal in the rate of growth of African trade volumes could adversely affect the rate of growth of the Issuer's credit portfolio, which could materially adversely affect the Issuer's business, financial condition, growth, prospects, cash flows and results of operations. Furthermore, any continuation of historical growth rates in the Issuer's credit portfolio could expose the Issuer to increased credit risk, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations if the Issuer were to be unable to manage such increase in credit risk. In addition, the introduction of the Bank's COTRALF facility under which central banks of Participating States may borrow significant amounts (against deposited collateral) from the Bank to cover short-term liquidity needs, has resulted in fluctuations in the Bank's credit portfolio growth rate which are likely to continue and are by their nature unpredictable (see "*The Business of the African Export-Import Bank – The Bank's Programmes and Facilities – Counter-Cyclical Trade Liquidity Facility*").

Changes in the credit quality of the Issuer's borrowers and counterparties could materially adversely affect the Issuer's financial performance

The Issuer's business is subject to inherent risks regarding borrower credit quality and the recoverability of loans and amounts due from counterparties. Credit risk is defined as the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that pledged collateral does not fully cover the lender's claims. As at 31 March 2016, around 8.7 per cent. of the Issuer's loans were made on a dual recourse basis or are supported by collateral located outside Africa (including in Europe, Asia and the U.S.). However, changes in the credit quality of the Issuer's borrowers and counterparties, and a failure by the Issuer to manage such change in credit policy, could reduce the value of the Issuer's assets and require increased provisions for bad and doubtful debts.

A decline in the value of collateral or the illiquidity of the collateral securing the Issuer's loans may adversely affect its loan portfolio

The Issuer takes collateral from the majority of borrowers and as at 31 March 2016, 93.6 per cent. of the Issuer's loan portfolio was collateralised. Collateral that may be accepted includes collateral in the form of assignments of receivables, cash collateral, government security (by way of bonds or guarantee) and pledges over assets. Downturns in the relevant markets or a general deterioration of economic conditions may result in reductions in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on such loans. If collateral values decline, they may not be sufficient to cover uncollectable amounts on the Issuer's secured loans. A failure to recover the expected value of collateral may expose the Issuer to losses, which could, in turn, have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer's allowances for credit losses could prove inadequate to cover credit losses related to its loans and contingencies

Determining the appropriate level of allowances for credit losses necessarily requires the Board's and management's judgement, including assumptions and estimates made in the context of changing political and economic conditions in the regions and sectors to which the Issuer lends. Consequently, there can be no guarantee that the Issuer's allowances for credit losses will be adequate to cover losses in its credit portfolio, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

Operational problems or errors could have a material adverse impact on the Issuer's business, financial condition and results of operations

The Issuer, like all financial institutions, is exposed to operational risks, including the risk of fraud by employees and third parties, failure to obtain proper internal authorisations, failure to properly document transactions, equipment failures, and errors by employees. Although the Issuer has put in place a system of internal controls, there can be no assurance that operational problems or errors will not occur, and that their occurrence will not have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

Any future unavailability of capital markets and loan financing could have a material adverse effect on the Issuer's business, operations and financial condition

The Issuer has thus far obtained financing for the growth of its loan portfolio from syndicated and bilateral loans (including from Development Finance Institutions ("**DFIs**") such as the International Finance Corporation ("**IFC**") and the African Development Bank ("**AfDB**")) and, more recently, through the international issuance of Eurobonds under this Programme. The on-going market volatility following the global economic crisis has seen a general reduction in the availability of such financing to borrowers, although to date the Issuer has not experienced difficulties in attracting funding. The Issuer plans to further diversify its funding sources by obtaining funds from the capital markets by means of further bond issuances (including under this Programme), shareholder calls (the Issuer has U.S.$516.5 million in uncalled equity capital as at the date of this Base Offering Memorandum), and through credit lines from Export Credit Agencies ("**ECAs**"). However, if further bond issuances are not possible on terms acceptable to the Issuer and both syndicated and bilateral loan financing are unavailable, this may inhibit the Issuer's ability to meet its growth targets and may have a material adverse effect on the Issuer's business and financial performance.

Any delays to, or failure to implement, business initiatives that the Issuer may undertake could prevent the Issuer from realising the anticipated revenues and benefits of the initiatives, divert the attention of its management, cause additional expenses, or cause other negative repercussions for the Issuer

Part of the Issuer's strategy is to diversify income sources through business initiatives such as those set out in the Bank's fourth strategic plan "3-5-3" covering the period from 2012 to 2016 that, in some cases, involve partnerships or strategic alliances with specialists, expanding into new markets, targeting new clients and developing new products and services (see further "*Description of the African Export-Import Bank – Strategic Planning*"). The Bank's management is currently developing a new fifth strategic plan, which is expected to be effective in the third quarter of 2016 and which is also likely to include similar initiatives as well as planned expansion into new markets, particularly in central Africa. These initiatives may not be fully implemented within the time frame which the Issuer expects, or at all. In addition, even if such initiatives are fully implemented, they may not generate revenues as expected or could result in an increase in non-performing loans arising from new markets. Any delays in reaching agreement with strategic partners, or otherwise implementing the Issuer's strategic initiatives, could divert the attention of the Issuer's management, result in additional expense, prevent the Issuer from pursuing other initiatives or, ultimately, prevent the Issuer from realising the anticipated benefits of the initiatives, which could adversely affect the Issuer's business, results of operations and financial condition.

Local foreign exchange controls or currency devaluations may affect the Issuer's (and the Issuer's borrowers') ability to pay U.S. dollar-denominated obligations

The Issuer makes mostly U.S. dollar-denominated loans. Notwithstanding that a substantial proportion of the Issuer's payment risk derives from outside Africa, the Issuer faces the risk that local country foreign exchange controls will restrict the ability of the Issuer's borrowers, even if they are exporters, to acquire dollars to repay loans on a timely basis, and/or that significant currency devaluation will occur, which could increase the cost, in local currency terms, to the Issuer's borrowers of acquiring dollars to repay loans.

Any inability of the Issuer's borrowers to acquire dollars as a result of local foreign exchange controls, currency devaluation, or otherwise, could affect their ability to repay their loans, which in turn could have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows.

The Issuer is exposed to market risks, including interest rate, currency and price change risk, and enters into derivative financial instruments to manage such risks

Market risk generally represents the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial transactions associated with many of the Issuer's operations and activities, including loans, deposits, short-term borrowings and long-term debt. The Issuer seeks to manage some of its market risk through the use of derivatives such as currency and interest rate hedging and swaps. Fluctuations in interest and currency exchange rates, changes in the implied volatility of interest rates and changes in foreign exchange rates, due to changes in either market perception or actual credit quality of the Issuer, expose the Issuer to market risk. Accordingly, depending on the instruments or activities impacted, market risks can have wide-ranging, complex adverse effects on the Issuer's financial condition, results of operations and business.

The Issuer is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that the Bank's assets may re-price more frequently than its liabilities, if interest rates fall, the Bank's interest expense will decrease more slowly than its interest income, which could negatively affect interest margins.

The Issuer has entered into various hedging transactions to help manage the risk of changes in commodity prices, interest rates or currency fluctuations with respect to loans made to its borrowers. The Issuer may use derivative financial instruments for this purpose, which may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts. The Issuer's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. In some cases, the Issuer may not elect or have the ability to implement such hedges or, if the Issuer does implement them, they may not achieve the desired effect. They may also expose the Issuer to the risk that its counterparties to hedging contracts will default on their obligations. Furthermore, although hedging transactions may limit to some degree the Issuer's risk from fluctuations in commodity prices, currency exchange and interest rates, the Issuer potentially forgoes benefits that might result from such fluctuations. At the date of this Base Offering Memorandum, the Issuer is hedged in line with its current policy to hedge 100 per cent. of its actual net currency exposure. The Issuer is substantially hedged against interest rate risk. However, there can be no assurance that the Issuer will be hedged as intended against currency and interest rate fluctuations, or that it will be able to hedge against the risk of interest rate or currency fluctuations in the future.

A significant portion of the Issuer's activity is concentrated in West African economies. Consequently, the Issuer's income, operational results and the quality and growth of its assets therefore depends, to a large extent, on the performance of these economies, especially the Nigerian economy. Any deterioration in economic conditions could adversely affect the Issuer's borrowers and contractual counterparties. This, in turn, could adversely affect the Issuer's financial position. Please see "*– The Issuer's loans are geographically highly concentrated*" above.

Increased risk perception in countries in Africa where the Issuer has large credit exposure could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs

There is no guarantee that the Issuer will not be subject to negative changes in its credit rating. In particular, increased risk perception in any country in Africa where the Issuer has large exposures (as is the case with, for example, the Issuer's exposure to Nigeria) could trigger downgrades to the Issuer's credit ratings. A credit rating downgrade would likely increase the Issuer's funding costs, and reduce its access to the debt capital markets. In that case, the Issuer's ability to obtain the necessary funding to carry on its financing activities in Africa at meaningful levels could be adversely affected.

The Issuer is exposed to liquidity risk

The Issuer monitors maturity mismatches between its assets and liabilities in order to minimise its liquidity risk. Although management believes that the Issuer's income and access to international capital markets and other financings will continue to allow it to meet its short-term liquidity needs, mismatches between its income and assets and the maturity of its indebtedness may negatively impact its liquidity position. Any inability to meet liquidity needs could adversely impact the evaluation of the Issuer's creditworthiness by counterparties and rating agencies, which could significantly limit its operating activities. Accordingly, if the Issuer were to be unable to manage its liquidity position successfully, this could have a material adverse effect on its business, results of operations, financial condition and cash flows (see further "*Description of the African Export-Import Bank – Risk Management*" and "*Description of the African Export-Import Bank – Liquidity*").

The Issuer has relationships with states that are subject to international sanctions

As a supranational financial institution focused on developing trade from and within the continent of Africa, the Issuer has relationships (including shareholder, personnel, lending and trading relationships) with a number of African states, some of which are subject to one or more international sanctions regimes. One such state, Sudan, and certain persons in or connected with the Republic of Zimbabwe, are subject to sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"). Under sanctions administered by the EU, there are (i) prohibitions on the provision of financing or financial assistance related to military activities, including loans for the sale, supply, transfer or export of arms or for the provision of related technical assistance (such as maintenance) to any person, entity or body in Sudan or South Sudan (EU Regulation 131/2004 as amended by 1215/2011) and (ii) prohibitions on the provision of technical assistance, financing or financial assistance related to military activities, or towards the purchase of equipment which could be used for internal repression in Zimbabwe (EU Regulation (314/2004) and UK Statutory Instrument, "*The Zimbabwe (Financial Sanctions) Regulations 2009*" (No. 847)). Trading in such items is not within the Bank's business mandate. As at 31 March 2016, the Issuer had ten outstanding Euro-denominated loans based in Sudan with a total gross outstanding amount of U.S.$306 million[1] or approximately 3.69 per cent. of the Issuer's total outstanding loans. As at 31 December 2015, the total gross outstanding amount was U.S.$306[1] million, equal to approximately 4.96 per cent. of the Issuer's total outstanding loans. Further, a United Nations-administered embargo prohibits the trading of arms and rough diamonds in, to or with Côte d'Ivoire, although trading in both such items is not within the Bank's business mandate. OFAC also maintains sanctions against certain persons and entities in Côte d'Ivoire, D.R. Congo, Liberia, Libya and Somalia.

Such sanctions as referred to above do not prevent the Issuer from transacting with entities and persons that are not themselves subject to sanctions or embargoes, although the Issuer does seek to adhere to sanctions and embargoes imposed and administered by the African Union, United Nations Security Council, the European Union, OFAC, Her Majesty's Treasury and other relevant internationally recognised sanctions authorities, as the same are in force from time to time. However, given the extent of the Issuer's involvement in financing transactions throughout Africa, there can be no guarantee that the Issuer will not be subject to investigation in connection with the sanctions or embargoes described above or other sanctions and embargoes that may be applicable either presently or in the future. If any such investigation occurred and resulted in the Issuer being found to have breached any sanctions or embargoes, this could adversely affect the Issuer's business, financial condition, cash flows, results of operations and prospects. Please see "*Description of the African Export-Import Bank – Anti-Money Laundering, "Know-Your-Customer" Checks and Sanctions Compliance – Sanctions Compliance*".

The loss of certain members of Afreximbank's management may have an adverse effect on Afreximbank's business.

Afreximbank's growth strategy is dependent on the efforts and abilities of its senior management. In addition, Afreximbank's operations depend in part, upon the continued services of certain key employees. If Afreximbank loses the services of any of its existing key personnel without timely and suitable replacements, or is unable to attract and retain new personnel with suitable experience, Afreximbank's business, financial condition, results of operations and prospects may be materially and adversely affected.

Risks relating to Africa

The Issuer's lending activities are concentrated in Africa, which is a reflection on the Issuer's core mission. Accordingly, investors should pay careful attention to the risk factors, both economic and political, associated with investing in this continent.

Economic risks

Emerging markets such as those in Africa are subject to greater risks than more developed markets

African markets are generally considered by international investors to be emerging markets. Investors in emerging markets such as those in Africa should be aware that these markets are subject to greater risk than more developed markets. These risks include economic and financial market instability as well as, in some cases, significant legal and political risks. In addition, in a number of African countries, structural reforms are still needed in many sectors, including agriculture, energy and transport.

Economic instability in African countries in the past and in other emerging market countries has been manifested in many ways, including but not limited to:

(i) general economic and business conditions;

(ii) high interest rates;

[1] Although this figure is expressed in dollars for consistency of presentation, all the Bank's lending to Sudan is denominated in Euros and operated via a segregated Euro-denominated account held with a third party financial institution.

(iii) exchange rate fluctuations and instability;

(iv) high levels of inflation;

(v) exchange controls;

(vi) industrial action;

(vii) commodity price fluctuations;

(viii) slowdown in the economic activity of key trading partners;

(ix) wage and price controls;

(x) sudden changes in economic or tax policies;

(xi) imposition of trade barriers;

(xii) changes in investor confidence; and

(xiii) perceived or actual security issues and political instability.

Any of these factors could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

In particular, decreased demand for resources in China has had and may continue to have a significant downward effect on the prices of commodities from African countries, which are heavily dependent on these resources.

Accordingly, investors should exercise particular care in evaluating the risks involved in investing in the Notes and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and prospective investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

Investors should also note that emerging markets, such as those in Africa, are subject to rapid change and that the information set out in this Base Offering Memorandum may become outdated relatively quickly.

Turmoil in emerging markets, even outside Africa, can adversely affect the African economies

Any significant financial turmoil in one emerging market country has a tendency to adversely affect prices in capital markets of other emerging market countries, as investors may seek to move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment across Africa and adversely affect the wider African economy. In addition, during such times, entities that operate in emerging markets can face severe liquidity constrains as foreign funding sources are withdrawn. Thus, even if the wider African economy remains stable (as a whole), financial turmoil in any emerging market country or region (African or otherwise) could adversely affect the Issuer's business, as well as result in a decrease in the price of the Notes.

The economic environment in Africa is vulnerable to market downturns and economic slowdowns both within the continent and elsewhere in the world. During 2015, African economies continued to face persistent uncertainties associated with aftermath of the 2014 Ebola outbreak in West Africa and the increased occurrence of terrorist activities in some African countries, which in turn affected foreign investor perceptions of risk in Africa already impacted by the fall in prices for African commodities. As such, 2015 witnessed a decrease in the rate of expansion of Sub-Saharan African economies, as a group, with the World Bank assessing that the rate of growth slowed from 4.6 per cent. in 2014 to 3.4 per cent. in 2015, the weakest pace since 2009 due to a combination of external shocks and domestic constraints.

In 2015 there was a significant decrease in external capital flows, especially Foreign Direct Investment ("**FDI**") in-flows from major emerging market economies (such as China, India, Brazil) into Sub-Saharan Africa's extractive and services industries (with FDI inflows to the continent falling to an estimated U.S.$38 billion in 2015, a year-on-year decrease of 31 per cent. from U.S.$55 billion in 2014)[1] as a result of the ending of the commodity "super-cycle". In addition, the region's pattern of exports makes it particularly vulnerable to commodity price shocks. Commodity prices weakened further in 2015, following their sharp decline in 2014, with the prices of oil and metals, such as iron ore, copper, and platinum, declining substantially. In addition, prices of some agricultural commodities, such as coffee, fell moderately, although the prices of cocoa and tea showed small gains. The slowdown was most pronounced among oil exporters. For example, the World Bank estimates that in Nigeria growth slowed to 3.3 per cent. in 2015, down from 6.3 per cent. in 2014.

The disruptions experienced in the international capital markets during the past few years have also led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in financing being unavailable for certain entities. Entities located in, or doing business with, countries in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost

[1] United Nations Conference on Trade and Development (UNCTAD), January 2016.

of debt, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

Historically, African economies and banking systems have been less stable than those of most Western countries

The Issuer's lending activities and, as a result, the Issuer's credit portfolio, are concentrated in Africa. Historically, the economies of some countries in Africa have periodically experienced significant volatility, which has been characterised, in some cases, by political uncertainty, slow growth or recession, declining investment, government and private sector debt default and restructurings, significant inflation and currency devaluation. Global economic changes, including oil prices, U.S. dollar interest rates, the U.S. dollar exchange rate, and slower economic growth in developed countries, could have a significant adverse effect on the economic condition of countries in Africa. In turn, adverse changes affecting the economies of countries in Africa could have a significant adverse impact on the Issuer's credit portfolio, including increased loan loss provisions, debt restructurings and loan losses and, as a result, on the Issuer's growth, asset quality, prospects, profitability and financial condition.

The business, operations and financial results of the Issuer may be adversely affected by the current general condition in the international financial markets and its effect on African economic growth and trade finance

As a result of the global financial crisis, financial sector dysfunctionality has become an ongoing and immediate threat for many African economies. Banking systems have come under pressure as (i) access to foreign currency has become restricted (a situation aggravated by downward pressure on exchange rates of local currencies to the U.S. Dollar) and (ii) deterioration in the real economic sector threatens the quality of the assets of banks. The restoration of credit flow both to and within Africa and the continued return of financial markets to functionality represent critical elements for the ongoing recovery from the global financial crisis. If such dysfunctionality in the financial sector persists, this could have an adverse impact on the Issuer's results of operations and profitability.

The business, operations and financial results of the Issuer may be adversely affected by a continued depression of or further falls in commodity prices, in particular oil prices, in the international markets and the effect of such depression or falls on African economic growth

The economies of many countries in Africa are highly sensitive to commodity prices, particularly oil prices. Oil prices have fluctuated widely in the past ten years. However, recently markets have experienced a prolonged period of low prices. From early 2011 to mid-2014, monthly average oil prices fluctuated between U.S.$93 and U.S.$118 per barrel (having peaked in July 2008, when monthly average oil prices reached an U.S.$133 per barrel). Oil prices began to decline sharply in the second half of 2014, and in December 2014, the monthly average oil price was U.S.$61 per barrel. In mid-January 2016, daily prices were less than U.S.$30 per barrel. Commodity prices in general fell 4 per cent. in the last quarter of 2015, and price forecasts for 37 of the 46 commodity prices monitored by the World Bank have been revised downward for 2016[2].

Oil prices can be affected by relatively minor changes in the supply of and the demand for oil, and a number of additional factors that are beyond an exporting African country's control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of the Organisation of the Petroleum Exporting Countries ("**OPEC**") and other oil producing regions and nations, weather conditions, government regulations, transport costs, the price and availability of alternative fuels and overall international demand. Low oil prices can have a significant negative impact on the economies of oil exporters in Africa. For example, the World Bank estimates that in Nigeria, growth slowed to 3.3 per cent. in 2015, down from 6.3 per cent. in 2014.

Falling prices for other commodities can also impact many countries in the region. Global demand for raw materials has been weak, in particular, demand from large developing countries has decreased as growth has slowed. In particular, low commodity prices have had a negative effect on many African currencies in 2015. For example, Ghana, Uganda, Angola and Tanzania have experienced sharp falls in the values of their currencies. Since a third of the world's mineral reserves and a tenth of global oil reserves are located in Africa, many countries are extremely dependent on commodity export revenues[3]. Sustained low commodity prices could slow growth and negatively impact African economies and corporates operating in those economies. This in turn can have a significant adverse impact on the Issuer's credit portfolio, including increased loan loss provisions, debt restructurings and loan losses and, as a result, on the Issuer's growth, asset quality, prospects, profitability and financial condition.

Official data concerning Africa upon which prospective investors may base their investment decisions may not be as reliable as equivalent data from official sources in countries such as the United States, the United Kingdom or other EU Member States

Official statistics and other data published by central banks, governments, and non-governmental agencies in Africa may be substantially less complete or researched and, consequently, less reliable than those published by comparable bodies in more developed jurisdictions. Accordingly, the Issuer cannot assure prospective investors that the sources

2 Sources: World Bank, January 2015, Global Economic Prospects; World Bank, January 2016, Commodity Markets Outlook
3 The Financial Times, 9 June 2015

from which it has drawn some of the information set out in this Base Offering Memorandum are reliable or complete. African state entities may produce official statistics on bases different from those used by comparable bodies in other jurisdictions. The absence of accurate statistical, corporate and financial information, including audited financial statements, relating to its corporate borrowers, makes the valuation of collateral and overall credit risk assessment more difficult and less accurate. Accordingly, any discussion of matters relating to the Issuer's operations herein may, therefore, be subject to uncertainty due to concerns about the completeness or the reliability of available official and public information.

Political risks

A worsening of the political climate (including significant changes to social conditions and foreign policies) in any of the states with which the Issuer has relationships may have a material adverse effect on the Issuer's financial condition and/or results of operations

Political factors which could adversely affect the Issuer's business, financial condition, cash flows, results of operations and prospects include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance violence or strife, including through acts of terrorism, guerrilla activities and insurrection;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- any material curtailment of the industrial and economic infrastructure development that is currently underway across Africa;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use, foreign ownership, legal structures and tax laws;
- cancellation of contractual rights;
- trade barriers;
- difficulties in staffing and managing operations;
- lack of well-developed legal systems which could make it difficult for the Issuer to enforce its intellectual property and contractual rights;
- security and safety of employees;
- restrictions on the right to convert or repatriate currency or export assets;
- greater risk of uncollectible accounts and longer collection cycles;
- indigenisation and empowerment programmes;
- logistical and communications challenges;
- corruption; and
- arbitrary, inconsistent or unlawful government action.

Many of the countries with whom the Issuer has relationships are in various stages of developing the institutions and legal and regulatory systems that are characteristic of established democracies. However, institutions in these countries may not yet be as firmly established as they are in countries in the developed world. Many of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Issuer's investments in those countries. Moreover, the procedural safeguards of the new legal and regulatory regimes in those countries are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

As the political, economic and legal environments remain subject to continuous development, investors in these countries and regions face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in these or neighbouring countries or others in the region may have a material adverse effect on the Issuer's business, financial condition, cash flows, results of operations and prospects.

In recent years, many African countries have been subject to increasing numbers of terrorist attacks, including but not limited to high profile incidents in Nigeria, Kenya, Tunisia, Egypt and Mali, and many African countries suffer from a high prevalence of violent crime, militant activity and political unrest. An increase in the number of terrorist attacks or violent crimes, or the occurrence of a large-scale terrorist attack in Africa could have a negative impact on African economies and therefore the Issuer's financial condition and business. Islamist extremism is increasingly seen as posing a threat in parts of North and sub-Saharan Africa. Extremist groups reported to be operating in Africa include ISIS, al

Qaeda in the Islamic Maghreb, Al Shabaab and Boko Haram. The activities of these groups could disrupt trade, decrease economic confidence and deter international investment which could in turn have a material adverse effect on the Issuer's business, financial condition, cash flows, results of operations and prospects.

In addition, certain regions of Africa may suffer from geopolitical conflict. A number of African states have unresolved political differences both internally, with surrounding countries and/or internationally. In particular, since January 2011, there have been varying degrees of political instability and public protests within certain Northern African countries, including Egypt, where the Issuer's headquarters are located, as well as Libya and Tunisia. Lingering political differences have not, in the Issuer's experience, adversely affected the Issuer's decision-making capabilities or the functioning of its operational portfolio to date. However, it is possible that in the future such events could have an adverse impact on the political stability and economy of the relevant African countries and consequently on the Issuer's results of operations and financial condition. In addition, weaknesses relating to certain African legal systems and legislation create an uncertain environment for investment and business activity, which could affect the Issuer.

Despite the immunities and privileges afforded to the Issuer in the Establishing Agreement and Headquarters Agreement, there can be no guarantee that the Issuer's assets and operations will not be affected by government intervention

Article VIII of the Establishing Agreement states that "the property and assets of the Issuer wherever located and by whomsoever held shall be immune from: (a) search, requisition, expropriation, confiscation, nationalisation and all other forms of seizure, taking or foreclosure by executive or legislative action; and (b) seizure, attachment or execution before the delivery of final judgment or award against the Issuer" and that, without prejudice to such immunity, the property and assets of the Issuer shall be subject to due legal processes and judicial action taken by ordinary courts of competent jurisdiction.

In addition, Article VII of the Headquarters Agreement states that the Issuer's headquarters are inviolable, and that no officer or official of Egypt may enter the headquarters without the consent of the President of the Issuer.

As at the date of this Base Offering Memorandum, the Issuer has not been subject to any violation of the above provisions. However, there can be no guarantee that such privileges and immunities will continue indefinitely, or that they will never be violated and any changes to the government of Egypt or continued unrest in Egypt, could potentially affect the privileges and immunities granted to the Issuer. Any alteration, suspension or violation of the Issuer's immunities and privileges and/or unlawful or arbitrary government action in some African states could disrupt the Issuer's operations and/or materially adversely affect its financial performance and results of operations.

Despite the lack of any material impact upon the Issuer as at the date of this Base Offering Memorandum, there can be no guarantee that the business, operations and financial results of the Issuer will not in the future be adversely affected by any significant recurrence of unrest in Egypt and other MENA states, or any spread thereof to other African states where the Issuer operates.

The majority of the Issuer's business is, and will continue to be, concentrated in African countries outside of the MENA region which, as at the date of this Base Offering Memorandum, have been unaffected by the various on-going economic and political developments in or affecting the MENA region. This is due to the fact that the Issuer predominantly conducts its business in its member states and, as at the date of this Base Offering Memorandum, the only MENA states which are members of the Issuer are Egypt, Tunisia and Morocco.

The 2011 revolution in Egypt, which led to the overthrow of former President Hosni Mubarak, did at the time directly impact the Issuer, by forcing the closure of its Cairo headquarters for five days. However, the Issuer did not experience any material disruption to its operations as a result of this closure, due to having back-up facilities in Abuja to which the Issuer was able to transfer its headquarter operations and critical personnel and the Issuer anticipates that this would again be the case in the event of any recurrence of significant political unrest within Egypt in the future.

Notwithstanding this, it is not possible to predict the occurrence of events or circumstances such as war, hostilities or political unrest, or the impact of such occurrences, and no assurance can be given that the Issuer would be able to sustain its current profit levels if adverse political events or circumstances were to occur in any of the African states in which the Issuer has significant operations or exposure.

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate applying to its investment in the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable-rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of such Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the then-prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then-prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default, potential Event of Default or Conditional Put Event shall not be treated as such.

Accordingly, matters affecting the interests of some Noteholders may be outside the control of such Noteholders.

U.S. persons investing in the Notes should note the Issuer's business with countries on sanctions lists.

OFAC administers regulations that restrict the ability of U.S. persons to invest in, or otherwise engage in business with, certain countries, including Iran, Cuba, Syria, North Korea and Sudan (each, a "**Restricted Country**"), and specially designated nationals (together "**Sanction Targets**"). Because it is not U.S.-based or U.S.-owned, the Issuer is not prohibited from doing business in countries that are the subject of OFAC sanctions when the transaction otherwise does not have a U.S. nexus. In addition, because the Issuer is not a Sanction Target, OFAC regulations do not prohibit U.S. persons from investing in, or otherwise engaging in business with the Issuer. However, to the extent that the Issuer invests in, or otherwise engages in business with, Sanction Targets, questions may be raised as to whether U.S. persons investing in the Issuer may incur the risk of indirect contact with Sanction Targets. However, the Issuer has taken steps to ensure that the proceeds of any issue of Notes under the Programme are not used to finance any transactions with a Restricted Country or with Sanction Targets that would be prohibited by OFAC sanctions if performed by a U.S. person. For example, the Issuer operates a segregated Euro-denominated account with a third-party financial institution for the purpose of conducting lending operations denominated in Euros with borrowers in Sudan. In addition, certain U.S. state and local governments and colleges have restrictions on the investment of public funds or endowment funds, respectively, in companies with activities in certain countries that are the subject of U.S. sanctions. The U.S. Department of State and other U.S. government entities, the United Nations, the European Union and member states therein and other governments also administer and enforce sanctions against Iran and certain other countries, persons and entities. While neither the Issuer nor any of its affiliates is currently the target of any such sanctions, if the Issuer is designated as a sanctions target, Noteholders could be unable to sell, transfer or otherwise deal in or receive distributions with respect to the Notes and the market price of the Notes could be adversely affected. See "*– The Issuer has relationships with states that are subject to international sanctions*".

Change of law

The Terms and Conditions of the Notes are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of any investor's investment in the Notes.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Integral multiples of less than the minimum Specified Denomination

In relation to any issue of Notes which have a Specified Denomination consisting of the minimum Specified Denomination plus a higher integral multiples of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum amount (or its equivalent) that are not integral multiples of the minimum Specified Denomination (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of Notes.

Volatility of the trading price of the Notes

In recent years, stock markets have experienced significant price fluctuations. These fluctuations often were unrelated to the operating performance of the companies whose securities are traded on such stock markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of any Notes issued under the Programme. In particular, the markets for securities bearing emerging market risks, such as risks relating to Africa, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. In 2008, the global markets experienced significant financial turmoil that had a ripple effect on other emerging markets. These events caused significant volatility in prices of emerging market debt. Events may occur which would cause significant volatility of the sort which occurred in worldwide financial markets.

Further issues of Notes with original issue discount

The Issuer may offer further Notes with original issue discount for United States federal income tax purposes ("**OID**") as part of a further Tranche of Notes to be consolidated with and form a single Series with another Tranche. Purchasers of Notes after the date of consolidation of any further issue of Notes will not be able to differentiate between the Notes sold as part of the further issue and previously issued Notes. If the Issuer were to issue further Notes with OID, purchasers of Notes after such a further issue of Notes may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their Notes. These OID consequences may affect the price of outstanding Notes following a further issue. Prospective purchasers of Notes should consult their own tax advisers with respect to the implications of any decision by the Issuer to undertake a further issue of Notes with OID.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 9 May 2016 between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 17 June 2014 has been entered into in relation to the Notes between the Issuer, the Trustee, HSBC Bank plc as initial issuing and paying agent (the "**Issuing and Paying Agent**"), registrar and transfer agent, and the other agents named in it (together with the Issuing and Paying Agent the "**Paying Agents**") which expression includes any successor or additional paying and transfer agents appointed from time to time in connection with the Notes). The registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**".

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours, and upon reasonable notice at the specified offices of the Paying Agents and Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement which are applicable to them.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, an Instalment Note or a Partly Paid Note, or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes**

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 7(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfers Free of Charge**

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) **Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(b)(ii)).

3 Status

The Notes, Receipts and the Coupons relating to them constitute (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes, Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), except for a Permitted Lien (as defined below), the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) (a "**Lien**").

In this Condition:

"**Permitted Lien**" means:

(a) Liens existing on the later to occur of 9 May 2016 and the date on which agreement is reached to issue the first Tranche of Notes;

(b) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(c) any Lien over:

(i) any On-Loan Security which is created by the Issuer as security for any On-Loan Financing pursuant to which the relevant On-Loan was made available; or

(ii) any On-Loan which is created as security for the On-Loan Financing pursuant to which that On-Loan was made available

where, "**On-Loan**" means, in respect of any On-Loan Financing, a loan or other form of financing made available to any person by the Issuer using the proceeds of that On-Loan Financing; "**On-Loan Financing**" means any financing made available to the Issuer for the purpose of the Issuer making any funds available to another person; and "**On-Loan Security**" means, in respect of any On-Loan, any Lien or guarantee created in favour of and/or for the benefit of the Issuer as security for that On-Loan;

(d) any Lien arising by operation of law or court or government body in the ordinary course of trading;

(e) any Lien over or affecting any asset acquired by the Issuer after the issue of the Notes if such Lien was not created in contemplation of the acquisition of that asset, the principal amount secured has not been increased in contemplation of or since the acquisition of that asset, and such Lien is removed or discharged within six months of the date of the acquisition; and

(f) Liens in respect of indebtedness up to a maximum of U.S.$50,000,000.

5 Financial Covenants

5.1 Capital Adequacy and Tangible Net Worth

The Issuer shall ensure that, unless it currently holds at least two Investment Grade Ratings (in which case this Condition 5.1 shall be disapplied for the duration of the existence of such Investment Grade Ratings):

(a) it maintains a minimum capital adequacy ratio of 12 per cent. of capital against risk weighted assets calculated in accordance with the provisions of the Basel III Papers; and

(b) its Tangible Net Worth shall not be less than U.S.$500,000,000.

In this Condition 5:

"**Basel III Papers**" means the papers entitled "*A global regulatory framework for more resilient banks and banking systems*" dated June 2011 as amended from time to time and "*International framework for liquidity risk measurement, standards and monitoring*" dated January 2013 as amended from time to time and prepared by the Basel Committee on Banking Supervision;

"**IFRS**" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board from time to time and consistently applied;

"**Investment Grade Rating**" means a long-term senior debt rating (or its equivalent) in respect of the Issuer given by Standard & Poors Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Services Ltd., ("**Moody's**") or Fitch Ratings Ltd. ("**Fitch**"), which is at least BBB- by S&P or Fitch, or at least Baa3 by Moody's; and

"**Tangible Net Worth**" means, in respect of the Issuer, at any time the aggregate of:

(a) the amount paid up or credited as paid up on the common stock of the Issuer;

(b) the Issuer's Share Premium;

(c) the Issuer's General Reserve; and

(d) the Issuer's Retained Earnings,

in each case as calculated in accordance with IFRS.

5.2 Information Undertakings

At any time that it is required to comply with the Financial Covenants set out under Condition 5.1 above, the Issuer shall supply to the Trustee:

(a) as soon as the same become available, but in any event within 135 days after the end of each of its financial years, its audited financial statements for that financial year; and

(b) as soon as the same become available, but in any event within 90 days after the end of each half of each of its financial years, its financial statements for that financial half year.

5.3 No Event of Default Certificate

5.3.1 At any time that it is required to comply with the Financial Covenants set out under Condition 5.1 above, the Issuer has undertaken in the Trust Deed to deliver to the Trustee in relation to each set of financial statements delivered pursuant to paragraph (a) of Condition 5.2 (Information Undertakings) and from time to time upon request by the Trustee a certificate of the Issuer as to there not having occurred an Event of Default, a Potential Event of Default or a Conditional Put Event and that the covenants in Condition 5 have been complied with since the date of the last such certificate (the "**No Event of Default Certificate**"), or, if such an event had occurred, as to the details of such event, in the form set out in the Trust Deed. The Trustee will be entitled to rely without liability on any No Event of Default Certificate and shall not be obliged to monitor compliance by the Issuer with the covenants set forth in this Condition 5 and shall not be required to review any financial statements or certificates provided pursuant to Condition 5.2 or to monitor the timing of their delivery and need not enquire further as regards the circumstances existing on the date of such No Event of Default Certificate.

5.3.2 In addition, if at any time that it is required to comply with the financial covenants set out under Condition 5.1 above, the Issuer is not in compliance with Condition 5.1 then it shall immediately inform the Trustee that it is no longer in compliance.

5.3.3 Each such No Event of Default Certificate shall be signed by two directors of the Issuer.

6 Interest and other Calculations

(a) **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(h).

(b) **Interest on Floating Rate Notes:**

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to any of ISDA Determination, Screen Rate Determination and/or Linear Interpolation shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if subparagraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered: (i) if the Reference Rate is

LIBOR, at approximately 11.00 a.m. (London time); or (ii), if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in: (i) if the Reference Rate is LIBOR, the London inter-bank market; or (ii), if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be;

or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which: (i) if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time); or (ii), if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in: (i) if the Reference Rate is LIBOR, the London inter-bank market; or (ii), if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be;

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7(b)(i)).

(d) **Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(e) **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date (as defined in Condition 9).

(f) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with this Condition 6 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless specified hereon, the Minimum Rate of Interest shall be zero.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(g) **Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, any Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 11, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30

(v) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30

(vi) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30

(vii) if "**Actual/Actual-ICMA**" is specified hereon;

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Instalment Amount**" means the amount (if any) specified as such hereon.

"**Instalment Date**" means the date (if any) specified as such hereon.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken

Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless specified thereon.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) **Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

(i) Unless previously redeemed or purchased and cancelled as provided in this Condition 7 or Condition 11, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed or purchased and cancelled as provided in this Condition 7 or Condition 11, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption

(i) *Zero Coupon Notes*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 7(c) or upon it becoming due and payable as provided in Condition 11, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Tax Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 7(b) above) (together with interest accrued to the date fixed for redemption), if, before giving such notice, independent legal advisers of recognised standing determine and provide the Issuer with an opinion confirming that the Issuer (i) has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the relevant Participating State, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer has or will become obliged to pay such additional amounts as provided or referred to in Condition 9 as a result of a change or amendment described in clause (i) above and the Issuer has received an opinion from independent legal advisors of recognised standing confirming such obligation and that such obligation cannot be avoided by the Issuer taking reasonable measures available to it. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) **Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption at the Option of Noteholders**

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) **Purchases**

The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) **Cancellation**

All Notes purchased by or on behalf of the Issuer may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

The Issuer may compel any beneficial owner of Notes initially sold pursuant to Rule 144A under the U.S. Securities Act of 1933 (the "**Securities Act**") to sell its interest in such Notes, or may sell such interest on behalf of such holder, if such holder is a U.S. person that is not a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and a qualified purchaser (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940).

8 Payments and Talons

(a) **Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender or, in the case of part payment only, endorsement of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note),of Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United

States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**

(i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender or, in the case of part payment only, endorsement of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) **Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments subject to Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction but without prejudice to the provisions of Condition 9 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee (such approval not to be unreasonably withheld or delayed) to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in at least one major European city and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and unexchanged Talons**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).

(h) **Non-Business Days**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within or on behalf of any Participating State or any authority therein or thereof having power to tax (for the purposes of this Condition, the "**relevant Participating State**"), unless such withholding or deduction is required by a law to which the Issuer is or becomes subject. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the relevant Participating State other than the mere holding of the Note, Receipt or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day. Notwithstanding any other provision of the Terms and Conditions of the Notes, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it, (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed and (iv) "**Participating State**" means each state that has signed and ratified the Agreement for the Establishment of the African Export-Import Bank, as amended, dated 8 May 1993.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Events of Default and Put Events

11.1 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject, in each case, to its being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(a) **Non-Payment of Principal**

Default is made in the payment on the due date of principal in respect of any of the Notes; or

(b) **Non-Payment of Interest**

Default is made in the payment on the due date of interest in respect of any of the Notes, provided that such default will not be an Event of Default if the failure to pay is caused by administrative or technical error and such default is remedied within three business days in London or Cairo; or

(c) **Breach of Financial Covenants or Negative Pledge**

The Issuer does not perform or comply with any one or more of its obligations under Conditions 4 (Negative Pledge) or 5 (Financial Covenants); or

(d) **Breach of Other Obligations**

The Issuer does not perform or comply with any one or more of its other obligations in the Agency Agreement, the Notes or the Trust Deed which default is certified by the Trustee as being materially prejudicial to the interests of the Noteholders and is incapable of remedy (including, but not limited to, as a result of the discontinuation of its corporate structure) or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

(e) **Cross-Default**

(A) Any other present or future indebtedness of the Issuer, for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), (provided that any such default under any of the Issuer's financing arrangements, other than in respect of the Programme or the Notes issued hereunder, which is analogous to the events described in Condition 11.2 below must be declared due and payable in order for such default to constitute an Event of Default in accordance with this paragraph), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) any commitment in respect of such indebtedness is cancelled or suspended by a creditor of the Issuer by reason of any event of default or the like (howsoever described), or (D) any creditor of the

Issuer becomes entitled to declare any such indebtedness due and payable prior to its specified maturity as a result of an event of default or (E) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (e) have occurred equals or exceeds U.S.$15,000,000 or its equivalent (as reasonably determined by the Trustee); or

(f) **Enforcement Proceedings**

Any expropriation, distress, attachment, sequestration or execution (or any analogous procedure) or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer (other than as described in Condition 11.2(d) (Government Intervention)); or

(g) **Insolvency**

The Issuer is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the value of the assets of the Issuer is less than its liabilities (taking into account contingent and prospective liabilities); or

(h) **Winding-up**

Any order is made or any resolution passed for the suspension or termination of the Issuer pursuant to Article 33 of the Charter of the African Export-Import Bank, or the Issuer otherwise ceases to exist; or

(i) **Cessation of Business**

The Issuer ceases, or threatens to cease, to carry on all or substantially all of its business or operations; or

(j) **Illegality**

It is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, the Agency Agreement or the Trust Deed.

11.2 Put Events

If any of the following events ("**Conditional Put Events**") occurs, the holder of any such Note will have the option (a "**Conditional Put Option**") (unless prior to the giving of the relevant Conditional Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 7(c) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Conditional Put Option Date (as defined below) at its Early Redemption Amount together with interest accrued to (but excluding) the Conditional Put Option Date.

A Conditional Put Event will be deemed to occur if:

(a) *Breach or Amendment of Charter*

Any of Articles 7, 14(3), 20 (sub-clauses (1) to (6), and (7) insofar as sub-clause (7) relates to the entitlement of any shareholder to attend a General Meeting), 21(1), 23(11) and 44 of The Charter of the African Export-Import Bank is breached by the Issuer, or any of such Articles is amended, other than in accordance with the terms of Article 44 of the Charter; or

(b) *Change of Control*

Any single person or group of connected persons or group of persons acting in concert (which does not have control of the Issuer on the Issue Date of the first Tranche of the Notes) acquires control of the Issuer and for this purpose control of the Issuer means both the holding of more than 30 per cent. of the voting rights attaching to the shares of the Issuer and the power to appoint or remove all or the majority of the members of the Board of Directors of the Issuer or otherwise to control or have the power to control the affairs and policies of the Issuer, and "connected person" shall be construed in accordance with section 839 of the Income and Corporation Taxes Act 1988; or

(c) Amendment of the Agreement for the Establishment of the African Export-Import Bank

The Agreement for the Establishment of the African Export-Import Bank dated 8 May 1993, as amended and in force at the Issue Date of the first Tranche of the Notes, is amended in a manner or to an extent materially adversely affecting the Issuer's capacity to perform its obligations in respect of the Notes; or

(d) *Government Intervention*

(i) All or any substantial part of the undertaking, assets and revenues of the Issuer is condemned, seized or otherwise appropriated by any person acting under the authority of any Participating State (as defined in Condition 9 (Taxation)) or (ii) the Issuer is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues, and (in each case) such action has a materially adverse effect on the Issuer's capacity to perform its obligations in respect of the Notes. For the purpose of this Condition 11.2(d), "**substantial**" means at least 50 per cent. of the undertaking, assets and revenues of the Issuer.

Promptly upon the Issuer becoming aware that a Conditional Put Event has occurred the Issuer shall, and the Trustee may if it has actual knowledge, and if so requested by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a "**Conditional Put Event Notice**") to the Noteholders in accordance with Condition 17 specifying the nature of the Conditional Put Event and the procedure for exercising the Conditional Put Option.

To exercise the Conditional Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Conditional Put Option Period**") of 30 days after a Conditional Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Conditional Put Option Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Conditional Put Option Period (the "**Conditional Put Option Date**"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 15 (Replacement of Notes, Certificates, Receipts, Coupons and Talons)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Conditional Put Option Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Conditional Put Option Notice to which payment is to be made, on the Conditional Put Option Date by transfer to that bank account and, in every other case, on or after the Conditional Put Option Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Conditional Put Option Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 11.2 shall be treated as if they were Notes.

To exercise the Conditional Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Conditional Put Option Notice obtainable from the Registrar or any Transfer Agent within the Conditional Put Option Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Conditional Put Option Notice to which payment is to be made, on the Conditional Put Option Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Conditional Put Option Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 11.2, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Conditional Put Option Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Conditional Put Event or any event which could lead to the occurrence of or could constitute a Conditional Put Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Conditional Put Event or other such event has occurred.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of the Trust Deed**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings or any other steps or actions in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise.

The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

15 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with an outstanding Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing, and if any such Notes are listed on the Irish Stock Exchange plc, notices will be published on the website of the Irish Stock Exchange plc (www.ise.ie). Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times) and so long as the Notes are listed on the Irish Stock Exchange plc, published on the website of the Irish Stock Exchange plc (www.ise.ie). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) Arbitration

Subject to Condition 19(c) below, any dispute, controversy or claim arising out of or in connection with the Trust Deed, the Notes, the Receipts, the Coupons or the Talons (including, without limitation, a dispute regarding their existence, validity, termination, the consequences of their nullity or this Condition 19(b)) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the LCIA (the "**LCIA Rules**"), which LCIA Rules are deemed to be incorporated by reference into this Condition 19(b) and amended as provided below. The number of arbitrators shall be three and the seat (or legal place) of arbitration shall be London, England. Unless the parties agree otherwise; the third arbitrator, who shall act as chairman of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. The language of the arbitration shall be English. Where more than one Dispute arises out of or in connection with any of the Trust Deed, the Notes, the Receipts, the Coupons or the Talons, and such Disputes, in the reasonable opinion of the first arbitral tribunal to be appointed in respect of any of the Disputes (the "**First Tribunal**"), are so closely connected that it is fair and expedient for them to be resolved in the same proceedings, the First Tribunal may, upon application by any party, order that the proceedings to resolve one Dispute shall be consolidated with those to resolve any other Dispute. If the First Tribunal so orders, the parties to each Dispute which is a subject of such order shall be treated as having consented to that Dispute being finally decided by the First Tribunal, unless the LCIA Court decides that the First Tribunal would not be suitable.

(c) **Trustee's option to refer Dispute to court**

The Trustee may, by notice in writing to the Issuer, require that a Dispute be heard by a court of law provided that such written notice is received by the Issuer before an arbitrator has been appointed in connection with such Dispute. A notice validly issued by the Trustee under this Condition 19(c) shall also be binding on all Noteholders and Couponholders. If the Trustee gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 19(d) below.

(d) **Jurisdiction of the English Courts**

In the event that the Trustee validly issues a notice pursuant to Condition 19(c) the following provisions shall apply:

(i) the courts of England shall have jurisdiction to settle any such Dispute;

(ii) the Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any such Dispute, and agrees not to claim that courts of England are not a convenient or appropriate forum; and

(iii) the submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of the Trustee, in accordance with this Condition 19, to take proceedings in any other court of competent jurisdiction, nor shall the taking of any proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

(e) **Immunity**

The Issuer irrevocably waives any immunity it or its assets or revenues may otherwise have in any jurisdiction and from jurisdiction to which it might otherwise be entitled in any suit or proceedings arising out of or relating to the Trust Deed, the Notes, the Receipts, the Coupons and the Talons.

(f) **Service of Process**

The Issuer has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any proceedings in England.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the relevant Pricing Supplement to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not to be held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any common nominee for Euroclear and/or Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg, will credit each subscriber or participant as the case may be, with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers or participants, as the case may be, with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and/or Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing System

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg, or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Unrestricted and Restricted Global Certificates

Unrestricted Global Certificates and/or Restricted Global Certificates held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System:

The following will apply in respect of transfers of both Unrestricted Global Certificates and Restricted Global Certificates (if any) held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

(a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(b) if principal in respect of any Notes is not paid when due; or

(c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(a) or 3.3(b) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if (a) principal in respect of any Notes is not paid when due or (b) so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or, if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Base Offering Memorandum, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Offering Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purposes of any payments made in respect of any Global Note, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 8(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Events of Default and Put Events

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 11 by stating in the notice to the Issuing and Paying Agent the nominal amount of such Global Note that is becoming due and repayable.

4.11 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Irish Stock Exchange plc and the rules of that exchange so require, notices shall also be deemed to be duly given if they are filed with the Companies Announcements Office of the Irish Stock Exchange plc.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Base Offering Memorandum, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

6 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The Issuer intends to use the proceeds of an offering of any initial issue of Notes under this updated Programme to repay the facility made available under the U.S.$500 million Bridge Facility Agreement entered into on 4 May 2016 (the "**Bridge Facility**") between the Issuer and the Dealers (see "*Description of the African Export-Import Bank – Funding – Syndicated Loans*"). The proceeds from any subsequent issues of Notes will be used to fund the Issuer's ordinary operations in accordance with its Charter.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the capitalisation and indebtedness of the Issuer as at 31 March 2016 and 31 December 2015.

	31 March 2016	*31 December 2015*
	U.S.$'000	
Short-term debt[1]	6,294,247	4,131,928
Long-term debt	1,694,704	1,734,272
Shareholders' equity capital		
Authorised capital (5,000,000 Ordinary shares)	5,000,000	5,000,000
Paid-up capital	344,368	307,152
Share premium	271,444	203,861
	615,812	**511,013**
Reserves		
Reserve	356,586	354,233
Warrants[2]	46,316	46,316
Retained earnings	397,922	355,147
	800,824	755,696
Total shareholders' equity	**1,416,636**	**1,266,709**

Note:

(1) Includes deposits, short-term borrowings, accrued interest and accrued expenses and other liabilities.

(2) These warrants were retired on 30 April 2016 using proceeds of the Bank's GCI, with a commensurate increase in the Bank's paid-up capital.

SELECTED FINANCIAL INFORMATION

The following selected financial information for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 has been derived from the Bank's audited financial statements for those periods. The Bank's accounting methods are in accordance with International Financial Reporting Standards ("**IFRS**"). The following selected financial information with respect to the three-month periods ended 31 March 2016 and 31 March 2015 has been derived from the Bank's unaudited interim financial information for those periods.

The selected financial information with respect to the three-month period ended 31 March 2016 is not necessarily indicative of results to be expected for the full year ending on 31 December 2016. All of the following selected financial information should be read in conjunction with the Bank's audited financial statements and notes thereto and with "*Management Discussion and Analysis of Financial Condition and Results of Operations*" in this Base Offering Memorandum.

Income Statement

	Three months ended 31 March		*Year ended 31 December*		
	2016	*2015*	*2015*	*2014*	*2013*
			U.S.$'000		
Interest and similar income	86,725	91,810	371,569	317,511	243,122
Interest and similar expense	(42,156)	(45,242)	(172,791)	(144,363)	(117,979)
Net interest and similar income	**44,569**	**46,568**	**198,778**	**173,148**	**125,143**
Fee and commission income	4,647	1,028	34,496	33,030	27,278
Fee and commission expense	(1,152)	(1,071)	(4,694)	(4,607)	(4,086)
Net fee and commission income	**3,495**	**(43)**	**29,802**	**28,423**	**23,192**
Other operating income	378	388	2,828	2,420	2,712
Operating income	**48,442**	**46,913**	**231,408**	**203,991**	**151,047**
Personnel expenses	(6,276)	(5,772)	(26,136)	(23,897)	(17,233)
General administrative expenses	(3,367)	(3,520)	(17,927)	(12,631)	(12,557)
Depreciation and amortisation expense	(1,100)	(1,079)	(4,358)	(4,074)	(3,632)
Operating expenses	**(10,743)**	**(10,371)**	**(48,421)**	**(40,602)**	**(33,422)**
Exchange adjustments	320	3,112	11,847	(1,759)	708
Operating profit before impairment allowances and provisions	**38,019**	**39,654**	**194,834**	**161,630**	**118,333**
Allowance for impairment on loans and advances	4,756	876	(63,447)	(55,696)	(28,707)
Provisions	—	—	(6,070)	(949)	(547)
Net income	**42,775**	**40,530**	**125,317**	**104,985**	**89,079**

Balance Sheet

	Three months ended 31 March		Year ended 31 December		
	2016	*2015*	*2015*	*2014*	*2013*
			U.S.$'000		
Assets					
Cash and due from banks	477,511	289,568	153,750	354,339	353,365
Deposits with other banks	480,293	459,000	670,342	300,042	240,000
Loans and advances to customers	8,197,516	4,182,289	6,061,316	4,346,009	3,432,279
Hedging derivatives	20,452	33,975	23,024	41,970	3,492
Prepayments and accrued income	184,235	105,940	175,476	99,295	97,187
Other assets	159	1,486	3,060	1,885	2,902
Property and equipment	45,421	44,848	45,941	45,654	45,844
Total assets	**9,405,587**	**5,117,106**	**7,132,909**	**5,189,194**	**4,175,069**
Liabilities					
Due to banks	5,899,637	1,865,116	3,683,796	2,093,037	1,764,062
Debt securities in issue	1,694,704	1,762,354	1,734,272	1,762,055	1,398,955
Deposits and customer accounts	273,502	238,000	303,112	296,780	216,373
Other liabilities	121,108	279,394	145,020	118,253	89,069
Total liabilities	**7,988,951**	**4,144,864**	**5,866,200**	**4,270,125**	**3,468,459**
Capital and reserves					
Share capital	344,368	187,337	307,152	185,572	175,621
Share premium	271,444	62,184	203,861	56,847	38,632
Warrants	46,316	77,328	46,316	77,328	—
General reserve	356,586	303,500	354,233	298,578	257,538
Retained earnings	397,922	341,893	355,147	300,744	234,819
Total capital funds	**1,416,636**	**972,242**	**1,266,709**	**919,069**	**706,610**
Total liabilities and shareholders' equity	**9,405,587**	**5,117,106**	**7,132,909**	**5,189,194**	**4,175,069**
Loan Portfolio					
Total Loans	8,229,599	4,224,765	6,167,316	4,389,361	3,487,002
Allowance for impairment on loans	(102,083)	(42,476)	(106,502)	(43,352)	54,723
Selected Financial Ratios					
Cost/income ratio	22%	22%	21%	20%	22%
Return on average total stock holders' equity	12.70%	17.15%	11.47%	13.50%	13.50%
Return on average paid in capital	52.52%	86.94%	50.87%	58.13%	51.47%
Return on average assets	2.07%	3.15%	2.03%	2.20%	2.20%
Operating expenses/average total assets	0.52%	0.81%	0.79%	0.87%	0.86%
Non-performing loans as a percentage of loan portfolio	2.12%	3.91%	2.82%	3.77%	3.43%
Allowance for impairment as a percentage of loan portfolio	1.24%	1.01%	1.73%	0.99%	1.57%
Liquid assets as a percentage of total assets	10.18%	14.63%	11.55%	12.61%	14.21%
Liquid assets as a percentage of total liabilities	11.99%	18.06%	14.05%	15.32%	17.11%

Cash Flow Statement

	Three months ended 31 March		*Year ended 31 December*		
	2016	*2015*	*2015*	*2014*	*2013*
			U.S.$'000		
Cash flows from operating activities					
Net income for the year	**42,775**	**40,530**	**125,317**	**104,985**	**89,079**
Adjustment for non-cash items					
Depreciation of property and equipment	1,100	1,079	4.358	4,074	3,632
Allowance for impairment on loans and advances	(4,756)	(876)	63,447	55,696	28,707
Provision for possible losses on other asset	—	—	2,187	818	547
Provision for possible losses on accrued income	—	—	3,286	—	—
Provision for leave pay	—	—	597	131	—
Gain on disposal of property and equipment	(5)	—	(40)	—	(3)
Net increase/(decrease) in prepayments and accrued income	(8,759)	(6,659)	(79,467)	(2,094)	(19,030)
Net decrease/(increase) in hedging derivatives assets	4,925	12,917	25,546	(37,422)	(62,015)
Net increase in other assets	2,901	399	(3,362)	199	2,052
Net increase in other liabilities	(15,831)	161,804	5,918	37,052	(6,242)
Hedging Derivatives liability	—	—	—	—	68,951
Net increase/(decrease) in deposits and customer accounts	(29,610)	(58,773)	6,332	80,407	(106,432)
Net increase in loans and advances to customers	(2,131,444)	164,596	(1,778,754)	(969,426)	(359,982)
Net cash outflow from operating activities	**(2,138,704)**	**315,017**	**(1,624,635)**	**(725,580)**	**(360,736)**
Cash flows from investing activities					
Purchases and additions to property and equipment	(580)	(273)	(2,357)	(2,960)	(2,841)
Proceeds from sale of property and equipment	5	—	40	—	4
Net cash outflow from investing activities	**(575)**	**(273)**	**(2,317)**	**(2,960)**	**(2,837)**
Cash flows from financing activities					
Net cash from capital subscriptions and share premium	104,799	7,101	267,957	24,004	14,336
Proceeds from issue of warrants	—	—	46,316	77,328	—
Retirement of Dividends	—	—	(77,328)	—	—
Dividends paid	(8,081)	(35)	(3,258)	(3,851)	(10,060)
Proceeds from borrowed funds and debt securities	2,415,433	4,279,758	6,170,919	2,602,830	1,455,678
Repayment of borrowed funds	(239,160)	(4,507,381)	(4,607,943)	(1,910,755)	(879,627)
Net cash inflow from financing activities	**2,272,991**	**(220,557)**	**1,796,663**	**789,556**	**580,327**
Net increase/(decrease) in cash and cash equivalents	**133,712**	**94,187**	**169,711**	**61,016**	**216,754**
Cash and cash equivalents at 1 January	**824,092**	**654,381**	**654,381**	**593,365**	**376,611**
Cash and cash equivalents at 31 March / 31 December	**957,804**	**748,568**	**824,092**	**654,381**	**593,365**
Composed of:					
Deposits with other banks	477,511	289,568	670,342	300,042	240,000
Cash and due from banks	480,293	459,000	153,750	354,339	353,365
	957,804	**748,568**	**824,092**	**654,381**	**593,365**

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Bank's unaudited financial statements for the three months ended 31 March 2016 and 31 March 2015 (together with the notes thereto, the "**Interim Financial Statements**") and the Bank's audited financial statements for the years ended 31 December 2015 and 31 December 2014 (together with the notes thereto, the "**Annual Financial Statements**", and together with the Interim Financial Statements, the "**Financial Statements**").

Overview

The African Export-Import Bank ("**Afreximbank**" or the "**Bank**") is a supranational financial institution whose purpose is to facilitate, promote and expand intra- and extra-African trade. The Bank's specific functions include: extending credit to eligible African exporters by providing pre- and post-shipment finance; extending indirect credit to African exporters and importers of African goods through the intermediary of banks and other African financial institutions; promoting and financing trade between African states and other developing states; acting as intermediary between African exporters and African and non-African importers through the issuance of letters of credit, guarantees and other trade documents in support of export-import transactions; promoting and providing insurance and guarantee services covering commercial and non-commercial risks associated with African exports; carrying out market research; and providing auxiliary services aimed at expanding the international trade of African countries and boosting African exports. Substantially all of the Bank's operating income is derived from these functions.

Key Factors Affecting Results of Operations

The Bank principally derives income from net interest income, net fees and commission income, derivative financial instruments and hedging, recoveries and rental income. Net interest income, or the difference between the interest income the Bank receives on its interest-earning assets and the interest it pays on interest-bearing liabilities, is generated principally by the Bank's lending activities. The Bank generates fees and commissions mainly through the issuance, confirmation and negotiation of letters of credit and guarantees and through loan origination. The results of operations of the Bank are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected its results in the periods presented and which the Bank expects will affect its results in the future. Factors other than those set forth below could also have a significant impact on the results of operations and financial condition in the future. See "*Risk Factors*".

Economic and Political Environment

Despite the volatile environment, the Bank considers that the political climate in Africa improved during the year ended 31 December 2015 compared to the year ended 31 December 2014, especially as a result of successful democratic transition in Nigeria and generally improved security. Following progress on health and sanitation, most affected countries in West Africa were declared Ebola-free[4]. Governments in North, West and Central Africa also made progress on peace and security. Despite isolated incidents, Egypt is also enjoying relative peace, especially following the successful parliamentary elections. The terrorist group Boko Haram has been weakened by coordinated actions between governments in Central and West Africa.

Despite the challenging global economic environment characterised by counter-shock in commodity markets and growth deceleration in emerging market economies, which have become leading drivers of global growth and trade, the African economy remained resilient, growing at 3.3 per cent. in 2015 according to the Bank's own estimates. At that rate, the continent remained among the fastest growing regions in the world, only second to Asia with a growth rate hovering around 5.4 per cent according to the IMF's World Economic Outlook.

Overall, the resilience of African economies, illustrated by sustained increase in the growth rate of their GDP in a context of global deceleration and anaemic growth within the European Union, is supported by strong domestic demand fuelled by growing middle-class and urbanisation. Increased investment in infrastructure especially in low-income countries is also driving the growth momentum in the region. For instance, among the drivers of growth, countries such as Côte d'Ivoire, Ethiopia, Rwanda and Tanzania, which have received large-scale investment, have drawn on these investments to enjoy robust economic growth. For instance, in the midst of generalised growth deceleration, Côte d'Ivoire recorded a growth rate of 8.2 per cent. in 2015 and is projected to sustain that level of output expansion in 2016, growing at around 8 per cent[5]. At the same time, net oil-importing countries such as Tanzania are reaping the benefits of plummeting oil prices, and the growth performance achieved by the region is partly due to continued improvement in business and macroeconomic environments.

Notwithstanding the generally challenging global environment created by tightened global financial conditions following normalisation of U.S. monetary policy, counter-shocks in commodity markets and synchronised growth deceleration in emerging economies, including China which has become Africa's main trading partner, the Bank considers that the near-term outlook is positive for the region. Most predictions indicate that Africa's economic performance is expected to improve in 2016 with a growth rate increasing to 4.2 per cent. from 3.3 per cent. in 2015

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[4] World Health Organisation

[5] African Development Bank's African Economic Outlook

according to the Bank's own estimates. Commodity prices are expected to stabilise but are also expected to remain low through to the end of 2017 according to the IMF's World Economic Outlook. Growth prospects in the region will continue to be enhanced by improvements in the business and macroeconomic environment. For further information see "*Risk Factors – Risks relating to Africa – Economic risks*".

Interest Rate Fluctuations

During 2015, long-term interest rates in advanced economies remained at historically low levels.[6] Monetary authorities continued to implement accommodative monetary policies to increase stability and stimulate growth. In March 2015, the ECB launched its quantitative-easing programme and continued to ease policy in the second half of 2015.[7] The U.S. showed some positive results, with the U.S. Federal Reserve raising interest rates.[8] Short-term (three-month) interest rates declined in the Euro-zone (on average from 0.21 per cent. in 2014 to -0.019 per cent. in 2015).[9] In the UK, short-term interest rates remained broadly unchanged (0.539 per cent. in 2014 and 0.553 per cent. in 2015), while rates in the U.S. showed some positive growth (0.124 per cent. in 2014 and 0.227 per cent. in 2015).[10]

Changes in interest rates affect the Bank's net interest income, net interest margin and overall results of operation. Interest rates are sensitive to many factors beyond the Bank's control, including the policies of central banks, and adverse African and international economic and political conditions. Furthermore, the Bank's intentions to expand and diversify its funding sources by continuing to access international capital markets may increase these risks. The Bank closely monitors interest rate movements and seeks to limit its exposure by managing the interest rate and maturity structure of the assets and liabilities carried on its balance sheet, occasionally through the use of interest rate swaps.

The Bank is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that the Bank's assets may re-price more frequently than its liabilities, if interest rates fall, the Bank's interest expense will decrease more slowly than its interest income, which could negatively affect interest margins. As a measure to manage liquidity risk, the Bank matches floating rate liabilities to fund floating rate assets. Fixed rate liabilities are also matched with fixed rate assets. In cases where the fixed rate liabilities cannot be matched to fixed rate assets, the liability is swapped from fixed rate to floating rate using interest rate swap derivatives. In addition, some of the agreements relating to the Bank's liabilities permit the Bank to submit LIBOR interest selection notices (for interest rate periods of 1, 3 or 6 months), in order to select an interest rate that ensures it is matched against LIBOR interest applied on the assets.

In particular, in accordance with the Bank's credit policy, the Bank passes on interest rate risks to borrowers by on-lending under similar conditions. For further information on the Bank's interest rate risk management see "*Description of the African Export-Import Bank – Risk Management and Asset Quality – Concentration and Exposure Limits – Interest rate risk management*".

Foreign Exchange Fluctuations

The Bank's working currency is the U.S. dollar. Increases and decreases in the value of the dollar versus other currencies affect the Bank's results of operations. To the extent that the Bank has liabilities that are not denominated in the same currency as related assets, exchange rate fluctuations have in some cases caused the Bank's liabilities to increase as a percentage of total assets. Both assets and liabilities that are denominated in currency other than U.S. dollars are converted into U.S. dollars at the spot rates of the days on which they are recorded.

Fluctuations in the Bank's Assets and Liabilities

The Bank introduced two new programmes during 2015, namely the Afreximbank Central Bank Deposit/Investment Programme ("**CENDEP**") and the Counter-Cyclical Trade Liquidity Facility ("**COTRALF**"). CENDEP and COTRALF are respectively aimed at attracting deposits from central banks of the Bank's Participating States and facilitating lending to such central banks against such deposits to cover short term funding needs. The uncollateralised net exposure is designed to be minimal and in any event should not exceed 20 per cent. of the size of the relevant deposit. For example, as at 31 March 2016, the Bank held U.S.$3.0 billion in deposits from the Central Bank of Egypt ("**CBE**") under CENDEP and had lent U.S.$3.2 billion to the CBE under COTRALF, giving a net exposure of U.S.$200 million. By their nature, deposits and loans under these two programmes may be short term and/or significant in size, which can lead to fluctuations in the Bank's reported total assets and total liabilities as at any given reporting date.

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6 Bank of England, December 2015, Financial Stability Report

7 Bank of England, February 2016, Inflation Report

8 Bank of England, February 2016, Inflation Report

9 OECD Data

10 OECD Data

Results of Operations

The following table summarises changes in components of the Bank's net income and performance for the periods indicated:

	For the Three Months Ended 31 March (unaudited)		*For the Year Ended 31 December*		
	2016	*2015*	*2015*	*2014*	*2013*
	(In U.S.$'000 except per share amounts)				
Interest and similar income	86,725	91,810	371,569	319,318	243,122
Interest and similar expense	(42,156)	(45,242)	(172,791)	(144,363)	(117,979)
Net interest and similar income	**44,569**	**46,568**	**198,778**	**174,955**	**125,143**
Fee and commission income	4,647	1,028	34,496	33,030	27,278
Fee and commission expense	(1,152)	(1,071)	(4,694)	(6,405)	(4,086)
Net fee and commission income	**3,495**	**(43)**	**29,802**	**26,625**	**23,192**
Other operating income	378	388	2,828	2,420	2,712
Operating income	**48,442**	**46,913**	**231,408**	**204,000**	**151,047**
Personnel expenses	(6,276)	(5,772)	(26,136)	(23,897)	(17,233)
General and administrative expenses	(3,367)	(3,520)	(17,927)	(12,640)	(12,557)
Depreciation and amortisation expense	(1,100)	(1,079)	(4,358)	(4,074)	(3,632)
Operating expenses	**(10,743)**	**(10,371)**	**(48,421)**	**(40,611)**	**(33,422)**
Exchange adjustments	320	3,112	11,847	(1,759)	708
Operating profit before impairment allowances and provisions	**38,019**	**39,654**	**194,834**	**161,630**	**118,333**
Loan impairment charges	4,756	876	(63,447)	(55,696)	(28,707)
Provisions	—	—	(6,070)	(949)	(547)
Profit for the period	**42,775**	**40,530**	**125,317**	**104,985**	**89,079**
Other comprehensive income					
Gains on revaluation of land and building	—	—	2,288	924	4,009
Cash flow hedges	2,352	4,922	6,600	1,056	1,227
Total comprehensive income for the year	**45,127**	**45,452**	**134,205**	**106,965**	**90,738**
Basic and diluted earnings per share	**2.14**	**3.64**	**2.02**	**2.36**	**2.08**

Changes in Loans and Advances and Afreximbank's Cost of Funding

The Issuer has historically held and currently holds significant amounts of assets comprising investment securities. However, in recent years as rates on such securities have declined, the Issuer has focused on increasing its lending volumes. The Issuer generates the majority of its interest income from loans and advances to borrowers in Nigeria, Zimbabwe and Egypt. The average interest rate margin on the Issuer's loans and advances was 3.6 per cent. for the year ended 31 December 2015, 3.9 per cent. for the year ended 31 December 2014 and 3.5 per cent. for the year ended 31 December 2013. In 2015, the Bank also introduced its COTRALF facility aimed at African central banks, and as 31 March 2016 held U.S.$3.0 billion on deposit from the Central Bank of Egypt ("**CBE**") as collateral for loans totalling U.S.$3.2 billion made to the CBE under the COTRALF facility (see "*The Business of the African Export-Import Bank – The Bank's Programmes and Facilities – Counter-Cyclical Trade Liquidity Facility*").

The Issuer's cost of funding also declined (by around 20 per cent. year-on-year) from 2014 to 2015 due to an improvement in the Bank's efficiency in managing its treasury activities which resulted in a reduction in the interest expense margin on the Bank's borrowing portfolio. The average interest rate on the Issuer's interest bearing liabilities was 2.7 per cent. for the year ended 31 December 2015, 3.3 per cent. for the year ended 31 December 2014 and 4.4 per cent. in the year ended 31 December 2013.

Results of operation for the three months ended 31 March 2016 and 2015

Net Interest and Similar Income

For the three months ended 31 March 2016, net interest income was U.S.$44.57 million, compared to U.S.$46.57 million in the three months ended 31 March 2015. This represents a 4 per cent. decrease. This decrease was principally driven by 80 per cent. decline in interest income from derivative contracts due to a rise in market interest rates and a 2 per cent. decline in outstanding notional amount of the contracts. It also reflects the differential rates of growth in the size of the Bank's loan book and the Bank's interest income from loans and advances resulting from of the introduction of the Bank's COTRALF facility. Loans made by the Bank under the COTRALF facility are collateralised, which may be by deposits made by the relevant central banks with the Bank, and as such bear correspondingly lower rates of interest compared to the Bank's other lending activities.

Interest and Similar Income

	For the Three Months Ended 31 March (unaudited)	
	2016	*2015*
	(In U.S.$'000)	
Loans and advances	82,738	76,184
Interest on derivative contracts	3,092	15,340
Interest on money market investments	895	286
Interest and similar income	**86,725**	**91,810**

For the three months ended 31 March 2016, interest income was U.S.$86.7 million, compared to U.S.$91.8 million over the same period in 2015. The difference of U.S.$5.1 million represents a 5.5 per cent. decrease. This decrease was principally driven by 80 per cent. decline in interest income from derivative contracts due to a rise in market interest rates and a 2 per cent. decline in the outstanding notional amount of the contracts.

Interest and Similar Expense

	For the Three Months Ended 31 March (unaudited)	
	2016	*2015*
	(In U.S.$'000)	
Due to banks	21,095	13,838
Debt securities in issue	21,049	31,326
Shareholder and customer deposits	12	78
Interest and similar expense	**42,156**	**45,242**

For the three months ended 31 March 2016, interest expense was U.S.$42.2 million, compared to U.S.$45.2 million over the same period for 2015. The difference of U.S.$3.0 million represents a 6.8 per cent. decrease. This decrease was principally driven by the Bank's cheaper source of funds in 2016 compared to 2015.

Fees and Commission Income

	For the Three Months Ended 31 March (unaudited)	
	2016	*2015*
	(In U.S.$'000)	
Investment banking fees	1,822	100
Commission on letters of credit	177	134
Guarantee fees	2,568	794
Other fees	80	-
Fees and commission income	**4,647**	**1,028**

For the three months ended 31 March 2016, fees and commission income was U.S.$4.6 million, compared to U.S.$1.0 million over the same period for 2015. The difference of U.S.$3.6 million represents a 352 per cent. increase. This significant increase was principally driven by an increase in the quantum of guarantee fees and advisory fees, attributable to higher levels of transactions in 2016 compared to 2015.

Fees and Commission Expense

	For the Three Months Ended 31 March (unaudited)	
	2016	*2015*
	(In U.S.$'000)	
Bond issue fees	452	452
Legal and agency fees	212	185
Other fees paid	488	434
Fees and Commission Expense	**1,152**	**1,071**

For the three months ended 31 March 2016, fees and commission expense was U.S.$1.2 million, compared to U.S.$1.1 million over the same period for 2015. The difference of U.S.$0.1 million represents a 7.5 per cent. increase. This increase was due to an increase in legal and agency fees on the back of increase in borrowings.

Operating Expenses

The following table shows a breakdown of the components of the Bank's total operating expenses for the periods indicated:

	For the Three Months Ended 31 March (unaudited)	
	2016	*2015*
	(In U.S.$'000)	
Personnel expenses	6,276	5,772
General and administrative expenses	3,367	3,520
Depreciation and amortisation expense	1,100	1,079
Operating expenses	**10,743**	**10,371**

For the three months ended 31 March 2016, operating expenses were U.S.$10.7 million, compared to U.S.$10.4 million over the same period in 2015. The difference of U.S.$0.3 million represents a 2.9 per cent. increase principally due to an increase of 8.7 per cent. in personnel expenses. This increase in personnel expenses was mainly due to an increase in staff headcount to support the Bank's increased business operations.

Exchange Adjustments

For the three months ended 31 March 2016, exchange adjustments were U.S.$0.3 million, compared to U.S.$3.1 million over the same period in 2015, a decrease of U.S.$2.8 million. These exchange adjustments were occasioned by the Bank taking steps to minimise its foreign currency exposure during 2016 in light of the volatility of the Euro exchange rate against the U.S. Dollar rate it experienced in 2015.

Loan Impairment Charges

For the three months ended 31 March 2016, loan impairment charges were a credit of U.S.$4.8 million, compared to credit of U.S.$0.9 million over the same period in 2015, an increase of U.S.$3.9 million. This increase was principally driven by a reversal of a previous collective impairment on loans made to the Central Bank of Egypt pursuant to the COTRALF facility due to the provision of cash collateral placed with the Bank, which improves its risk profile.

Provisions

No provisions were made in the three months ended 31 March 2016 or the three months ended 31 March 2015.

For further details on how the Bank determines provisions, see "*Description of the African Export-Import Bank – Risk Management and Asset Quality – Asset quality and impairment – Provisioning*".

Results of operation for the years ended 31 December 2015, 2014 and 2013

Net Interest and Similar Income

For the year ended 31 December 2015, the Bank's net interest income was U.S.$198.78 million, representing an increase of U.S.$23.82 million, or 13.6 per cent., compared to the year ended 31 December 2014. This increase was principally driven by a 9.5 per cent. growth in the Bank's interest income from loans and advances underpinned by 41 per cent. growth in the loan book, while cost of funds also declined due to improvement in the Bank's efficiency in managing its treasury activities, for instance through lower refinancing costs, which led to a reduction in the Bank's borrowing portfolio interest expense margin in 2015 compared to 2014. The differential rates of growth in the size of the Bank's loan book and the Bank's interest income from loans and advances is a direct result of the introduction of the Bank's COTRALF facility. Loans made by the Bank under the COTRALF facility are collateralised, including where relevant by deposits made by the relevant central banks with the Bank, and as such bear correspondingly lower rates of interest compared to the Bank's other lending activities.

For the year ended 31 December 2014, the Bank's net interest income was U.S.$174.96 million, representing an increase of U.S.$49.81 million, or 39.8 per cent., compared to the year ended 31 December 2013. This increase was principally driven by a 27 per cent. growth in the Bank's interest income from loans and advances underpinned by a 26 per cent. growth in the loan book, together with an increase in net interest margin from 3.45 per cent. in 2013 to 3.9 per cent. in 2014, while the Bank's cost of funds also declined due to improvement in the Bank's efficiency in managing its treasury activities, for instance through lower refinancing costs, causing a reduction in the borrowing portfolio interest expense margin in 2014 compared to 2013.

Interest and Similar Income

	For the Year Ended 31 December		
	2015	*2014*	*2013*
		(In U.S.$'000)	
Loans and advances	328,481	299,879	236,065
Interest on derivative contracts	41,162	17,189	6,691
Interest on money market investments	1,926	443	366
Interest and Similar Income	**371,569**	**317,511**	**243,122**

For the year ended 31 December 2015, interest and similar income was U.S.$371.57 million, compared to U.S.$317.51 million in 2014, representing an increase of U.S.$54.06 million, or 17.0 per cent. This increase was principally driven by growth in the loan book by 41 per cent.

For the year ended 31 December 2014, interest and similar income was U.S.$317.51 million, compared to U.S.$243.12 million in 2013, representing an increase of U.S.$72.39 million, or 30.6 per cent. This increase was principally driven by growth in the loan book by 26 per cent.

Interest and Similar Expense

	For the Year Ended 31 December		
	2015	*2014*	*2013*
		(In U.S.$'000)	
Due to banks	(62,238)	(53,557)	(48,713)
Debt securities in issue	(110,517)	(90,577)	(68,993)
Shareholder and customer deposits	(36)	(229)	(273)
Interest and Similar Expense	**(172,791)**	**(144,363)**	**(117,979)**

For the year ended 31 December 2015, interest and similar expense was U.S.$172.79 million, compared to U.S.$144.36 million in 2014, representing an increase of U.S.$28.43 million, or 19.7 per cent. This increase was principally driven by growth in the borrowings by 41 per cent. in 2015 compared to 2014.

For the year ended 31 December 2014, interest and similar expense was U.S.$144.36 million, compared to U.S.$117.98 million in 2013, representing an increase of U.S.$26.38 million, or 22.4 per cent. This increase was principally driven by borrowing levels which increased by 22 per cent., whilst in 2014, the Bank also repaid its Series 1 U.S.$300 million 8.75 per cent. bonds issued under this Programme, and which matured in 2014, and issued its Series 9 U.S.$700 million bond under this Programme which carry a significantly lower coupon of 4.75 per cent.

Fees and Commission Income

	For the Year Ended 31 December		
	2015	*2014*	*2013*
		(In U.S.$'000)	
Advisory fees	27,288	29,151	24,776
Commission on letters of credit	955	2,180	1,182
Guarantee fees	4,730	1,699	1,320
Structuring fees	1,523	—	—
Fees and Commission Income	**34,496**	**33,030**	**27,278**

For the year ended 31 December 2015, fees and commission income was U.S.$34.50 million, compared to U.S.$33.03 million in 2014, representing an increase of U.S.$1.47 million, or 0.4 per cent. This increase was principally due to increases in guarantee advisory fees and the addition of structuring fees which offset a slight reduction in advisory fees as a slightly lower value of transaction mandates were concluded in 2015 compared to 2014.

For the year ended 31 December 2014, fees and commission income was U.S.$33.03 million, compared to U.S.$27.28 million in 2013, representing an increase of U.S.$5.75 million, or 21.1 per cent. This increase was principally due to higher advisory fees driven by increased investment banking activities and higher commissions on letters of credit, which is in line with the strategy of the Bank to increase its fee and commission income as a portion of the Bank's overall income.

Fees and Commission Expense

	For the Year Ended 31 December		
	2015	2014	2013
		(In U.S.$'000)	
Bond issue fees	1,808	2,948	2,623
Legal and agency fees	828	523	295
Other fees paid	2,058	1,136	1,168
Fees and Commission Expense	**4,694**	**4,607**	**4,086**

For the year ended 31 December 2015, fees and commission expense was U.S.$4.69 million, compared to U.S.$4.61 million in 2014, representing a small increase of U.S.$0.07 million, or 0.02 per cent. This increase was due to legal and agency fees incurred under "due to banks" borrowings which also increased by 76 per cent. in 2015 compared to 2014 and offset the 38.7 per cent. decrease in bond issue fees.

For the year ended 31 December 2014, fees and commission expense was U.S.$4.61 million, compared to U.S.$4.09 million in 2013, representing an increase of U.S.$0.52 million, or 12.7 per cent. This increase was principally due to an increase in bond issue fees arising from the higher principal amount of bonds issued by the Bank in 2014 (U.S.$700 million) compared to 2013 (U.S.$500 million).

Operating Expenses

The following table shows a breakdown of the components of the Bank's total operating expenses for the periods indicated:

	For the Year Ended 31 December		
	2015	2014	2013
		(In U.S.$'000)	
Personnel expenses	(26,136)	(23,897)	(17,233)
General and administrative expenses	(17,927)	(12,631)	(12,557)
Depreciation and amortisation expense	(4,358)	(4,074)	(3,632)
Operating expenses	**(48,421)**	**(40,602)**	**(33,422)**

For the year ended 31 December 2015, operating expenses were U.S.$48.21 million, compared to U.S.$40.60 million in 2014, representing an increase of U.S.$7.61 million, or 18.7 per cent. This increase during 2015 was mainly driven by (i) a 9 per cent. increase in staff costs primarily driven by a 15 per cent. increase in staff numbers compared to 2014, (ii) a 42 per cent. increase in general and administration costs due to the Bank's contribution to the Ebola Solidarity Trust Fund organised by the African Union, (iii) costs related to the inauguration of the Headquarters building and (iv) the launch of the Bank's new Abidjan branch office.

For the year ended 31 December 2014, operating expenses were U.S.$40.60 million, compared to U.S.$33.41 million in 2013, representing an increase of U.S.$7.18 million, or 21.5 per cent. This increase during 2014 was mainly driven by (i) a 39 per cent. increase in staff costs driven by an 18 per cent. increase in staff numbers compared to 2013, (ii) costs incurred by the Bank in respect of a due diligence seminar/conference organised by the Bank as part of its annual knowledge-sharing seminars for the first time in 2014, and (iii) higher travel and meetings costs in 2014 compared to 2013 due to certain crucial meetings being held outside Cairo.

Exchange Adjustments

For the year ended 31 December 2015, exchange adjustments were positive U.S.$11.85 million, compared to an adjustment of negative U.S.$1.76 million in 2014, representing an increase of U.S.$13.61 million. These exchange adjustments were occasioned by the volatility of the Euro exchange rate against the U.S. Dollar rate.

For the year ended 31 December 2014, exchange adjustments were U.S.$1.76 million, compared to a credit of U.S.$0.71 million in 2013, representing an increase of U.S.$2.47 million. This increase was principally driven by the volatility of the Euro exchange rate against the U.S. Dollar rate.

Loan Impairment Charges

For the year ended 31 December 2015, loan impairment charges were U.S.$63.45 million, compared to U.S.$55.70 million in 2014, representing an increase of U.S.$7.55 million. This increase was principally driven by an increase in collective impairment provision arising from the year-on-year increase in the Bank's loan portfolio.

For the year ended 31 December 2014, loan impairment charges were U.S.$55.70 million, compared to U.S.$28.71 million in 2013, representing an increase of U.S.$26.99 million, driven by an increase in specific provisions in 2014 arising from first time provisioning on some facilities facing difficulties and increase in collective impairment due to an increase in the overall volume of loans.

Provisions

For the year ended 31 December 2015, provisions were U.S.$6.07 million, compared to U.S.$0.95 million in 2014, representing an increase of U.S.$5.12 million, or 538.9 per cent. This substantial increase was principally driven by provisioning on accrued income amounting to U.S.$3.3 million in 2015 and higher provisioning on legal fees receivable from customers amounting to U.S.$1.8 million in 2015 compared to U.S.$0.46 million in 2014.

For the year ended 31 December 2014, provisions were U.S.$0.95 million, compared to U.S.$0.55 million in 2013, representing an increase of U.S.$0.40 million, or 73.5 per cent. This increase was principally driven by provisioning on legal fees receivable from customers rising to U.S.$0.46 million in 2014 compared to nil in 2013.

For further details on how the Bank determines these provisions, see "*Description of the African Export-Import Bank – Risk Management and Asset Quality – Asset quality and impairment – Provisioning*".

Changes in Financial Condition

The following table shows a breakdown of the components of the Bank's statement of financial position for the periods indicated:

	As at 31 March (unaudited)		*As at 31 December*		
	2016	*2015*	*2015*	*2014*	*2013*
			(In U.S.$'000)		
Assets					
Cash and cash equivalents	957,804	748,568	824,092	654,381	593,365
Loans and advances to customers	8,197,516	4,182,289	6,061,316	4,346,009	3,432,279
Hedging derivatives	20,452	33,975	23,024	41,970	3,492
Prepayments and accrued income	184,235	105,940	175,476	99,295	97,187
Other assets	159	1,486	3,060	1,885	2,902
Property and Equipment	45,421	44,848	45,941	45,654	45,844
Total Assets	**9,405,587**	**5,117,106**	**7,132,909**	**5,189,194**	**4,175,069**
Liabilities					
Due to banks	5,899,637	1,865,116	3,683,796	2,093,037	1,742,062
Debt securities in issue	1,694,704	1,762,354	1,734,272	1,762,055	1,398,955
Deposits and customer accounts	273,502	238,000	303,112	296,780	216,373
Other liabilities	121,108	279,394	145,020	118,253	89,069
Total Liabilities	**7,988,951**	**4,144,864**	**5,866,200**	**4,270,125**	**3,468,459**
Capital Funds					
Share capital	344,368	187,377	307,152	185,572	175,621
Share premium	271,444	62,184	203,861	56,847	38,632
Warrants	46,316	77,328	46,316	77,328	—
Reserves	356,586	303,500	354,233	298,578	257,538
Retained earnings	397,922	341,893	355,147	300,744	234,819
Total Capital Funds	**1,416,636**	**972,242**	**1,266,709**	**919,069**	**706,610**
Total Liabilities and Capital Funds	**9,405,587**	**5,117,106**	**7,132,909**	**5,189,194**	**4,175,069**

31 March 2016 vs. 31 March 2015

As at 31 March 2016, total assets amounted to U.S.$9.41 billion, compared to U.S.$5.12 billion as at 31 March 2015. This represented a substantial increase in total assets of U.S.$4.29 billion, or 83.8 per cent., due principally to a 96 per cent. increase in loans and advances. This increase reflects the introduction of the Bank's COTRALF facility aimed at African central banks, under which the Bank had extended loans to the CBE of U.S.$3.2 billion as 31 March 2016, and of which U.S.$2.0 billion was extended during the three months ended 31 March 2016.

The increase in total assets as of 31 March 2016 was accompanied by a U.S.$3.97 billion, or 109 per cent., increase in total liabilities, principally due to an increase in the amount due to banks of U.S.$4.03 billion, of which approximately U.S.$3 billion represented central bank deposits (primarily from the CBE under the CENDEP programme) raised by March 2016. This was necessary to fund the growth in the Bank's loan book.

As at 31 March 2016, the Bank's liquidity (i.e. cash and cash equivalents, derivatives and loans with a residual maturity of less than three months) amounted to U.S.$957.8 million, compared to U.S.$748.6 million as at 31 March 2015. This increase was caused by cash flows stemming from the on-going general capital raising being undertaken by the Bank.

31 December 2015 vs. 31 December 2014

During 2015, total assets increased by U.S.$1,944 million, or 37.5 per cent., primarily due to an increase in the Bank's loan assets. These assets are almost entirely comprised of loans and advances (85.0 per cent.) and cash and cash equivalents (11.6 per cent.). Such assets increased due to an increase in loans and advances of U.S.$1,715 million, or 39.5 per cent. This increase reflects the introduction of the Bank's COTRALF facility aimed at African central banks, under which the Bank had extended loans to the CBE of U.S.$1 billion as 31 December 2015**.** As at 31 December 2015, the Bank's loan portfolio amounted to U.S.$6,061 million, and had an average maturity term of 17 months, with 65 per cent. of the portfolio scheduled to mature within one year. Of those loans, 12 per cent. were in respect of intra-African trade, 5 per cent. were in respect of trade outside of Africa and 83 per cent. related to transactions involving both intra-African and extra-African trade, with about 93 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2015, the Bank's liquidity (i.e. cash and cash equivalents, derivatives and loans with a residual maturity of less than three months) amounted to U.S.$2,483.9 million, compared to U.S.$1,979.6 million as at 31 December 2014.

The increase in total assets in 2015 was accompanied by a U.S.$1,561 million, or 34.4 per cent., increase in total liabilities, especially in amounts due to banks (increase of U.S.$1,591 million) mainly driven by deposits made by central banks (primarily the Central Bank of Egypt) under the Bank's new CENDEP programme which increased by around U.S.$1 billion in 2015 compared to 2014.

31 December 2014 vs. 31 December 2013

During 2014, total assets increased by U.S.$1,095 million, or 25.1 per cent., primarily due to an increase in the Bank's loan assets. These assets are principally comprised of loans and advances (79.7 per cent.) and cash and cash equivalents (12.0 per cent.). Such assets increased due to an increase in loans and advances of U.S.$913.7 million, or 26.6 per cent. As at 31 December 2014, the Bank's loan portfolio amounted to U.S.$4,346 million, and had an average maturity term of 19 months, with 49 per cent. of the portfolio scheduled to mature within one year. Of those loans, 18 per cent. were in respect of intra-African trade, 7 per cent. were in respect of trade outside of Africa and 75 per cent. related to transactions involving both intra-African and extra-African trade, with about 93 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2014, the Bank's liquidity (i.e. cash and cash equivalents, derivatives and loans with a residual maturity of less than three months) amounted to U.S.$1,979.6 million, compared to U.S.$1,762 million as at 31 December 2013.

The increase in total assets in 2014 was accompanied by a U.S.$882.24 million, or 24.2 per cent., increase in total liabilities, especially in amounts due under debt securities in issue (an increase of U.S.$328.98 million) as the Bank issued a U.S.$700 million bond in 2014 while it repaid a U.S.$300 million bond in the same year; and amounts due to banks (an increase of U.S.$363.10 million) mainly driven by an increase in bilateral loans to fund the Bank's growing loan book together with funds raised from the bond market.

Capital Funds

The following table presents information concerning the Bank's capital position at the dates indicated:

	As at 31 March (unaudited)		*As at 31 December*		
	2016	*2015*	*2015*	*2014*	*2013*
	(In U.S.$'000)			*(In U.S.$'000)*	
Share capital	344,368	187,377	307,152	185,572	185,572
Share premium	271,444	62,184	203,861	56,847	56,847
Warrants	46,316	77,328	46,316	77,328	77,328
Reserves	356,586	303,500	354,233	298,578	298,578
Retained earnings	397,922	341,893	355,147	300,744	300,744
Total capital funds	**1,416,636**	**972,242**	**1,266,709**	**919,069**	**919,069**

As at 31 March 2016, capital funds amounted to U.S.$1,416.6 million compared to U.S.$972.2 million as at 31 March 2015. The U.S.$444.4 million, or 45.7 per cent., increase was the net result of capital injections pursuant to the GCI amounting to U.S.$335.28 million and increased profitability.

As at 31 December 2015, capital funds amounted to U.S.$1,266.7 million compared to U.S.$919.1 million as at 31 December 2014. This represented an increase in capital funds of U.S.$347.6 million, or 37.8 per cent., due to increased profitability and capital injections pursuant to the GCI amounting to U.S.$237.6 million.

As at 31 December 2014, capital funds amounted to U.S.$919.1 million compared to U.S.$706.6 million as at 31 December 2013. This represented an increase in capital funds of U.S.$212.5 million, or 29.1 per cent., due to increased profitability and capital injections pursuant to the GCI amounting to U.S.$105.5 million.

The general reserve is set up in accordance with Article 31 of the Bank's Charter in order to cover general banking risks, including future losses and other unforeseeable risks or contingencies.

Afreximbank is not subject to capital requirements by a regulatory body such as a central bank or equivalent institution. However, the Bank has established a Capital Management Policy ("**CMP**") that is based on the maintenance of certain capital adequacy ratios in line with the recommendations of the Basel Committee on Banking Supervision (the "**Basel Committee**") as amended from time to time (including the papers entitled "*International Convergence of Capital Measurement and Capital Standards*" dated July 1988 as amended from time to time (the "**Basel Paper**"), the paper entitled "*International Convergence of Capital Measurement and Capital Standards: A Revised Framework*" dated June

2004, as amended from time to time (the "**Basel II Paper**"), and the papers entitled "*A global regulatory framework for more resilient banks and banking systems*" dated June 2011 as amended from time to time and "*International framework for liquidity risk measurement, standards and monitoring*" dated January 2013 as amended from time to time (together, the "**Basel III Papers**"), each prepared by the Basel Committee). For a further description, see "*Description of African Export-Import Bank – Capital Adequacy – Capital Management*".

Critical Accounting Policies

General

The Bank's Financial Statements are prepared under the historical cost convention, except for land and buildings and derivative financial instruments that have been measured at fair value, and are presented in U.S. dollars in accordance with the charter of the Bank (the "**Charter**") and in conformity with IFRS. The preparation of financial statements complying with IFRS requires the use of critical accounting estimates and also requires the Bank's management to use subjective judgment, often as a result of the need to make estimates of matters that are inherently uncertain. The Bank's management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from the estimates.

Impairment Losses on Loans and Advancements

The Bank reviews its loan portfolio regularly to assess whether a provision for impairment should be recorded in the statement of comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily subjective based on assumptions about several factors involving varying degrees of judgment and uncertainty. Consequently, actual results may differ resulting in future changes to such provisions.

The Bank's policy requires the review of individual financial assets, facilities and commitments at least quarterly, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the impairment at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Fair Value of Financial Instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

Estimated fair value is the amount at which an instrument could be exchanged in a current transaction between willing parties other than as part of an enforced or liquidation sale. The fair values of financial instruments not recognised on the statement of financial position are the same figures appearing as contingent liabilities and commitments.

Financial instruments not measured at fair value

<u>Loans and advances</u>

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

<u>Debt securities in issue</u>

The aggregate fair prices are calculated based on quoted prices. For those notes where quoted market prices are not available, a discounted cash flow model is used.

Financial instruments measured at fair value

<u>Derivative financial instruments</u>

The Bank enters into interest rate swaps and foreign exchange forward contracts to hedge its exposure to changes in the fair value and cash flows attributable to changes in market interest and exchange rates on its assets and liabilities. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (e.g. London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchange traded derivatives such as futures (e.g. NASDAQ, S&P 500).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counter party risk is Reuters.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity instruments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

Total gains or losses for the period are included in profit or loss as well as total gains relating to financial instruments designated at fair value depending on the category of the related asset/liability.

Recently-Issued Accounting Standards

The following new amendments to the existing standards issued by the IASB were effective for the 2015 financial period:

Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans Employee Contributions (effective for annual periods beginning on or after 1 July 2014), issued by IASB on 21 November 2013.

The narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service as a negative cost. These amendments have no impact on the Bank's financial position or performance.

Improvements to IFRS (cycle 2010-2012) issued by IASB on 12 December 2013.

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) definition of 'vesting condition'; (ii) accounting for contingent consideration in a business combination; (iii) aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets; (iv) proportionate restatement of accumulated depreciation/ amortisation application in revaluation method and (v) clarification on key management personnel. The amendments are to be applied for annual periods beginning on or after 1 July 2014. These improvements have no impact on the Bank's financial position or performance.

Improvements to IFRSs (cycle 2011-2013) issued by IASB on 12 December 2013.

Amendments to various standards and interpretations resulting from the annual improvement project of IFRS (IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. The most important changes include new or revised requirements regarding: (i) scope of exception for joint ventures; (ii) scope of paragraph 52 if IFRS 13 (portfolio exception) and (iii) clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendments are to be applied for annual periods beginning on or after 1 July 2014). These improvements have no impact on the Bank's financial position or performance.

During 2014, new and amended IFRS and IFRIC interpretations applicable to the Bank were issued, but are not in effect; or if effective, have not had a material impact on the financial statements of the Bank. These standards and interpretations include the following:

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018, with early application permitted)

Issued on 24 July 2014, this is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

Classification and Measurement - IFRS 9 introduces new approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements under IAS 39. The new model also results in a single impairment model being applied to all financial instruments.

Impairment - IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting - IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities.

Own credit - IFRS 9 removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Bank does not expect the revised standard to have material financial impact in future financial statements.

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016)

Published by IASB on 30 January 2014, this Standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. The amendment to IFRS 14 has no impact on the Bank, since the Bank is an existing IFRS user.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)

Published by IASB on 28 May 2014, IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Bank does not expect the standard to have material financial impact in future financial statements.

Amendments to IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2016), Accounting for Acquisitions of Interests in Joint Operations

Published by IASB on 6 May 2014, the amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendments will not impact the Bank as it does not have such arrangements.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date was deferred indefinitely until the research project on the equity method has been concluded).

Issued by IASB on 11 September 2014, the amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. These improvements have no impact on the Bank's financial position or performance.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

Issued by IASB on 18 December 2014, the narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances. The amendments will not impact the Bank as it does not have such arrangements.

Amendments to IAS 1 "Disclosure Initiative" (effective for annual periods beginning on or after 1 January 2016).

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: (a) the materiality requirements in IAS 1; (b) that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; (c) that entities have flexibility as to the order in which they present the notes to financial statements; (d) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. The amendments will affect disclosures only and will have no impact on the Bank's financial position or performance.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)

Published by IASB on 12 May 2014, these amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The amendments will not impact the Bank since the Bank does not use revenue based methods to calculate depreciation.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)

Published by IASB on 30 June 2014, the amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. These amendments are not expected to have any impact to the Bank as the Bank does not have any bearer plants.

Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

Published by IASB on 12 August 2014, the amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments will not impact the Bank's financial statements.

Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" (Amendments are to be applied for annual periods beginning on or after 1 January 2016)

Published by IASB on 25 September 2014, these amendments to various standards and interpretations result from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording. The revisions clarify the required accounting recognition in cases where free interpretation used to be permitted. Changes include new or revised requirements regarding: (i) changes in methods of disposal; (ii) servicing contracts; (iii) applicability of the amendments to IFRS 7 to condensed interim financial statements; (iv) discount rate: regional market issue; (v) disclosure of information 'elsewhere in the interim financial report'. The improvements will not have an impact on the Bank.

IFRS 16 "Leases" issued by IASB on 13 January 2016. (The new standard is effective for annual periods beginning on or after 1 January 2019)

The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17. Lessees are to recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as current lessor accounting, using IAS 17's dual classification approach. Early application is permitted, but not before an entity applies IFRS 15. The Bank does not expect the new standard to have material financial impact in future financial statements.

The Bank has elected not to adopt the above-listed new standards and amendments to existing standards in advance of their effective dates.

Off-Balance Sheet Transactions

The Bank enters into off-balance sheet arrangements in the normal course of its business to facilitate its business and objectives. These arrangements, which may involve elements of credits in excess of amounts recognised on the balance sheet, primarily include:

(i) credit agreements signed and pending disbursement;

(ii) letters of credit; and

(iii) financial guarantee of contracts.

For further details of these arrangements, see Note 7.1.2 of the Bank's Annual Financial Statements.

The amount of the Bank's off-balance sheet obligations decreased in the year ended 31 December 2015, from U.S.$324.6 million as at 31 December 2014 to U.S.$236.1 million as at 31 December 2015.

The Bank may increase its use of guarantees in the future.

Other Results of Operations

For a discussion of interest rate sensitivity, see "*Description of the African Export-Import Bank – Risk Management and Asset Quality – Concentration and Exposure Limits – Interest rate risk management*". For a discussion of the Bank's liquidity, see "*Description of the African Export-Import Bank – Risk Management and Asset Quality – Treasury Policy – Liquidity and Investment Policy*", "*Description of the African Export-Import Bank – Funding – Deposits – Liquidity*" and "*Description of the African Export-Import Bank – Funding – Deposits – Liquidity Risk*".

DESCRIPTION OF THE AFRICAN EXPORT-IMPORT BANK

Overview

Afreximbank is a supranational financial institution whose purpose is to facilitate, promote and expand intra- and extra-African trade. The Bank was established under the Agreement for the Establishment of the African Export-Import Bank (the "**Establishing Agreement**") between 27 states and multilateral institutions[11], made in Abidjan, Côte d'Ivoire on 8 May 1993, which subsequently has been ratified by 24 such parties. As at the date of this Base Offering Memorandum, a further 14 African states or multilateral institutions had acceded to the Establishing Agreement since its coming into force (states that have signed or subsequently acceded to the Establishing Agreement are referred to herein as "**Participating States**"). As at 31 March 2016, the number of Participating States was 40[12]. In addition to the 40 Participating States, South Africa is a shareholder in the Bank but have not yet completed all formalities required to become a Participating State. In accordance with Article XVIII of the Establishing Agreement, the same came into force on 20 October 1993, pursuant to which a General Meeting of the shareholders of the Bank (the "**Shareholders**") was held on 27-28 October 1993, and the Bank commenced operations on 30 September 1994.

The Bank's headquarters are located at the Afreximbank Building, 72(B) El Maahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt, its telephone number is +20 22 456 4100, its facsimile number is +20 22 456 4110 and its website is at *www.afreximbank.com*.

The Bank's specific functions include: extending credit to eligible African exporters by providing pre- and post-shipment finance; extending indirect credit to African exporters and importers of African goods through the intermediary of banks and other African financial institutions; promoting and financing trade between African states and other developing states; acting as intermediary between African exporters and African and non-African importers through the issuance of letters of credit, guarantees and other trade documents in support of export-import transactions; promoting and providing insurance and guarantee services covering commercial and non-commercial risks associated with African exports; and carrying out market research and providing auxiliary services aimed at expanding the international trade of African countries and boosting African exports. A description of the Bank's programmes and facilities is set out below.

The Bank's vision is to be the trade finance bank for Africa, and its mission is to stimulate a consistent expansion, diversification and development of African trade, particularly intra-African trade, while operating as a first-class, profit-oriented, socially responsible financial institution and a centre of excellence in African trade matters. The Bank aims in time to increase the number of Participating States from the current 40 to include all 54 sovereign African nations.

The Bank is one of a small number of participants in its sphere of activity in operating as a multilateral public-private partnership. Notwithstanding the number of governments and central banks that are members of the Bank, the Charter of the Bank (the "**Charter**") provides that, when the authorised share capital of the Bank is fully subscribed, up to 65 per cent. of the Bank's share capital can be offered and held by other investors[13]. As at the date of this Base Offering Memorandum, the authorised share capital of the Bank is not fully subscribed. Whilst the Bank pursues policy objectives in expanding and diversifying African trade finance, it effectively operates as a commercial, profit-oriented organisation.

The Bank's management believes that Afreximbank is the preferred partner in major syndicated trade financings in Africa. For example, during the year ended 31 December 2015, the Bank arranged, co-arranged or participated in 13 syndicated financing transactions with a total value exceeding U.S.$5.4 billion. The Bank's participation in those syndicated deals amounted to U.S.$1,015 million and for every U.S.$1.00 of funding committed by the Bank, the Bank's estimates show that it was able to attract about U.S.$5.40 to support trade and bankable trade-related projects in Africa. The Bank is in a position to act as lender of record, thereby enabling private banking partners to avoid stamp duties and to mitigate country risk in Africa. Moreover, the Bank has demonstrated its ability to pioneer products across the continent in line with government policies, for example to promote local content for Africa's extractive industries, to facilitate migrant remittances and to design and implement specific country programmes.

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11 African Reinsurance Corporation, Arab Republic of Egypt, Republic of Angola, Republic of Benin, Republic of Botswana, Republic of Cameroon, Republic of Cape Verde, Republic of Côte d'lvoire, Eastern and Southern African Trade and Development Bank, Federal Democratic Republic of Ethiopia, Republic of the Gambia, Republic of Ghana, Republic of Kenya, Republic of Liberia, Republic of Malawi, Republic of Mali, Islamic Republic of Mauritania, Republic of Namibia, Republic of Niger, Federal Republic of Nigeria, Republic of Rwanda, Republic of Senegal, Republic of the Sudan ("**Sudan**") (commonly referred to as North Sudan), Republic of Sierra Leone, Republic of Uganda, Republic of Zimbabwe and Republic of Zambia.

12 Arab Republic of Egypt, Republic of Angola, Republic of Benin, Republic of Botswana, Burkina Faso, Republic of Cameroon, Republic of Cape Verde, Republic of Chad, Republic of Congo, Democratic Republic of Congo, Republic of Côte d'lvoire, Federal Democratic Republic of Ethiopia, Republic of Gabon, Republic of the Gambia, Republic of Ghana, Republic of Guinea, Republic of Guinea-Bissau, Republic of Kenya, Kingdom of Lesotho, Republic of Liberia, Republic of Malawi, Republic of Mali, Islamic Republic of Mauritania, Republic of Mauritius, The Kingdom of Morocco, Republic of Mozambique, Republic of Namibia, Republic of Niger, Federal Republic of Nigeria, Republic of Rwanda, Republic of Senegal, Republic of Seychelles, Republic of Sierra Leone, Sudan, United Republic of Tanzania, Togolese Republic, Republic of Tunisia, Republic of Uganda, Republic of Zimbabwe and Republic of Zambia.

13 Including, but not limited to, African and non-African private investors (both natural and legal persons), international financial institutions and economic organisations, and non-regional financial institutions.

History of Afreximbank

In June 1987, the African Development Bank's ("**AfDB**") annual meeting adopted a resolution authorising a study (the "**Study**") by its management into the establishment of an African Export-Import Bank. The Study was launched in October 1987 under the auspices of the AfDB and financed by the United Nations Development Programme. Part of the rationale for initiating the Study was the noted difficulties faced by Development Finance Institutions ("**DFIs**") during the global economic crises of the 1980s and the consensus that a multilateral institution was required that brought together both states and public and private international financial institutions to promote and develop African trade finance through commercial approaches.

On completion of the Study, the AfDB board of directors approved the participation of the AfDB in the equity capital of Afreximbank and authorised its management to initiate formal consultations with prospective shareholders. The first consultative meeting of such potential shareholders took place in Cairo in January 1993. On that occasion the Bank's authorised share capital was fixed at U.S.$500 million with approximately U.S.$100 million subscribed by the initial shareholders. The Bank's authorised share capital has since been increased twice and, as at the date of this Base Offering Memorandum, stands at U.S.$5.0 billion of which U.S.$860.9 million (nominal value) is subscribed (see "*Share Ownership and Capital*" below).

Further to the signing of the Establishing Agreement and initial general meeting in 1993 detailed in "*Overview*" above, the Bank's operations were officially launched in September 1994. The Establishing Agreement was registered with the United Nations as an international treaty in October 1995 and the Bank was thereby recognised as a multilateral organisation under Article 102 of the United Nations Charter. The Bank's first branch office opened in Harare, Zimbabwe, in November 1996 and it plans to open its fourth in Nairobi, Kenya, during 2016.

Legal Status of the Bank

The Establishing Agreement is the Bank's governing constitution. It sets forth, amongst other things, the Bank's purpose and functions, legal status, scope of membership, the operations in which it may engage, and establishes certain immunities, exemptions, privileges, facilities and concessions of the Bank. Annexed to the Establishing Agreement is the Charter, adopted on 27 October 1993 by the first General Meeting of Shareholders of the Bank in Abuja, Nigeria (as amended on 8 May 2000 at the Seventh General Meeting of Shareholders of the Bank in Tunis, Tunisia and further amended in Gaborone, Republic of Botswana by the Second Extraordinary General Meeting on 5 June 2010, and in Harare, Republic of Zimbabwe by the reconvened Third Extraordinary General Meeting on 8 December 2012). The Charter sets forth detailed provisions regarding the operations of the Bank, including its objects and powers, share capital, administration and governance. The Charter derives its legal force from the Establishing Agreement and is valid and operative among all Shareholders.

Pursuant to the Establishing Agreement, the Bank is an international institution with full legal personality under the laws of the Participating States.

The Bank has its headquarters in the Arab Republic of Egypt ("**Egypt**") subject to the terms of a Headquarters Agreement signed in Cairo on 31 August 1994 between the Government of Egypt and the Bank (the "**Headquarters Agreement**"). The Establishing Agreement and the Headquarters Agreement together accord the Bank a number of privileges, immunities and exemptions, including:

- inviolability of its headquarters: no officer or official of Egypt may enter the headquarters without the consent of the President of Afreximbank;
- immunity of its headquarters from service of legal process except with the consent of the President of Afreximbank;
- immunity for its property and assets from search, seizure and similar action before final judgment against Afreximbank;
- immunity for its Directors, officers, employees, shareholder representatives and consultants and experts performing missions for Afreximbank for acts performed by them in their official capacities;
- inviolability of its archives;
- freedom from administrative, financial or other regulatory restriction;
- exemption from all taxation and from customs duties in Participating States (except in respect of public utility services and which are payable by other international organisations situated or represented in Egypt); and
- treatment in respect of its official communications that is no less favourable than that accorded by the Government of Egypt to any international organisations or diplomatic missions accredited to Egypt.

The Headquarters Agreement also provides that, notwithstanding the generality of these and other immunities and freedoms, the Bank may freely:

- carry on all forms of banking business and financial services authorised under the Charter;
- purchase, hold and dispose of national currencies;

- purchase, hold and dispose of convertible currencies, securities, bills of exchange, negotiable instruments and transfer the same to, from or within the territory of Egypt;
- open, maintain and operate accounts in the national currency within the territory of Egypt;
- open, maintain and operate convertible currency accounts within the territory and outside the territory of Egypt;
- raise funds (including borrowing money as authorised under the Charter) and make loans in convertible currencies; and
- carry out any operations authorised under the Charter.

The Headquarters Agreement provides that the Bank shall co-operate at all times with the appropriate Egyptian authorities to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse of the privileges, immunities and facilities provided for under the Headquarters Agreement.

Developments During 2015 and First Quarter 2016

Despite the volatile environment, the Bank considers that the political climate in Africa improved during the year ended 31 December 2015 compared to the year ended 31 December 2014, especially as a result of successful democratic transition in Nigeria and generally improved security. Following progress on health and sanitation, most affected countries in West Africa were declared Ebola-free[14]. Governments in North, West and Central Africa also made progress on peace and security. Despite isolated incidents, Egypt is also enjoying relative peace, especially following the successful parliamentary elections. The terrorist group Boko Haram has been weakened by coordinated actions between governments in Central and West Africa.

Despite the challenging global economic environment characterised by counter-shock in commodity markets and growth deceleration in emerging market economies, which have become leading drivers of global growth and trade, the African economy remained resilient, growing at 3.3 per cent. in 2015 according to the Bank's own estimates. At that rate, the continent remained among the fastest growing regions in the world, only second to Asia with a growth rate hovering around 5.4 per cent according to the IMF's World Economic Outlook.

Overall, the resilience of African economies, illustrated by sustained increase in the growth rate of their GDP in a context of global deceleration and anaemic growth within the European Union, is supported by strong domestic demand fuelled by growing middle-class and urbanisation. Increased investment in infrastructure especially in low-income countries is also driving the growth momentum in the region. For instance, among the drivers of growth, countries such as Côte d'Ivoire, Ethiopia, Rwanda and Tanzania, which have received large-scale investment, have drawn on these investments to enjoy robust economic growth. For instance, in the midst of generalised growth deceleration, Côte d'Ivoire recorded a growth rate of 8.2 per cent. in 2015 and is projected to sustain that level of output expansion in 2016, growing at around 8 per cent[15]. At the same time, net oil-importing countries such as Tanzania are reaping the benefits of plummeting oil prices, and the growth performance achieved by the region is partly due to continued improvement in business and macroeconomic environments.

The continued expansion of the global and African economies and other positive developments in the Bank's operating environments supported the Bank's operations and activities during the period under review. In this regard, the value of financing applications received by the Bank during 2015 rose by about 5 per cent. year-on-year to approximately U.S.$ 42 billion. New loan approvals increased by about 29 per cent. year-on-year to U.S.$ 5.04 billion for the year ended 31 December 2015 compared to U.S.$3.89 billion for the year ended 31 December 2014, reflecting a gross loans outstanding increase of about 41 per cent. year-on-year to reach U.S.$6.17 billion as at 31 December 2015. This resulted from increased utilisation of the Bank's approved credit facilities, in particular by the CBE under the Bank's COTRALF facility introduced in 2015 (under which the Bank had extended loans to the CBE amounting to U.S.$3.2 billion in aggregate as 31 March 2016) and operational efficiency emanating partly from on-going process improvements.

Following the growth in loans and taking into account a marked increase in cash and cash equivalents, total assets of the Bank also rose by about 37.4 per cent. to U.S.$7.13 billion as at 31 December 2015, from a level of U.S.$5.19 billion as at 31 December 2014. Most recent changes to the Bank's loan portfolio have been consistent with performance achieved in the past. For the three months ended 31 March 2016, new loans having an aggregate principal amount of U.S.$2.07 billion were approved, primarily consisting of U.S.$2.0 billion extended to the CBE. Gross loans outstanding increased year-on-year by 96 per cent. to reach U.S.$8.23 billion as at 31 March 2016, and the total assets of the Bank increased by 83.4 per cent. to reach U.S.$9.41 billion as at 31 March 2016.

Notwithstanding the generally challenging global environment created by tightened global financial conditions following normalisation of U.S. monetary policy, counter-shocks in commodity markets and synchronised growth deceleration in emerging economies, including China which has become Africa's main trading partner, the Bank considers that the near-term outlook is positive for the region. Most predictions indicate that Africa's economic performance is expected to improve in 2016 with a growth rate increasing to 4.2 per cent. from 3.3 per cent. in 2015

[14] World Health Organisation
[15] African Development Bank's African Economic Outlook

according to the Bank's own estimates. Commodity prices are expected to stabilise but are also expected to remain low through to the end of 2017 according to the IMF's World Economic Outlook. Growth prospects in the region will continue to be enhanced by improvements in the business and macroeconomic environment.

Credit Ratings

As at the date of this Base Offering Memorandum, the Bank holds investment grade ratings from two leading international ratings agencies:

- Fitch Ratings Limited ("**Fitch**"): on 23 October 2015, Fitch re-affirmed its ratings of the Bank at "BBB-" (Long Term Issuer Default Rating ("**IDR**")) and "F3" (Short Term IDR) but revised its Foreign Currency Long Term IDR outlook from negative to stable.
- Moody's Investors Service ("**Moody's**"): on 22 July 2015, Moody's re-affirmed its ratings of the Bank at "Baa2/Prime-2" (long-term and short term foreign currency issuer ratings) and revised the outlook from negative to stable.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

Organisational Structure

As at 31 March 2016, Afreximbank has a total of 151 full-time employees (compared with 147 as at 31 December 2015 and 127 as at 31 December 2014). Please see the section headed "*Management of the Bank*" for a chart showing the organisational structure of the Bank as at 31 March 2016.

Branch offices

The Bank currently has three branch offices, located in Abidjan, Abuja and Harare, and is in the process of establishing a fourth branch office in Nairobi, which is expected to become operational during 2016. In accordance with the Bank's branch policy, each branch is expected to be self-sustaining by operating as a commercially viable entity.

The Bank is also considering setting up a new representative office in London in order to assist in mobilisation of funds and management of treasury relationships, as well as to help the Bank effectively execute its syndicated loans business. Depending on developments in the pace of growth of Africa/China trade, the Bank may also consider a representative office in China within the timescale of the Bank's fifth strategic plan (currently under preparation).

The main responsibilities of the branch offices are to market the Bank's operations and generate business within their areas of coverage, relationship management to ensure customer retention, relationship management with respect to the host country, loan monitoring and agency functions, and overall ensuring portfolio diversification and expansion of trade both within and outside the continent of Africa.

The Bank has established a Branch Management Committee ("**BMC**"), which is a statutory committee of the Board. The BMC's tasks include the review of reports on the branches' activities and proposal of measures to improve their operational efficiency.

The operational branch offices already established by the Bank are as follows:

Abuja Branch Office

The volume of applications for borrowing received by the Abuja branch office during 2015 amounted to U.S.$2.6 billion, reflecting a 113 per cent. increase over the level generated of U.S.$1.2 billion during 2014. Credit approvals during the period amounted to U.S.$692 million, representing an increase of 155 per cent. from the U.S.$271 million achieved in 2014. The office generated U.S.$36.5 million in revenue during 2015. Loan assets standing at U.S.$930.47 million as at 31 December 2015 represented a significant improvement on the figure of U.S.$498 million recorded as at 31 December 2014.

Abidjan Branch Office

The Abidjan branch office was formally opened on 28 May 2015. The volume of applications for borrowing received by the Abidjan branch office during 2015 amounted to U.S.$1.2 billion. The volume of applications for borrowing received in the three month period ended 31 March 2016 was U.S.$1.5 billion. The Executive Committee of the Board of Directors approved transactions amounting to U.S.$264 million in 2015. Transactions for the three month period ended 31 March 2016 amounted to U.S.$98 million.

Harare Branch Office

During 2015, the volume of applications for borrowing received by the Harare branch office increased by 11.5 per cent. year-on-year to U.S.$1,562 million compared to a 13 per cent. decrease in 2014. Of this volume, transactions approved by the Executive Committee of the Board of Directors amounted to U.S.$582 million in 2015, representing an increase of about 25 per cent. compared to the level of U.S.$465 million in 2014. The volume of transactions at different stages of development stood at U.S.$565 million at the end of 2015, about 9 per cent. higher than the level at the end of 2014.

The volume of operational facilities at the end of the review period amounted to U.S.$1,140 million, representing an increase of 77.6 per cent. compared to the level at the end of 2014.

Regulation and Preferred Creditor Status

Under the Establishing Agreement, each Participating State has agreed to waive, and refrain from imposing, any administrative, financial or other regulatory restrictions that are likely to hinder in any manner the smooth functioning of the Bank or impair its operations. Accordingly the Bank's property, assets, operations and activities are free from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature.

The above freedoms have also allowed the Bank to enjoy a preferred creditor status in the Participating States and lessening the effect of country risk and moratorium risk on the Bank. Whilst analogous privileges and immunities are generally enjoyed by most multilateral institutions, it is also generally accepted that preferred creditor status is fundamentally a political expression and is *de facto* as a matter of conduct, rather than *de jure*, as a matter of law. This conduct in turn reflects sovereigns' incentives to place priority on loan repayments to multilateral lending institutions. Such incentives include:

- committed loans that have yet to be disbursed;
- a willingness to initiate new loans when others will not;
- the availability of loans on generally more favourable terms; and
- technical assistance in addition to straight funding.

In the context of the Bank, all these incentives apply. The Bank believes it enjoys an extensive pipeline of transactions in all countries where it already has exposures and therefore strong incentives exist to ensure repayments are met so as not to jeopardise these transactions. The Bank has also shown a commitment to support its member states in circumstances where other multilateral institutions have disengaged. It is primarily for this reason that in Zimbabwe, the Bank has continued to have its obligations paid by the state when other multilaterals have seen an effective moratorium of their repayments. The Bank is able to provide funding at favourable cost through its ability to shield borrowers in member states from the country risk premium they would otherwise have to pay if they were accessing the international markets directly. The Bank has also provided technical assistance such as in the case of Cameroon where it provided structuring advice, which helped to unlock the potential of the banana industry, which is considered critical to the economy of Cameroon. Such factors lead to a strong political incentive for the member states to ensure that the Bank does in practice enjoy preferred creditor treatment, even if, in line with the Bank's mandate, the facilities may be provided to the private sector. Specific examples of this in practice are as follows:

Senegal (2007). The Bank was involved in the financing of the Senegalese State Oil refinery in parallel with a number of leading European banks. The state-owned body experienced financial difficulty due to funding shortfalls from the Senegalese government. The state-owned body repaid the Bank due to its preferred creditor status, but entered into a restructuring arrangement with other creditors.

Kenya (2008). The Bank purchased under its forfaiting facility certain promissory notes issued by the government of Kenya to a supplier of some motor vehicles. When a change in Government occurred, the government of Kenya suspended payments of the series of promissory notes including those purchased by the Bank. The Bank successfully negotiated with the Kenyan government to ensure that the promissory notes held by the Bank were redeemed, while others were not.

Sudan (2014-5). Despite experiencing significant hard currency shortages, the Central Bank of Sudan prioritised repayment of facilities owed to the Bank.

Zimbabwe (2016). The Zimbabwe Asset Management Company took over three facilities owed to the Bank having a combined value of U.S.$30.2 million which had fallen behind on repayments. This action by the Zimbabwean authorities reflects the preferential treatment which the Bank enjoys in its member states arising from its good relations with the authorities as well as its relevance in those economies.

Strategic Planning

General

The Bank launched its First Strategic Plan in December 1995, covering the years 1996-2000. In December 2000, a successor plan was launched, covering the years 2001-2005, and the Third Strategic Plan was launched in January 2007 covering the period 2007-2011 (referred to as "**Project ASPIRE**"). "ASPIRE" came from the Bank's stated intention to focus on "*Africa, in aggressive pursuit of all aspects of Stakeholder value; using Partnerships in promoting International trade while operating as a Responsible corporate citizen that cherishes and promotes Environmental protection*."

Fourth Strategic Plan

The Fourth (and current) Strategic Plan (the "**Fourth Strategic Plan**"), referred to as Project 3-5-3, was approved by the Board and launched in December 2011, and covers the period 2012-2016. The Bank's management is currently formulating a new fifth strategic plan, which is expected to come into effect in the first quarter of 2017 (see "*– Fifth Strategic Plan*" below).

The Fourth Strategic Plan includes both corporate and macro objectives, in line with the Bank's mission.

The key corporate goals of the Bank as outlined in the Fourth Strategic Plan are:

(i) to maintain asset growth and quality so as to:

- achieve assets of at least U.S.$5 billion by 31 December 2016;
- ensure that 80 per cent. of the Bank's total assets are accounted for by loans and advances;
- ensure sound asset quality by ensuring that the ratio of non-performing to performing loans remains below 2.5 per cent.;
- ensure reasonable diversity in the distribution of the Bank's assets by geography, sector and product

(ii) to increase market share to finance 5 per cent. of the estimated average trade finance needs of Africa over the Fourth Strategic Plan period;

(iii) to achieve a three-notch increase in credit ratings by at least one leading international credit rating agency by 2016;

(iv) to improve profitability, including:

- to maintain a cost/income ratio below 45 per cent.;
- to improve profitability by raising ROE and ROA to at least 11 per cent. and 2 per cent. respectively; and
- to raise net interest margin to a minimum of 2.5 per cent.;

(v) to maintain capital adequacy ratio at a minimum of 3 per cent. above the minimum specified by the Basel Committee (8 per cent.), but in any case no lower than 20 per cent.; and

(vi) to seek to be the leader in Africa in product innovation and penetration in five areas:

- Trade Finance;
- Syndication;
- Export Development;
- Research and Training; and
- Risk Bearing.

In order to achieve its stated corporate goals as outlined in the Fourth Strategic Plan, the Board was granted unconditional approval to undertake the GCI, pursuant to which the Bank is seeking to raise approximately U.S.$500 million by the end of 2016 (see "*Share Capital and Ownership – General Capital Increase*" below). To this end, at the Third EGM in December 2012, the Charter was amended to provide for a new category of Class D Shares, which could be more widely held by any person or entity. Notwithstanding the creation of this new class of shares, as at the date of this Base Offering Memorandum, the Bank's primary short term focus under the GCI remains (a) attracting further equity investment from its existing Class A, Class B and Class C Shareholders (of which it has attracted a total of U.S.$365.7 million from 47 existing shareholders under the GCI to date) and (b) attracting new equity investment from potential new Class A Shareholders (of which it has attracted U.S.$17.8 million under the GCI to date) by targeting African countries which are either not currently Participating States or which have acceded to the Establishing Agreement but have not yet become Class A Shareholders.

The Bank's key trade development macro objectives as outlined in the Fourth Strategic Plan are as follows:

(i) the promotion of intra-African and "south-south"[7] trade via:

- a new programme called Intra-African Trade Facilitation Programme ("**INTRAFAP**");
- conducting studies to identify areas of opportunities for the Banks to stimulate Africa-South trade;
- maintaining strong relationships with key trade-promoting institutions;
- expanding the Bank's portfolio of south-south trade to 20 per cent. of the total portfolio by 2016; and
- introducing Islamic financing;

(ii) the expansion of value-added and service exports, including by reducing the share of African trade represented by commodities by promoting the increase of manufacturing export by 5 per cent, which is expected to involve:

- increasing the implementation of the Bank's Export Development Scheme;
- introducing a new programme called "Non-Equity Modes" (including franchise financing facility, contract manufacture facility, etc.);
- establishing an Export Venture Fund;

[7] Trade between Africa and South America.

- growing the Carbon Financing Programme; and
- launching a Health and Medical Tourism Development Programme;

(iii) improving access to trade finance by:

- expanding activities under the DR and NDR Programmes to leverage international finance in Africa on affordable terms (see "*The Bank's Programmes and Facilities – Product Overview*");
- establishing a representative office in London to facilitate syndication and treasury activities; and
- the creation of Syndications and Specialised Finance Department(s);

(iv) improving African value-added exports by launching a new programme called the "Africa Content Support Programme" to focus on value-added in extractive and related industries, to include:

- a Mining Services and Oil Services Facility;
- a Facility for the Discount and/or Purchase of Receivables; and
- an Asset-Based Lending Facility; and

(v) promoting skills in trade negotiation via:

- follow-up of the Pan- African Private Sector Trade Policy Committee ("**PAFTRAC**") objectives;
- the emergence of a strong research department and library resources;
- partnerships and collaborations to strengthen the Bank's research capability; and
- improving the Bank's trade information programme to provide banks, exporters, and foreign investors with relevant information on African economies, commodities and markets.

Fifth Strategic Plan

The Bank's management is formulating a new fifth strategic plan (the "**Fifth Strategic Plan**"), which is expected to come into effect in the first quarter of 2017 and cover the period 2017-2021. Whilst the Fifth Strategic Plan is still currently under development, the Bank expects it to reflect a slight increase in risk tolerance by the Bank to reflect the Bank's intention to expand its lending activities into new markets, particularly in Central Africa, during the period to be covered by the Fifth Strategic Plan, as well as the overall increase in the size of the Bank's loan portfolio since the Fourth Strategic Plan was introduced in 2012.

The Bank's strategic goals include growing the share of intra-African trade as a percentage of Africa's total trade to 22 per cent. by the end of the Fifth Strategic Plan in 2021. The Bank aims to achieve this through three main policies, as follows:

(i) facilitating production capacities and processing capabilities with priority given to the Agriculture and Manufacturing sectors;
(ii) identifying key institutions and agents to "connect the dots" on the intra-trade value chains and to provide a facilitative environment for the flow of goods. The key players include public and private institutions and a key focus area is payment infrastructure; and
(iii) delivering efficient and cost-effective distribution channels within the African continent via the creation of transport logistics, storage and payment systems intended to accelerate the flow of goods.

The premise behind this strategy is that building robust domestic and continental supply chains in Africa would facilitate a seamless flow of goods across borders.

In order to achieve this goal, the Bank plans to mobilise human and financial resources as well as international partners via:

(i) the creation of an intra-African trade division within the Bank;
(ii) deeper mobilisation of African debt and equity resources through partnerships and risk-sharing initiatives;
(iii) identification of partners for the development of large trade-facilitating infrastructure projects, supply chain financing and cross-border mobile payment platforms; and
(iv) the promulgation of policy advocacy, and continental training initiatives by the Bank.

As at the date of this Base Offering Memorandum, the Bank has identified more than 30 international partners including the African Union, the United Nations Economic Commission for Africa (UNECA), and AfDB, whose participation would support the implementation of the Bank's strategy.

Strategic Partnerships

The Alliance of African International Financial Institutions

The adverse effects of the global economic crisis impacted African trade, including by way of lowering demand for Africa's export commodities and rapidly declining commodity prices and export earnings. In addition, trade finance lines to Africa have largely been cut with available credit being offered at higher margins, shorter maturities, and on more stringent terms. The total value of Africa's merchandise exports and imports fell by 6.5 per cent. and 0.2 per cent. respectively year-on-year in 2015, resulting in a 3.0 per cent. decrease in the total value of African trade to U.S.$1,150 billion in 2015, according to Afreximbank's own research.

As a result of the adverse effects of the crisis, the Bank believes that the current size of trade and project finance needs of Africa can be sufficiently met through constructive partnerships that can facilitate a more efficient use of resources, especially between African International Financial Institutions ("**IFIs**"). In light of this belief Afreximbank began discussions with certain IFIs in late 2008, which revealed that:

- some of the institutions were holding excess liquidity which they could not deploy effectively given the lack of access to quality high-yielding assets. In an environment of very low U.S. dollar deposit rates, organisations without access to relatively safe high-yielding assets to invest in faced a very difficult 2009/2010. Certain institutions with excess liquidity indicated interest in taking on the higher-yielding assets from institutions facing excess demand for funding, and accordingly some institutions bought loan assets from Afreximbank;
- certain institutions with substantial liquidity were interested in entering the trade finance sector but had not built the infrastructure to deploy such services. Some of these institutions appeared to be adopting a strategy of using other institutions with trade finance experience as intermediaries through which to offer the services. Some institutions sought to co-invest in trade deals with Afreximbank given Afreximbank's origination capability;
- some services offered by some of the institutions at very competitive prices were offered by other sources outside Africa at very high prices;
- some of the institutions indicated that they sometimes originated deals that were far in excess of their lending limits, but lacked the capability to distribute the excess, while at the same time some other institutions sought similar assets to invest in; and
- many of the institutions had interesting experiences that could be shared with others, and result in overall efficiency of meeting the separate and collective goals of the institutions. In addition, some needed to acquire skills that were readily available in some other institution and could be easily transferred.

In the context of the above, Afreximbank decided in May 2009 to take the initiative and formed an alliance of African IFIs, to be called "AAIFI" or "Allied Africa" (the "**AAIFI**"), in the belief that it would enable the member institutions to achieve their mandates more efficiently and in the collective interest of Africa. This would also ensure that the strategy of members of the AAIFI supplements and complements the efforts of one another.

The objectives of the AAIFI include the following:

- the development of an internet-based platform for sharing participations and spreading risks in certain transactions, and sharing credit information and information on country and sector risks;
- the sharing of experience in transactions and product development;
- the pooling of resources for tackling common problems, including training, co-branding of financial products, and certain kinds of procurements;
- the presenting of a common front to other institutions doing business in Africa, thereby enabling each member to enjoy economies of scale in procurement and/or delivery of services;
- the dissemination of information regarding services on offer by each institution, making it possible for members to access those services easily rather than engaging in an extensive search outside the network;
- the creation of a platform and mechanics for joint bids for certain businesses, such as investment banking businesses, thereby increasing the prospect of winning such businesses by leveraging the individual strengths of the joint bidders;
- the creation of an instrument for lobbying African governments, the African Union and other international institutions on matters that affect Africa as they concern the activities of member institutions, for example, the case of managing Africa's reserves by African financial institutions; and
- the creation of a platform for reciprocal inter-bank funds placements and a possible internal clearing system that may reduce transaction costs amongst members.

The Bank believes that this initiative will bring significant benefits both to the AAIFI, the Bank and its members and to Africa as a whole, and expects that the AAIFI will provide its members the requisite platform to share business risks, information and technical and financial resources needed for the realisation of their individual corporate goals.

Trade Finance Programme with AfDB

In April 2009, Afreximbank implemented a Trade Finance Programme with AfDB, with a particular focus on developing a refinancing or liquidity facility for regional and sub-regional institutions such as Afreximbank, the Preferential Trade Area Bank (the "**PTA Bank**"), also known as the Eastern and Southern African Trade and Development Bank, and others. Part of this initiative involves exploring the possibility of creating a trade finance fund to invest in existing trade finance portfolios to free capacity in the trade finance sector.

Investment by Export-Import Bank of China

As part of its drive to promote access to essential capital equipment and export generating imports, the Bank has intensified efforts to diversify its sources of funding by increasingly mobilising funds under its ECA Loans Facilitation Programme. Under this programme, the Bank selectively works with other ECAs to promote the acquisition of essential goods, especially capital goods and/or services by African counterparties.

In July 2011, the Bank signed a U.S.$100 million Trade and Project Financing Facility with Export-Import Bank of China. Under the facility, U.S.$20 million was to be used by Afreximbank to fund short-term trade finance activities and U.S.$80 million was to be channelled into medium term project finance on-lending to its clients in support of acquisition of a variety of Chinese goods and services from a broad range of sectors including industry and agro-industry, telecommunications, energy and environmental protection, transportation, water supply and sanitation.

*Africa Cocoa Initiative ("**AFRICOIN**")*

In 2011, the Bank entered into a collaboration with the International Cocoa Organisation ("**ICCO**") in support of the AFRICOIN project, which relates to cocoa production and processing. The purpose of the initiative is to facilitate increases in cocoa sector productivity, promote value addition through processing of cocoa beans into intermediate raw materials, and promote the consumption of cocoa products in Africa, the Middle East and Asia. Support may be provided through the Bank's Export Development Scheme and export financing facilities, as well as arranging the issuance of cocoa bonds and the provision of corporate advisory services. The Bank expanded its activity under AFRICOIN in 2013 including by way of a U.S.$17.5 million Dual Tranche Receivables-backed Financing Facility in favour of FTN Cocoa Processing Plc, Nigeria and by supporting other companies in the cocoa value chain in Côte d'Ivoire, where support provided included a U.S.$45.5 Million Pre-Export Receivables-backed Finance Facility to Société Amer Et Freres Cacao, a U.S.$13 Million Export Receivables-backed Financing Term Loan in favour of Société D'usinage Et Conditionement Du Sud-Ouest and a U.S.$13 Million Pre-Export Receivables -backed Facility in favour of Choco Ivoire.The Bank’s financing support has been instrumental in helping Cote d’Ivoire achieve the leading position in global cocoa processing by improving its processing capacity from 471,000 tonnes in 2012/13 to 540,000 tonnes in 2014/15.

*Corporation Andina De Fomento ("**CAF**")*

In 2011, the Bank signed a memorandum of co-operation with CAF to serve as a framework for the promotion of trade and investment flows between Africa and Latin America. The memorandum serves as a framework for enhancing the parties' relationship and harmonising their efforts for the promotion of trade, economic and social development in CAF member countries and Afreximbank member countries. The parties intend to cooperate in areas including: (i) exchanging information on projects of potential interest, (ii) assisting each other in areas of operational practice, (iii) consulting with each other from time to time with a view to finding better ways to assist their customers in obtaining financing to support their export/import of goods and services, and (iv) cooperation in the areas of training, delegation business and organisation of business symposia.

Pursuant to the memorandum, the parties envisage future cooperation and coordination in the form of joint financing, co-financing, guarantees, relending facilities, equity funds, technical assistance, joint advisory services, and co-ordination agreements. Co-operative financing will be made on a project-by-project basis, and subject to each institution's internal rules and procedures. The parties may also collaborate to conduct research and studies on how to proactively promote trade development between, and disseminate information on best practices and the promotion of the private sector within, CAF member states and Afreximbank member states.

*African Capacity Building Foundation ("**ACBF**")*

In March 2016, the Bank signed a new two-year memorandum of co-operation with ACBF aimed at strengthening capacity development in Africa. The memorandum provides that the Bank and ACBF will co-operate in (i) their support of inter-African trade by strengthening the institutional capacity for export development, (ii) the mitigation of country risks in Africa, (iii) enhancing the capacity in African trade finance, and (iv) other capacity development initiatives. Implementation of activities under the memorandum will be subject to a separately agreed "Activity Agreement". The memorandum may be extended after the two year term expires, and can also be terminated at any time at the sole discretion of either party.

Other avenues of co-operation

The Bank maintains business relationships with a wide range of Trade Finance Intermediaries ("**TFIs**"), spread across more than 30 countries.

The Bank has increased its focus on business development. During the year ended 31 December 2015, the Bank continued to meet with delegations from major African and non-African institutions seeking to develop business relationships with the Bank. During the year ended 31 December 2015, the Bank received approximately 130 visits from delegates at its headquarters in Cairo, compared to approximately 122 such visits in the year ended 31 December 2014.

Competition

The Bank's management believes that the key markets in which Afreximbank operates have made significant progress in terms of regulating their banking sectors, capitalisation requirements and limiting banks' exposure to distressed assets. Such markets were also successful in diversifying their trade links, as evidenced by the share of African trade with developing countries rising by 50 per cent. year-on-year to U.S.$600 billion in 2015, according to the United Nations Conference on Trade and Development ("**UNCTAD**"), as well as the Bank's own research. Accordingly, the Bank believes that the long-term prospects for many African economies are positive, albeit weakened by the global financial crisis.

Afreximbank operates in a competitive market. Other market participants are international institutions, African institutions and certain country-specific schemes, as detailed below:

International institutions

Multilateral institutions such as the World Bank Group (including the International Bank for Reconstruction and Development, the International Finance Corporation ("**IFC**"), the Multilateral Investment Guarantee Agency and the International Development Association) and the European Investment Bank (the "**EIB**") concentrate their activities principally on long-term government development projects and policy reform. The IFC and the EIB also support private projects, but these projects need not be export generating.

Official creditors (such as non-African governments and non-African government-owned organisations) also provide financial support to African countries with bilateral financing. They use a number of financing instruments, of which the most relevant is financing being provided by national export credit agencies ("**ECAs**") to support exports by the relevant nations into Africa. This form of bilateral financing necessarily complements Afreximbank's activities. Further, the Bank has designed an ECA Loans Facilitation programme (see above in "*The Bank's Programmes and Facilities*") under which the Bank works with various ECAs in a mutually beneficial manner.

International commercial banks have concentrated their operations in Africa in the areas of pre- and post-export credit and Letters of Credit confirmations. They are usually short term (less than 360 days) and concentrated on South Africa, a few North African countries and selected sectors in Angola, Cameroon, Côte d'Ivoire and Nigeria, among others. Afreximbank will continue to co-operate with international commercial banks as well as help African corporates to facilitate their access to international capital markets.

African institutions

Multilateral financial institutions operating in Africa include AfDB, the PTA Bank, the Arab Bank for Economic Development in Africa ("**BADEA**"), and the East African Development Bank ("**EAfDB**"). The AfDB operates in a similar way to the World Bank, funding development projects typically on a long-term basis.

However, AfDB and Afreximbank currently complement each other in implementing export-based private sector projects. BADEA, which is owned by Arab States including the United Arab Emirates, the Kingdom of Bahrain and the Kingdom of Saudi Arabia, also provides financing to African governments for the development of public infrastructure projects.

EAfDB was conceived as a development finance institution with a mandate to provide long term funding to governments in the East African Development Community.

The PTA Bank provides development and trade financing to member countries of the Common Market for Eastern and Southern Africa.

The regional coverage of all of the above is not complete and Afreximbank has supported their activities by providing trade finance lines to institutions or sectors not covered by the above institutions.

Country-specific schemes

Very few African countries have institutional arrangements for export credit support. The only countries providing full coverage for export credit support are Egypt, South Africa, Tunisia and Zimbabwe, whereas a partial coverage is offered by Côte d'Ivoire, Morocco, Nigeria and Swaziland. In addition, two African countries, namely Ghana and Zambia, have recently decided to create their own export-import agencies with a view to promoting their international trade through the provision of trade and project financing, which are proposed to start operations within the next two years.

However, in many African countries economic reforms have seen similar initiatives abolished. As a consequence, export and trade financing, where available at all, is left to commercial banks that demand substantial fees for their services and provide only limited support.

The Bank's Programmes and Facilities

Scope and eligibility

Eligible Entities and Countries

The Bank's credit facilities are available to (i) Shareholders, (ii) non-Shareholders who are domiciled in Participating States, (iii) Shareholders in non-Participating States, and (iv) non-Shareholders in non-Participating States to the extent that such financing will be used to pay for imports from a Participating State (together referred to as "**Eligible Entities**" or "**Eligible Countries**", as the case may be).

Eligible Goods

The Bank finances transactions in all traded goods and services ("**Eligible Goods**") except armaments, ammunition and other military equipment, psychotropic drugs or narcotics, all items for which international trade is prohibited for environmental reasons or by international conventions, and pornographic and obscene materials. As at the date of this Base Offering Memorandum, the Bank has not yet signed the Equator Principles. The Equator Principles are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions.

The Bank respects the trade policies of Eligible Countries and, accordingly, in addition to the above, the Bank has country-specific lists containing items which are prohibited for international trade in Eligible Countries and are therefore ineligible for finance from the Bank.

Eligible Transactions

The following transactions ("**Eligible Transactions**") are eligible for financing by the Bank:

- all Eligible Goods imported into Participating States;
- all Eligible Goods exported from Participating States, that is, export-generating imports, including raw materials, equipment, spare parts, infrastructure goods and equipment, and other essential items;
- intra-African trade in Eligible Goods;
- trade in Eligible Goods between African states and other developing states; and
- all Eligible Goods imported by non-Participating States from Participating States.

Maturities

Short-term trade financing will normally not exceed a maturity of 360 days. Medium term loans or facilities can be provided for up to seven years.

Product Overview

Afreximbank's programmes and facilities have historically been organised around two principal schemes: the African Trade Expansion and Diversification Scheme, and the Export Development Scheme. However, Afreximbank is also in the process of introducing a new programme aimed at African central banks (see below in "*Afreximbank Central Bank Deposit/Investment Programme*").

The following table shows Afreximbank's loan approvals by product category as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

Type of Programme	*Loan approvals as at*							
	31 March 2016		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$ million)	*(%)*	*(U.S.$ million)*	*(%)*	*(U.S.$ million)*	*(%)*	*(U.S.$ million)*	*(%)*
(1) African Trade Expansion and Diversification Scheme								
(a) Dual Recourse Programmes								
Note Purchase Programme......................	—	—	—	—	—	—	20.00	0.75
Receivables Purchase/Discounting Programme...	—	—	—	—	—	—	71.42	2.67
(b) Non-Dual Recourse Programmes								
Syndications Programme(1)	172	5.55	922	18.29	1,076.32	27.65	468.17	17.49
Line of Credit Programme(2)	2,680	86.5	2,567	50.94	1,238.59	31.81	1,182.80	44.18
Direct Financing Programme..................	176.25	5.68	925	18.36	1,368.32	35.15	555.35	20.74
Special Risk Programme(3)......................	—	—	—	—	—	—	—	—

Future-Flow Pre Financing Programme..	—	—	—	—	—	—	138.00	5.15
(2) Export Development Scheme								
Project Related Financing Programme ...	70	2.25	245	4.87	210.00	5.39	208.65	7.79
Asset-Backed Lending Programme	—	—	—	—	—	—	33.00	1.23
Memorandum Item								
Country Programme(4)............................	—	—	—	—	—	—	100.00	3.73
Total...	**3,098.25**	**100**	**4,659.0**	**100**	**3,893.23**	**100**	**2,677.39**	**100**

Notes:

(1) Includes co-financing and sub-participation.

(2) This includes COTRALF

(3) Contingent liabilities.

(4) This programme is not included for the purpose of calculating the totals below because they represent the total amount syndicated under that Scheme. The Bank's share of any such syndications is reflected in the other programmes above.

African Trade Expansion and Diversification Scheme ("ATED Scheme")

The ATED Scheme covers both exports and imports and comprises programmes and facilities designed to address both market and product diversification problems facing Africa. It is intended to remove bottlenecks to the trading of products already produced or near production and able to be sold. Facilities under the ATED Scheme are organised under non-dual recourse ("**NDR**") Programmes. Historically, the Bank also offered two dual recourse ("**DR**") Programmes, but as at the date of this Base Offering Memorandum no longer offers new facilities under its previous DR Programmes.

Non-Dual Recourse Programmes

NDR Programmes are operated with direct recourse to one obligor. Such transactions are executed with established corporates and banks and/or, where the applicable legal regime allows, proper perfection of security. The Bank offers the following facilities as NDR Programmes:

- **Syndications Programme**

  This is one of Afreximbank's key programmes, accounting for 26.49 per cent. (on a post-syndication basis) of loans outstanding as at 31 March 2016 (compared with 30.89 per cent. (on a post-syndication basis) of loans outstanding as at 31 March 2015) and 42 per cent. of the Bank's revenues for the year ended 31 December 2015 (compared with 40 per cent. of Afreximbank's revenues for the year ended 31 December 2014). This is a risk-sharing programme that Afreximbank uses to leverage trade and project financing into Africa. Through this programme, Afreximbank arranges or joins a syndicate or club of reputable international and/or African banks in providing financing to African entities in trade and/or project-related activities. Through this mechanism, the commercial risks in the transaction are shared between Afreximbank and the other syndicate participants. Due to its supranational and preferred creditor status, Afreximbank can act as lender of record and invite international banks to join. Such international banks are incentivised by the fact that they do not have to pay stamp duties that would otherwise be due owing to Afreximbank's tax-exempt status, and joining Afreximbank may also mitigate their country risk. The tenor of financing available under this programme is typically up to seven years.

  The syndicates Afreximbank participates in must be ones that provide those facilities that fall within Afreximbank's mandate, and may cover broad areas of export, import and project-related financing.

  The main beneficiaries of this programme are central banks, commercial banks, finance companies, export houses, and African and non-African corporates engaged in Eligible Transactions.

  Loans approved under this programme declined to U.S.$922 million for the year ended 31 December 2015 from U.S.$1,070 million for the year ended 31 December 2014, a decrease of approximately 14 per cent. Despite this decrease, the Bank's Syndication Programme remains one of its most utilised programmes with ten syndicated deals in 2015 as against seven in 2014. The decrease in value stems from a lower participation per syndicated transaction by the Bank. The total amount of loans approved under this programme for the three months ended 31 March 2016 was U.S.$172 million. Total loan outstandings increased from U.S.$1.86 billion as at 31 December 2014 to U.S.$1.90 billion as at 31 December 2015 and increased further to U.S.$2.20 billion as at 31 March 2016.

- **Line of Credit Programme**

  This programme accounted for 58.37 per cent. of Afreximbank's outstanding loans as at 31 March 2016 and 45 per cent. of Afreximbank's outstanding loans for the year ended 31 December 2015. This is a programme to assist small- and medium-sized African traders (exporters and importers with trade turnover of less than U.S.$10 million and a balance sheet size of no more than U.S.$2 million) whose trade turnover would not enable them to qualify for Afreximbank's Direct Financing Programme (as to which see below). The programme enables

Afreximbank to provide funded and unfunded credit lines to banks designated as Afreximbank's TFIs. Loans under this programme are typically for a tenor of up to 720 days. The share of total loans approved under this programme decreased from 44.76 per cent. for the year ended 31 December 2013 to 31.81 per cent. for the year ended 31 December 2014 and increased to 50.94 per cent. for the year ended 31 December 2015 and 86.50 per cent. as at 31 March 2016. The increase in the proportion of loans approved under this programme was due mainly to greater support provided by the Bank to African banks under COTRALF. The COTRALF facility forms part of the Line of Credit Programme and is aimed at addressing the continent's trade finance liquidity shortage (see "– *Counter-Cyclical Trade Liquidity Facility*".

Under the Line of Credit Programme, the Bank provides a:

(i) pre- and post-export financing facility, through which the Bank provides export financing for up to 75 per cent. and 80 per cent. of the underlying sales contract for pre-export and post-export transactions respectively;

(ii) letter of credit confirmations and refinancing facility, through which the Bank confirms and/or refinances sight and usage letters of credit covering eligible items;

(iii) export credit guarantee facility, through which the Bank provides a credit guarantee in support of exporting corporates to enable them to obtain competitively priced export finance facilities. The Bank may also provide guarantees in support of African banks seeking export finance lines of credit from international banks. The Bank may guarantee up to 100 per cent. of the credit exposure to the guaranteed entity;

(iv) reimbursement guarantee facility, which is designed to both help African banks to issue letters of credit without the need for cash collateral and at reasonable cost, and to help African banks to accept letters of credit issued by banks they are not familiar with. It therefore facilitates intra-African trade and trade with other countries such as Brazil, Russia, India and China; and

(v) correspondent banking/African letter of credit facility, through which the Bank (a) offers correspondent banking services to African banks, and (b) offers a dedicated letter of credit confirmation facility for promotion of intra-African trade.

- **Direct Financing Programme**

This programme accounted for approximately 4.0 per cent. of loans outstanding as at 31 March 2016 and 6.4 per cent. of the Bank's revenues for the year ended 31 December 2015. Under this programme, Afreximbank's credit policies allow it to provide pre- and post-export financing directly to corporates with balance sheet size of at least U.S.$2 million and an annual trade turnover of at least U.S.$10 million. The financing provided is usually short-term and trade related. Lending under the programme is limited to a maximum of 75 to 80 per cent. of the value of the underlying sales contract for pre- and post-export transactions respectively, 70 per cent. of the underlying sales contract for import financing (letter of credit issuance), and 100 per cent. for the Bank's export credit guarantee.

Loans outstanding under this programme totalled approximately U.S.$331.5 million as at 31 March 2016, a 16 per cent. decrease compared with 31 December 2015, where loans outstanding totalled approximately U.S.$393.0 million (representing a 38 per cent. decrease compared with 31 December 2014). This decrease resulted from the Bank’s growing indirect support to the corporate sector across Africa through its TFIs, which are African commercial banks. The marked increase of approved facilities and outstanding loans under the Line of Credit Programme is the reason for the decrease in the Direct Financing Programme which nevertheless remained the second largest programme in terms of the value of loans approved during 2015.

- **Special Risks Programme**

Under this programme, Afreximbank guarantees international and African banks with credit exposures to African borrowers against certain country risk events. Coverage can be up to 100 per cent. of a lender's exposure and typically covers exchange control regulation, moratorium on debt payment, and changes in law affecting the timing, currency or manner of debt repayment. Those utilising this programme can benefit from the various exemptions and preferred creditor status enjoyed by Afreximbank. There were no new approvals in the years ended 31 December 2015 or 31 December 2014. Facilities under this programme are demand-driven and in 2015 and 2014 there were no facilities requested under this programme. Two types of facilities are provided under this programme: (i) a Country Risk Guarantee Facility, under which Afreximbank guarantees international and African banks with credit exposures to Africa against certain country risk events; and (ii) an Investment Guarantee Facility, under which Afreximbank offers Investment Guarantees to cover foreign direct investment inflows into Africa. As at 31 March 2016, there was U.S.$136.6 million in outstanding loans under this Programme, compared with U.S.$151 million as at 31 December 2015 and U.S.$131.45 million as at 31 December 2014. The large value of outstanding loans as at 31 December 2015 was mainly due to an increase in risk-bearing facilities aimed at encouraging African banks to take payment risk on their African counterparties and to permit international banks to lend over periods longer than 360 days to African borrowers.

- **Financial Future-Flow Pre-Financing Programme**

  This programme accounted for 4.0 per cent. of loans outstanding as at 31 March 2016 compared to 5.6 per cent. as at 31 December 2015, and 7.0 per cent. of Afreximbank's revenues for the year ended 31 December 2015, compared with 6.0 per cent. of Afreximbank's revenues for the year ended 31 December 2014. Financial future-flow transactions refer to future-flow debt offerings that rely upon receivables other than those generated from the export of physical goods. Such receivables may include credit card or cheques, migrant remittances, royalties arising from Bilateral Air Services Agreements (BASA), and over flight fees. Afreximbank uses this instrument in financing projects (e.g. airports, hotels, toll roads) that do not themselves have sufficient receivables to support any borrowing. Financing available under this programme is typically short- to mid-term. As at 31 March 2016, total loans outstanding under this programme stood at U.S.$327.8 million, a decrease of 5.2 per cent. compared to 31 December 2015 where total loans outstanding stood at U.S.$345 million. This increase was as a result of growth in the utilisation of approved credit and recent improvements in operational processes.

Export Development Scheme ("ED Scheme")

Programmes and facilities under the ED Scheme (which is broad in scope) scheme are targeted at creating exports and improving export competitiveness. Such programmes ideally have tenors not exceeding seven years from loan signature date, as provided under the Bank's internal policies. The following programmes are operated under this scheme.

- **Export Development Finance ("EDF") Programme**

  This programme was launched on 1 July 2002. Under this programme, the Bank combines credit, risk bearing, twinning services (i.e. advisory services that both facilitate the acquisition of the latest technologies and assist in finding markets), market access and advisory services geared towards creating non-commodity export products for sale to a broad range of export markets. One of the aims of this programme is to facilitate non-commodity export production (in order to diversify Africa's exports away from commodities), especially export manufacturing, targeted at exploiting certain bilateral and multilateral market access opportunities open to Africa, for example, the African Growth and Opportunity Act of the U.S. Government, the European Union/Africa, Caribbean and Pacific Accords as well as similar initiatives involving Africa and India, and Africa and China, amongst other initiatives. As at 31 March 2016, there were no loans outstanding under this programme.

- **Project-Related Financing Programme**

  The purpose of this programme is to develop Africa's export manufacturing capacity by supporting the import of necessary equipment needed by African export manufacturers. Through this programme, the Bank provides limited recourse financing in support of export projects, including mining, manufacturing, and related projects, and infrastructure projects that facilitate exports or that generate trade infrastructure services, such as power, ports and telecommunications. As at 31 March 2016, there was U.S.$148 million in loans outstanding under this programme. Total loans outstanding under this programme as at 31 December 2015 were U.S.$147 million, a decrease of 6 per cent. compared to 31 December 2014, when the figure was U.S.$157 million.

- **Asset-Backed Lending Programme**

  As a result of privatisation and policy objectives in many African countries to increase indigenous participation in their various economies, there is a growing demand by African entrepreneurs for financing to enable them to take advantage of these opportunities. Through this programme, the Bank supports African content promotion in Africa's oil, gas and other mining sectors, maritime transport, railways and airline industries, and takes collateral in the form of the assets used in such sectors, for example the rigs used by oil extraction companies. As at 31 March 2016, there was U.S.$49.76 million in loans outstanding under this programme. There were outstanding loans under this programme totalling U.S.$153.97 million as at 31 December 2015, compared with loans totalling U.S.$76.82 million as at 31 December 2014 and loans totalling U.S.$ 91.53 million as at 31 December 2013.

Country Programme

Given the fragility of some African economies, sudden changes in the global economy have the potential to severely and disproportionately weaken such countries. In 2001, the Bank introduced a Country Programme to address this need. The programme assists the Participating States facing difficulties such as war, natural disasters and severe economic instability, that are not amenable to solutions offered individually by the Bank's other products. The Bank combines advisory services, guarantees, technical assistance and financing in supporting certain Participating States under the programme. No approvals were granted under this programme in the year ended 31 December 2015. As at 31 March 2016, the Bank has two Country Assistance Programmes in operation – one in Zimbabwe in the amount of U.S.$400 million which was put in place in 2007 and one for Sudan in the amount equivalent to U.S.$300 million which was put in place in 2012. The Bank is in discussions with Sierra Leone in respect of establishing a country programme to help accelerate Sierra Leone's recovery from the adverse impact of the Ebola virus epidemic that occurred in 2014/15, and which is intended to support imports of essential goods and reconstruction of key trade-related infrastructure. The Bank is also in talks with Ghana over the potential establishment of a country programme.

Supplier and Buyer Credits Programme

This programme supports African manufacturers and importers of engineering equipment and capital goods, and promoters of turnkey projects. The Bank's Supplier Credit Facility permits African exporters of goods and equipment to give credit to their buyers for a period ranging from six months to seven years. The exporter is financed by the Bank against appropriate guarantees.

Under the Bank's Buyer Credit Facility, the exporter of the heavy equipment is paid while the Bank receives payment in due course from the Buyer.

Guarantee Programme Related to Obtaining Large Contracts

In order to assist African engineering, infrastructure management and operating companies (such as telecom and power operators, hotel operators, port managers and specialised project companies) in achieving near-equal footing with their competitors in bidding for African businesses, the Bank also provides guarantee facilities to qualifying beneficiaries. This programme is not currently operational due to the Bank currently building capacity and expertise in some of the other ED Scheme programmes. However, the Bank intends that this programme will become operational in the future.

Guarantee Programme in Support of African Government Commitments to Project Promoters

This programme aims to provide for investment to rebuild and modernise decaying infrastructure in African countries. The costs of such investments are expected to run into billions of U.S. dollars, far in excess of what many African economies can afford. One of the Bank's activities is the promotion and dissemination of public-private partnerships, implemented on the basis of "Build-Operate-Transfer" ("**BOT**") schemes and variants thereof. To attract foreign partners to invest in such projects normally requires governments to make certain commitments that may be financial, fiscal or legal. However, the Bank intends that this programme will become operational in the future.

Loans Facilitation Programme

Under the Export Credit Agency ("**ECA**") Loans Facilitation Programme, the Bank selectively works with other ECAs to promote the acquisition of essential goods, especially capital goods by African institutions.

Through this programme, the Bank provides guarantees to enable ECAs to finance Eligible Imports into Africa. The Bank may also take lines of credit from ECAs for direct distribution to its clients for importation of goods from the country of origin of the creditor ECA. Under the Programme, the Bank also grants Lines of Credit to ECAs in support of Africa's exports to the country of origin of the ECAs.

Investment Banking Programme

Under this programme, introduced in 2000, the Bank provides various services including advisory, underwriting, valuation, securitisation, brokerage and arrangement services. This programme assists the Bank in promoting the development of entrepreneurship in Africa and also helps in the development of the African capital markets. In 2015, 28 mandates were signed in relation to arranged or co-arranged deals under this Programme. The Bank's income recognised under this Programme was U.S.$27.3 million in the year ended 31 December 2015, U.S.$29.2 million in the year ended 31 December 2014 and U.S.$ 24.8 million in the year ended 31 December 2013. Income for the three months ending 31 March 2016 was U.S.$1.46 million. The Bank has provided advice relating to implementation of government policies, project financings and structuring of transactions. As part of the Fourth Strategic Plan, the Bank intends to increase its revenue from this programme by 51 per cent. by the end of 2016.

Carbon Financing Programme

This programme supports environmentally-friendly projects in Africa by promoting project-based trading of Certified Emission Reductions (carbon credits) under the Kyoto Protocol's Clean Development Mechanism as well as by pre-financing receivables from carbon credits earned and traded by African businesses and governments, thereby contributing to reductions in carbon emissions and abating consequential climate change. However, the Bank intends that this programme will become operational in the future.

Trade Information Programme

The Bank's Planning and Business Development Department provides African banks, exporters and foreign investors with relevant information on African economies, commodities and markets.

Afreximbank Central Bank Deposit/Investment Programme

In 2015, the Bank introduced a new Central Bank Deposit/Investment programme ("**CENDEP**"), which is a deposit product that aims to harness Africa's external reserves and support the continent's trade and economic development efforts. Under this programme, the Bank, in partnership with a range of African central banks, African Governments and African governmental agencies has introduced three special financial products:

- the Time Deposit Account ("**TDA**");
- the National Export Support Account ("**NESA**"); and
- the Afreximbank Investment Account ("**AIA**").

Further, an African central bank which places a deposit under CENDEP automatically attracts a Standby Credit Facility ("**SCF**") from the Bank under the Bank's COTRALF facility under the Line of Credit Programme (see "**-** *Counter-Cyclical Trade Liquidity Facility*" below) which is intended to provide a buffer against unanticipated increases in demand for foreign currency occasioned by terms of trade and/or aid shocks or national emergencies . The size of the SCF is determined after consultation with participating central bank and authorities of Participating States.

Time Deposit Account

The TDA targets African central banks with reserve holdings in excess of their short-term external payment obligations falling due within one year and/or external reserves over and above what is needed to fund four to eight months of imports.

National Export Support Account

The NESA is a special account to be held by African central banks with surplus external reserves over and above their country's short term external financing requirements for the sole purpose of pre-financing national exports into other African countries. Although the Bank remains the prime obligor under the transaction, the expectation is that the national economy of the deposit-making central bank should benefit from increased foreign exchange earnings as a result of increased exports and a better return on its NESA held with the Bank. Transactions under NESA usually have tenors of more than 180 days from contract signing to payment date.

Afreximbank Investment Account

The AIA is a form of negotiable certificate of deposit with maturities of between one to three years. With this account, a deposit-making central bank could, on the basis of its foreign exchange needs, and assessment of possible variation in export earnings, FDI inflows, and remittance receipts, among other considerations, negotiate the terms of the deposit/ investment account with a view to arriving at a mutually acceptable terms for the placement.

As at the date of this Base Offering Memorandum, the Bank holds approximately U.S.$3 billion of bank deposits from African central banks (predominantly the Central Bank of Egypt but also includes a deposit of U.S.$5 million from the Central Bank of Congo) under CENDEP. The Bank is targeting the mobilisation of between 1 to 2 per cent. of the total external reserve holdings of African economies, which it estimates to have been approximately U.S.$430.5 billion as at 31 December 2015.

Counter-Cyclical Trade Liquidity Facility

In 2015, the Bank introduced its Counter-Cyclical Trade Liquidity Facility ("**COTRALF**"), which forms part of the Line of Credit Programme, to provide foreign currency liquidity in its Participating States to their central banks and eligible commercial banks supported or recommended by their central banks, to enable them to honour urgent trade payment obligations. Central banks that participate and invest in the Bank's CENDEP programme will be given preference under COTRALF.

The main objective of COTRALF is to assist Participating States to manage the adverse effects of economic shocks that have led to, or may lead to, a significant decline in foreign currency earnings over a very short period. Such decline may be commodity price or terrorism induced. The specific objectives are to:

- provide foreign currency liquidity support to central banks of Participating States, by way of direct loans, overdrafts, currency swaps, etc., to ensure that central banks are able to support commercial banks to satisfy trade payment obligations;
- provide unfunded facilities, by way of guarantees, letters of credit and similar instruments, in support of commercial banks in Participating States, as may be agreed with the relevant central bank; and
- with the support of relevant central banks, provide funded facilities to commercial banks in Participating States to enable them meet their obligations under trade finance payment rights that may have fallen due but which the banks are unable to meet due to unavailability of foreign exchange from their central banks or usual markets.

Current borrowers under COTRALF are the Bank of Ghana (U.S.$150 million) and the Central Bank of Egypt (U.S.$3,200 million)[16].

Loan Portfolio

The Bank's mandate is to finance, promote and expand intra- and extra-African trade. The Bank employs three principal delivery channels: extending direct credit to eligible African exporters providing pre- and post-shipment finance; extending direct and indirect credit to the African business community through local African intermediaries comprising banks and other African institutions; and promoting and financing intra-African trade and supporting the development of trade finance in all African member states.

As such, the Bank deals with a variety of major banks and its loans and advances are structured and spread among a number of major industries, customers and geographical areas. In addition, the Bank has procedures and policies in

16 See breakdown of the Bank's 20 largest borrowers as at 31 March 2016 on page [80].

place to limit the amount of credit exposure to any counterparty and country (see *"Credit Policies and Procedures – Lending limits and exposures"* below). The Bank reviews, on a regular basis, the credit limits of counterparties and countries and takes action accordingly to ensure that exposure limits are not exceeded.

The Bank analyses credit requests from Eligible Entities or Eligible Countries in the light of credit risk criteria (as to which, see "*Risk Management and Asset Quality*"), including economic and market conditions. The Bank maintains a consistent lending policy and applies the same credit criteria to all types of potential borrowers in evaluating creditworthiness.

The following table shows the Bank's credit exposure at the respective carrying amounts, categorised by industry sector, as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Loans outstanding as at							
Industry Sector	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$'000)	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*
Agriculture	351,400	4.2	349,490	5.7	361,388	8.2	383,570	11.0
Energy	1,534,571	18.5	1,382,639	22.4	1,660,371	37.8	871,750	25.0
Services	175,781	2.1	172,032	2.9	126,318	2.9	121,045	3.5
Metals and minerals	30,976	0.4	30,976	0.5	107,828	2.5	163,889	4.7
Transportation	466,557	5.6	475,951	7.7	381,726	8.7	324,291	9.3
Manufacturing	167,076	2.0	160,981	2.6	182,010	4.1	139,480	4.0
Telecommunications	276,796	3.3	283,321	4.6	231,711	5.3	435,875	12.5
Government	—	—	—	—	—	—	—	—
Financial Institutions	5,296,105	63.8	3,312,428	53.7	1,338,009	30.5	1,046,102	30.0
Total	8,299,262	**100**	**6,167,818**	**100**	**4,389,361**	**100**	**3,487,000**	**100**

The Bank considers the increase in loans outstanding, from approximately U.S.$3.49 billion as at 31 December 2013, to U.S.$4.39 billion as at 31 December 2014 and to U.S.$6.17 billion as at 31 December 2015, to be in line with the Bank's growth target. The change in composition of the loan portfolio by industry sector changes over time based on the composition of transactions carried out. TFIs (African finance institutions which the Bank lends to through lines of credit or which the Bank co-lends to as final borrowers in Participating States) have historically been one of the Bank's key focus sectors and therefore typically account for a large proportion of the loans outstanding, being 63.8 per cent. as at 31 March 2016, 53.7 per cent. as at 31 December 2015, 30.5 per cent. as at 31 December 2014 and 30.0 per cent. as at 31 December 2013. The doubling in exposure to the financial institutions sector, from 30.5 per cent. as at 31 December 2014 to 63.8 per cent. as at 31 March 2016, was in particular due to a number of advances made to the Central Bank of Egypt under the Bank's new COTRALF facility.

Loans by region and product category

The following table shows the per-region distribution of loans outstanding with a maturity profile of one year or more.

	Loans outstanding as at							
Region	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$'000)	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*
West Africa	3,166,559	38.2	2,969,210	48.1	2,642,895	60.2	1,816,728	52.1
North Africa	3,660,940	44.1	1,691,137	27.4	371,009	8.5	411,466	11.8
East Africa	448,571	5.4	492,841	8.0	352,852	8.0	387,057	11.1
Central Africa	161,889	2.0	111,238	1.8	90,880	2.1	156,915	4.5
Southern Africa	701,847	8.5	739,497	12.0	611,520	13.9	631,147	18.1
Regional(1)	159,456	1.9	163,895	2.7	320,205	7.3	83,688	2.4
Total	8,229,262	100	6,167,818	100	4,389,361	100	3,487,002	100

Note:

(1) "Regional" refers to entities operating within several countries in two or more regions.

Historically, the majority of Afreximbank's loans were to entities located in West Africa, principally Nigeria, and this was the position as recently as 31 December 2015. The Bank's management believes that the geographical concentration of its loan portfolio is comparable with that of other multilateral organisations and DFIs operating throughout Africa. The geographical concentration on Nigeria reflects (i) the size of the Nigerian economy relative to others in West Africa and across the continent, and, accordingly, the larger amount of a typical transaction with a

Nigerian entity compared with an entity operating in a smaller economy, and (ii) the dominance of Nigeria in terms of African trade patterns as a whole. Despite the historical geographical concentration on Nigeria, the Bank has sought to diversify the geographical spread of its loan portfolio, for example, by focusing on countries such as Mali and Mauritius, and the proportion of the Bank's loan portfolio that is made up of Nigerian entities has decreased from 37 per cent. as at 31 December 2015 to 25 per cent. as at 31 March 2016. Furthermore, as at 31 March 2016, the largest share of the Bank's loans is now made of loans to entities located in North Africa. The large increase in loans to entities in North African during 2015 and the first quarter of 2016 (from 8.5 per cent. as at 31 December 2014 to 44.1 per cent. as at 31 March 2016) reflects in particular advances made to the Central Bank of Egypt under the Bank's new COTRALF facility. See "*Risk Factors – The Issuer's loans are geographically highly concentrated*" above.

The following table shows the distribution of Afreximbank's loans outstanding by product category as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Loans outstanding as at							
Type of Programme	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$ million)	*(%)*	*(U.S.$ million)*	*(%)*	*(U.S.$ million)*	*(%)*	*(U.S.$ million)*	*(%)*
(1) African Trade Expansion and Diversification Scheme								
(a) Dual Recourse Programmes								
Note Purchase Programme......................	100.00	1.20	100.00	1.62	100.00	2.28	254.86	7.31
Receivables Purchase/Discounting Programme..	160.59	1.93	167.07	2.71	183.87	4.15	171.86	4.93
(b) Non-Dual Recourse Programmes								
Syndication Programme[(1)].......................	2,198.92	26.49	1,905.08	30.89	1,862.66	42.05	1,405.13	40.30
Line of Credit Programme[(2)]..................	4,844.61	58.37	2,806.08	45.49	1,010.21	27.64	502.55	14.41
Direct Financing Programme..................	331.47	4.00	538.51	6.37	631.66	14.39	538.51	15.44
Special Risks Programme[(3)]....................	136.58	1.65	151.18	2.45	131.45	2.99	125.32	3.59
Future-Flow Pre-Financing Programme .	327.78	3.95	344.93	5.59	236.02	5.38	208.30	5.97
(2) Export Development Scheme								
Project-Related Financing Programme..	147.85	1.78	147.09	2.38	156.68	3.57	188.95	5.42
Asset-Backed Lending Programme..	49.76	0.60	153.97	2.50	76.82	1.75	91.53	2.62
Country Programme................................	—	—	—	—	—	—	—	—
Factoring...	1,701	0.10	—	—	—	—	—	—
Total	**8,299.26**	**100**	**6,168.11**	**100**	**4,389.36**	**100**	**3,487.00**	**100**

(1) Includes co-financing and sub-participation

(2) This includes COTRALF

(3) Contingent liabilities

The following table shows Afreximbank's 20 largest borrowers as at 31 March 2016:

Position	*Country*	*Client*	*Gross Authorised Limit*	*Gross Exposure*	*Mitigation Factor[(1)]*	*Net Exposure[(2)]*	*Share of the Total Portfolio*
			(U.S.$'000)	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*
1	Egypt	Central Bank of Egypt	2,000,000	2,000,000	100.00	0	24.1
2	Egypt	Central Bank of Egypt	600,000	600,000	0.00	100,000	7.2
3	Egypt	Central Bank of Egypt	600,000	600,000	0.00	100,000	7.2
4	Nigeria	Eroton Company	228,000	214,320	75.00	51,870	2.6
5	Kenya	Kenya Airways	354,152	199,050	75.00	59,668	2.4
6	Ghana	Bank of Ghana - U.S.$150m swap	150,000	150,000	65.00	52,500	1.8
7	Nigeria	HBCL Investment Services Limited (HISL) - Heritage	282,000	142,122	89.41	15,056	1.7
8	Nigeria	Diamond Bank - U.S.$150m	115,590	115,600	65.00	40,460	1.4
9	Nigeria	Union Bank of Nigeria - UNLOC U.S.$100m	100,000	100,000	0.00	100,000	1.2
10	Congo	Orion	100,000	100,000	75.00	25,000	1.2
11	Zimbabwe	Reserve Bank of Zimbabwe	139,500	97,133	65.00	21,408	1.2
12	Nigeria	Swap - Syndication	93,000	92,337	75.00	23,114	1.1

13	Nigeria	Northwest	84,100	80,547	65.00	28,199	1.0
14	Ghana	Volta River Authority - Syndication U.S.$75m	75,000	75,000	75.00	18,750	0.9
15	Nigeria	Fidelity Bank of Nigeria - UNLOC	75,000	75,000	0.00	75,000	0.9
16	Nigeria	Indorama (U.S.$1.2 bn) - Syndication (IEFCL)	75,000	70,008	75.00	17,502	0.8
17	Sudan	Faisl Islamic Kenana Sugar	68,046	67,575	75.00	16,788	0.8
18	Egypt	Egyptian Electricity Holding Company - EEHC	70,000	67,394	65.00	23,588	0.8
19	Nigeria	KAZTEC	70,000	61,250	0.00	61,250	0.7
20	Ghana	Ecobank Ghana - UNLOC - El Sweedy	80,000	60,081	75.00	15,020	0.7
	Total		**5,359,358**	**4,967,417**	**—**	**845,172**	
	Percentage of total Loan Portfolio			**59.85%**		**10.18%**	**59.85%**

(1) For the purposes of calculating country risk and all other exposure limits as appropriate, the mitigation factors listed below shall have the weighting ascribed to them.

(2) After application of mitigation factors below and Cash in Account, net exposure is around 10 per cent. of the Bank's total loan portfolio.

Item		*Weighting*
1.	Offsettable cash deposits with Afreximbank denominated in currency of lending	100%
2.	Offsettable cash deposits with Afreximbank in freely convertible currencies other than the currency of lending	90%
3.	Legal mortgages on, or ownership of, readily marketable non-financial assets	65%
4.	Formal, acknowledged assignment of receivables actually due or becoming due to the customer from third parties acceptable to the Bank	75%
5.	Bonds, Treasury Bills and similar marketable financial instruments in U.S. dollars issued by investment grade rated States	90%
6.	As item 5 immediately above, but in any other convertible currency	80%
7.	Unconditional bank guarantees/undertakings issued by banks with investment grade rating (BBB- Standard & Poors Credit Market Services Europe Limited ("**S&P**") or equivalent rating by Fitch, Moody's and/or similar rating agencies)	100%
8.	Bonds, Treasury Bills and similar marketable financial instruments issued by Participating States, including their central banks in their currency	65%
9.	All other guarantees and undertakings not falling within 1-8 above	Referred to the Executive Committee to consider appropriate weighting

Total exposure

The table below sets forth the distribution of current total gross and net exposures as at 31 March 2016. The net exposure takes into consideration the mitigation factors set out in the tables above.

Country	*Gross exposure outstanding*	*Net exposure outstanding*
	(U.S.$'000)	
Egypt	3,354,890	312,955
Nigeria	2,050,119	894,914
Ghana	395,487	117,629
Sudan[17]	306,050	64,390
Zimbabwe	280,798	75,746
Kenya	211,050	71,668
Côte d'Ivoire	196,136	55,213
Mauritius	128,710	26,632
Regional	112,920	64,819
Republic of Congo	100,000	25,000
Senegal	84,290	28,529
Zambia	78,730	17,019
Botswana	60,000	15,000
Guinea	57,220	9,946
Unallocated Limits	56,536	13,285
Angola	54,000	30,000
Gabon	35,054	8,763
Mauritania	27,415	6,003
Cameroon	26,889	6,671

17 Although this figure is expressed in dollars for consistency of presentation, all the Bank's lending to Sudan is denominated in Euros and operated via a segregated Euro-denominated account held with a third party financial institution.

Mali	18,831	1,871
Ethiopia	18,236	5,559
Sierra Leone	11,617	25,340
Seychelles	7,500	1,875
Rwanda	5,000	4,284
Niger	2,111	525
Liberia	1,205	301
Cape Verde	0	21,548
Total	8,299,262	1,905,484

Collateral

As at 31 March 2016, of Afreximbank's gross total loans outstanding of U.S.$8,299.6 million, approximately 29.6 per cent. was secured by collateral in the form of assignments of receivables, approximately 8.7 per cent. was secured by dual recourse, approximately 41.2 per cent. was secured by cash collateral, approximately 7.6 per cent. was government-backed (by bonds or guarantee) and 5.6 per cent. was secured by a pledge over assets. In respect of approximately 1.0 per cent., a specific provision was set aside, and 6.4 per cent. was not secured with collateral. As at 31 December 2015, of Afreximbank's gross total loans outstanding of U.S.$6,168 million, approximately 37.0 per cent. was secured by collateral in the form of assignments of receivables, approximately 11.3 per cent. was secured by dual recourse, approximately 26.7 per cent. was secured by cash collateral, approximately 9.4 per cent. was government backed (by bonds or guarantee) and 7.5 per cent. was secured by a pledge over assets. In respect of approximately 0.9 per cent., a specific provision was set aside, and 7.2 per cent. was not secured with collateral.

The majority of Afreximbank's loans are structured trade financings of which, as at 31 March 2016, approximately 22 per cent. were secured by collateral located outside of the obligor's country and in OECD countries.

The following table sets forth the amount and location of collateral supporting outstanding loans due to Afreximbank as at 31 March 2016.

Country of borrower	*Country of payment risk*	*Amount of collateral*
		(U.S.$'000)
Nigeria	France, UK, Switzerland, Netherlands, Italy, European Union ("**EU**"), USA, South Africa	1,338,517
Côte d'Ivoire	France, Switzerland, EU, USA	159,176
Zimbabwe	UK, EU, China, South Africa	95,413
Sudan[18]	Netherlands, EU	84,113
Egypt	EU	29,997
Senegal	France, EU	23,613
Cameroon	France	21,511
Guinea	France	20,703
Mauritius	EU	10,611
Mali	EU	5,992
Mauritania	EU	1,253
Liberia	UK	964
Total		**1,791,883**

Risk Management and Asset Quality

Although Afreximbank is not regulated by any monetary and/or financial authority and thus constitutes a self-regulated entity (due to the privileges and immunities afforded to it by the Establishment Agreement and Headquarters Agreement), the Bank strives to comply with all international risk management standards and to operate in accordance with the best practices in its industry, as stated in the Bank's Risk Management Policies and Procedures (the "**RMPP**").

Risk management is ultimately the responsibility of the President of the Bank. The Executive Committee and the Assets and Liabilities Committee of the Board have oversight of the Bank's risk management processes as a delegated authority from the Board.

18 Although this figure is expressed in dollars for consistency of presentation, all the Bank's lending to Sudan is denominated in Euros and operated via a segregated Euro-denominated account held with a third party financial institution.

To conduct its operations in a manner consistent with its Charter and the aims, objectives and expectations of its stakeholders, the Board approved the RMPP in September 2008, and which was last updated in December 2011. This document incorporates various risk management policies that were operating as stand-alone policies into an integrated document. As at the date of this Base Offering Memorandum, the Bank is in the process of engaging an external consultant to assist the Bank with a comprehensive review and enhancement of the RMPP.

In addition to the RMPP, the key operating documents in respect of risk control at the Bank are Credit Policies and Procedures ("**CPP**"), Treasury Policies and Procedures ("**TPP**"), Information and Communications Technology Policy and Guidelines (the "**ICT Policy and Guidelines**"), Environmental and Social Management Policies, Business Continuity Contingency Plan, Customer Due Diligence Policies and Procedures, Staff Manual and Accounting Policies.

The RMPP are based on the premise that the Bank can perform its trade and economic developmental roles using commercial approaches while operating within its chosen risk tolerance levels.

Credit Policies and Procedures

The Bank exists in order to finance and promote intra- and extra-African trade, and the Bank looks to the whole continent of Africa for potential avenues to further this central policy objective. The Bank's current Fourth Strategic Plan includes the goal of diversifying the Bank's customer base. However, the Bank operates as a commercial entity and sets minimum thresholds for return on equity and credit quality, the satisfaction of which allows the Bank to pursue its other developmental policy objectives.

Afreximbank's CPP are centred around key parameters, summarised as follows.

Financing Ratios/Tenors

- **Trade Finance (pre- and post-export with a maximum maturity of 360 days)**: up to 75 per cent. of the value of the underlying export contract for pre-export and the Bank provides financing for up to 80 per cent. for post-export;
- **Project-related finance**: the Bank provides financing, on a full recourse basis supported by a sovereign and/or acceptable bank guarantee, for up to 100 per cent. of the invoice value of the equipment or raw material being imported and with a maximum maturity of seven years;
- **Letters of Credit**: validity must not exceed 360 days, whilst up to 100 per cent. of the invoice value of any Letters of Credit may be confirmed without explicit security cover as long as the opening bank is seen as creditworthy;
- **Export Credit Guarantee and other Guarantees**: these can be for up to 90 per cent. of the payment obligation intended for guarantee. Tenor related to tenor of financing;
- **Forfaiting**: the Bank provides financing of up to 100 per cent. of the value of receivables;
- **Factoring**: the Bank provides financing of up to 90 per cent. of the value of receivables;
- **Asset-based lending**: no more than 65 per cent. and 75 per cent. of the market and forced sale value of the asset respectively; and
- **Term Financing**: up to 7 years for capital-related expenditure (e.g. equipment, spare parts etc.) as well as for export supply chain activities.

Lending limits and exposures

Each year, the Board approves an annual Country Limit of Reference (the "**CLR**"). The CLR is derived from the Bank's approved budget for the year and the Bank's guidelines for setting CLRs are included in the RMPP. A maximum of 85 per cent. of the CLR is allocated as individual country limits. Such limits are approved based on a scoring system taking into account a country's economic variables and other qualitative factors. Unless specifically approved by the Board, individual country limits should not exceed 30 per cent. of the Bank's unimpaired shareholders' funds.

The remaining 15 per cent. of the CLR may be used by the Board to enhance established country limits in order to take account of the economic size and the trade flow of each member country.

The Executive Committee may from time to time approve additional mitigants and their weightings. The Board may, after taking due recognition of the utilisation ratio of approvals, authorise management to approve transactions for each country in excess of the limits for that country, but not more than 2.5 times the limit for that country.

As at 31 March 2016, the top ten CLRs are set forth in the table below.

Country	*CLR (U.S.$ million)*(1)
Nigeria	1,277,950
Egypt	763,450
Zimbabwe	400,000
Ghana	378,670
Côte d'Ivoire	375,070
Kenya	313,830
Sudan[19]	300,000
Cameroon	294,160
Zambia	273,570
Gabon	226,590
Total	4,603,290

Note

(1) This figure represents the net position permitted after relevant collateral and security is taken into account, rather than the gross exposure.

In addition to the country limit, individual transactions may not exceed 15 per cent. of the unimpaired capital of the Bank, provided that the Bank's exposure to any one obligor does not exceed 20 per cent. of unimpaired capital of the Bank. Furthermore, gross commitments are not permitted to exceed 8.3 times the Bank's paid-up capital. The Bank has also introduced a new single obligor threshold limit for banking institutions equal to 50 per cent. of the Bank's unimpaired capital. The maximum level of the Bank's maximum gross commitments is approved by the Board annually.

Lending authority

The Executive Committee of the Board is responsible for a commitment authority in respect of financing and of underwriting guarantee and investment proposals. The Executive Committee is composed of three Directors, who are designated by the Board and are drawn one each from Directors elected, respectively, by Class A, Class B and Class C shareholders, together with such other persons as may be designated from time to time by the Board and as an additional *ex-officio* member, the President acting as Chairman. Also, at such time as the Class D shareholders represent a least 10 per cent. of the total issued shares of the Bank, an additional Director representing the Class D shares shall be appointed.

The following table sets forth the credit limit each person or committee may approve.

	Credit approval discretion limit	*Quorum*	*Approval by*
Credit committee	No credit approval, but recommendation powers	Three members including the Chairman	Majority
Executive committee	20 per cent. of unimpaired capital (60 per cent. for underwriting)	Three members including the Chairman	Majority
Board of Directors	Exceeding 20 per cent. of unimpaired capital (60 per cent. for underwriting)	Majority of total number of Directors elected(1)	Majority
President	Two per cent. of unimpaired capital(2)	—	—

1 Including at least two Directors elected by shareholders from Class A, one from Class B (if such a Director is then in office), one from Class C (if such a Director is then in office) and one from Class D (if such a Director is then in office).

2 This discretionary power has been granted to enhance the speed and efficiency of establishing certain loans of a relatively small amount.

The Bank has a Management Credit Committee, which includes, among others, representatives from the Banking Operation Department, Finance Department and Legal Department. The task of the Management Credit Committee is to evaluate and recommend or decline all new business transactions, consider all annual reviews, report on the condition of the loan portfolio, review workouts, make provision recommendations and ensure that policies and procedures are adhered to. Proposals are reviewed on a "one obligor concept" basis, that is, to include any corporation, partnership or other business entity in which a direct or indirect common ownership interest of 50 per cent. or more exists.

Loan Reviews

All facilities and commitments are reviewed on a quarterly basis. The Bank's Risk Management Department is responsible for the scheduling and completion of loan reviews and the submission of reports to the Bank's Executive Committee. Loan reviews usually consist of an appraisal of the conduct and profitability of the facility since the last

[19] Although this figure is expressed in dollars for consistency of presentation, all the Bank's lending to Sudan is denominated in Euros and operated via a segregated Euro-denominated account held with a third party financial institution.

review, analysis of the borrower's financial statements, a check of all security and loan documentation, an assessment of the value and enforceability of any security held by the Bank, and an evaluation of all relevant factors and recommendations regarding any action that may be proposed. On completion of each loan review, the loan may be reclassified according to the Bank's internal classification system (see below – "*Loan grading system*").

In addition, the Bank's Legal Department usually conducts an annual review of all facility documents and certifies that all security documents are in place and in good order.

Currency of Lending

The Bank may lend in any currency as may from time to time be determined by the management of the Bank to be consistent with the objectives of the Bank provided that there is an appropriate hedge to protect the Bank from currency risk. The Treasury Policies and Procedures of the Bank sets out the approved hedging policies, instruments and methodology.

Default Interest Rate

The Bank has a policy of charging significant interest rates on facilities in default. The Bank's default interest rate is approximately 2 per cent. of the value of the loan over and above the existing rate of interest.

Loan grading system

The Bank assesses the probability of default by customers or counterparties using an internal grading system tailored to the various categories of counterparties. The grading system combines data analysis with credit officer judgment and is validated, where appropriate, by comparison with externally available information. The Bank's grading systems reflect the range of default probabilities defined for each rating grade. This means that, in principle, exposures migrate between grades as the assessment of their probability of default changes. The rating grading system is kept under review and upgraded as necessary, and the Bank regularly validates the performance of the rating and their predictive power with regard to default events. The Bank is in the process of upgrading its loan grading system so that customers of the Bank will in the future be segmented into 14 different rating classes (the "**New Grading System**"), whereas currently the Bank operated a system with seven rating classes. The introduction of the New Grading System was approved by the Board in March 2015 together with a roadmap for implementation involving defining the new risk rating model and working with external consultants to automate the grading process. The implementation team is expected to report to the Board in June 2016 and the Bank anticipates that the New Grading System will go live during the second half of 2016.

For management control purposes, the Bank requires that all facilities have to be allocated to one of the categories of the grading system, both at the time of initial review and each subsequent review. New facilities will not be approved unless they fall within the first three (or six under the New Grading System) grades as set forth in the table below, save in exceptional circumstances where facilities graded four (or eight under the New Grading System) may also be approved.

The following table sets forth the Bank's current seven step grading system (used in the historical financial information presented in this Base Offering Memorandum):

Bank's grade	*Description of rating*	*Interpretation*
1	Low Risk	Financial condition, liquidity, capitalisation, earnings, cash flow, management and capacity to repay are all excellent. Also includes potential facilities fully collateralised by cash or standby letters of credit/guarantees from a bank rated BBB (S&P) or above or equivalent rating from other leading credit rating agencies, and for which complete documentation for enforcement is held.
2	Satisfactory Risk	Financial condition, liquidity, capitalisation, earnings, cash flow, management and capacity to repay are all satisfactory to good.
3	Fair Risk	Facilities require more regular monitoring as the result of deterioration in earnings or cash flow, irregularities in the conduct of the accounts, lack of customer co-operation, announcement of litigation or some other negative factor. Capacity to repay as measured by key loan repayment indicators remains acceptable.
4	Watch List	Facilities with sustained or continued deterioration in financial condition which require frequent monitoring. The capacity to repay remains satisfactory.
5	Sub-Standard Risk	Financial condition weak and capacity or inclination to repay is in doubt. Readily encashable security is insufficient to repay outstandings, however, it is still considered that full repayment will be received. No provisions necessary and interest being treated in accordance with Accounting Standards in use by the Bank. Not yet considered non-performing/non-accrual as correction of the deficiencies may result in an improved condition.
6	Doubtful and	Full repayment considered unlikely. The company is in, or is likely to enter into, some

	Bad	form of statutory administration or liquidation and/or the Bank may find it necessary to enforce security to obtain repayment of debt. A full or partial provision of principal, interest or both may be required. Provisions must be made for the estimated unrealisable amount of the facility as soon as the likelihood of a loss is recognised. Account has been classified as a non-performing/non-accrual loan.
7	Loss	Little prospect of any recovery. Full write-off of remaining principal and interest will be required in due course.

The following table sets forth the 14 steps expected to be included in the Bank's New Grading System:

Bank's grade	*Description of rating*	*Interpretation*
1	Very Low Risk	Credit is of excellent quality and the facility has minimum credit risk. This rating is assigned only when the borrower's capacity and willingness to meet financial obligations in time is extremely strong. Repayment capacity is unlikely to be adversely affected by foreseeable events. Also included are facilities fully collateralised by cash in the same currency; or unconditional guarantee by an "A" or better-rated financial institution; or structured transactions where receivables or contracts from creditworthy buyers/counterparties rated "A" or better.
2	Low Risk (Upper Quartile)	Credit is of very good quality. Credit risk slightly higher than that of Grade 1 borrowers. The borrower's capacity to meet repayments is very strong and is not significantly vulnerable to foreseeable events. Also included are facilities fully collateralised by cash in the same currency; or unconditional guarantee by a Financial Institution rated "BBB" or better; or structured transactions where receivables or contracts from creditworthy buyers/counterparties rated "BBB" or better are legally assigned to the Bank.
3	Low Risk (Lower Quartile)	Credit is of good quality. Credit risk slightly higher than that of Grade 2 borrowers. The borrower's capacity to meet repayments is strong and is not significantly vulnerable to foreseeable events. Also included are facilities fully collateralised by unconditional guarantee(s) issued by Financial Institutions rated "BBB-" or better; or structured transactions where receivables or contracts from creditworthy buyers/counterparties rated "BBB-" or better are legally assigned to the Bank.
4	Satisfactory Risk (Upper Quartile)	Credit is of good quality. The borrower's capacity to meet repayments is strong and may include a structure where receivables or contracts from creditworthy buyers/counterparties rated "BBB-" or better are legally assigned to the Bank. However, there are elements present, however minor, which may suggest susceptibility to impairment sometime in the future. This category is more susceptible to adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. Full security cover for which complete documentation for enforcement is in place.
5	Satisfactory Risk	Credit is of fair quality. Although there are elements which may suggest susceptibility to impairment sometime in the future, the borrower's capacity to meet repayments is considered to be fairly strong and may include a structure where receivables or contracts from creditworthy buyers/counterparties rated "BBB-" or better are legally assigned to the Bank. Facilities in this category are more susceptible to adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. Full security cover for which complete documentation for enforcement is in place.
6	Satisfactory Risk (Lower Quartile)	Credit is of fair quality but the credit risk slightly higher than that of Grade 5 borrowers. There are elements which may suggest susceptibility to impairment sometime in the future. However, the borrower's capacity to meet repayments is considered to be satisfactory and may include a structure where receivables or contracts from creditworthy buyers/counterparties rated "BB-" or better are legally assigned to the Bank. Facilities in this category are more susceptible to adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. Full security cover for which complete documentation for enforcement is in place.
7	Moderate Risk (Upper Quartile)	Credit is associated with medium quality borrowers with acceptable security and certainty of timely repayments. A structure where receivables or contracts from creditworthy buyers/counterparties rated "BBB-" or better are legally assigned to the Bank may be in place. Although capability and willingness of the borrower are adequate, certain protective elements may be lacking or may be characteristically unreliable over any greater length of time. Adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the borrower to meet loan repayments.
8	Moderate Risk (Lower Quartile)	Credit risk slightly higher than that of Grade 7 borrowers. The credit is associated with medium quality obligors, acceptable security and certainty of timely loan repayments.

		Although capability and willingness of the borrower are adequate, certain protective elements such as a robust transaction structure may be lacking or may be characteristically unreliable over any greater length of time. Adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the borrower to meet loan repayments but this capacity to repay as measured by key loan repayment indicators remains acceptable.
9	Watch List (Upper Quartile)	Facilities in this category are not adversely classified but are associated with vulnerable credit quality, hence they deserve management's close attention and require close monitoring. Although the borrower currently has the capacity and willingness to meet loan repayments, repayments over any longer period of time may be uncertain. Capacity for continued payment is contingent upon a sustained and secure transaction structure, favourable business, financial and economic conditions but remains satisfactory.
10	Watch List (Lower Quartile)	Credit is associated with poor borrower standing and elements of uncertainty with respect to full repayment. Facility is presently vulnerable to non-payment, and borrower's capability to repay is dependent upon maintenance and sustainability of secure transaction structures, favourable business, financial, and economic conditions. High risk factors are present and negative variations of business, financial and economic conditions of any scope mean real risk of default. No provisions are necessary at this stage and interest is to be recognised in accordance with accounting standards adopted by the Bank.
11	Sub-standard (Lower Quartile)	Credit is associated with poor borrower standing and elements of uncertainty with respect to full repayment. Repayments are still continuing but the facility is currently vulnerable to non-payment, and borrower's capability to repay is dependent upon favourable business, financial, and economic conditions. Very high risk factors are present and negative variations of the transaction structure, business, financial and economic conditions of any scope mean real risk of default. No provisions are necessary at this stage and interest is to be recognised in line with accounting standards adopted by the Bank.
12	Doubtful and Bad (Upper Quartile)	Facilities in this category have been classified as impaired. Although in default, borrower is still making repayments, albeit inconsistently. Inherent weaknesses make full collection or realisation of security highly questionable and improbable based on the basis of existing facts, conditions and values. Because of the high probability of loss, non-accrual accounting treatment and provisioning is required for doubtful and bad facilities.
13	Doubtful and Bad (Lower Quartile)	Facilities in this category have been classified as impaired. Default is imminent or inevitable or borrower is in standstill - full repayment is considered unlikely. Borrower is in, or is likely to enter into some form of statutory administration/curatorship/liquidation and/or the Bank may find it necessary to enforce security to obtain repayment of debt. Because of the high probability of loss, non-accrual accounting treatment and full or partial provision of principal, interest or both may require provisioning.
14	Default/Loss	Facilities in this category are considered uncollectible or of such little value that their continuance as bankable assets is not warranted. Although there may be salvage value, it may not be practical or desirable to defer writing off the loan even though partial recovery may be effected in the future. Borrower may have entered into bankruptcy filings, administration, curatorship, receivership, liquidation or other form of winding-up procedure.

Asset quality and impairment

The Bank believes that its asset quality is linked to the composition of its client base, the importance that African governments and borrowers attach to maintaining continued access to trade financing, the Bank's preferred creditor status, and the Bank's strict adherence to commercial criteria in its credit activities. The Bank has developed knowledge of, and relationships with, its client base throughout its 23 years of operations, which allows it to continue to further enhance its risk management processes.

Impaired Assets and Contingencies

The Bank's policy requires the review of individual financial assets, facilities and commitments at least quarterly or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the impairment at reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

The Bank's impaired assets consist principally of impaired loans. Loans and advances that are less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Loans and advances are identified as impaired where:

(i) any principal or interest payment is over 90 days past due;

(ii) there is evidence of a breach of covenant;

(iii) any bankruptcy proceeding is initiated against the borrower;

(iv) there is a significant deterioration in the value of collateral; or

(v) the Bank's management determines that there is reasonable doubt regarding the ultimate collectability of principal or interest.

In a challenging macroeconomic environment as at 31 December 2015, Afreximbank's impaired loans were approximately 2.8 per cent. of total loans outstanding. This exceeded the Bank's target for 2015 that impaired loans should not exceed 2.5 per cent. of total loans outstanding, however, the ratio is improving as a result of the growing loan book and efforts being made by the Bank to deal with impaired loans and stood at 2.1 per cent. as at 31 March 2016[20]. The Bank operates a robust procedure for identifying impaired loans (see "*Asset quality and impairment – Allowance for loan losses*") and has in place mechanisms for provisioning (see "*Asset quality and impairment – Provisioning*") and collection (see "*Asset quality and impairment – Collections Policy*" below), which the Bank's management considers adequate to ensure the Bank's impairment losses remain low.

The following table sets forth information regarding the Bank's impaired loans as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Impaired loans as at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
	(U.S.$'000, except percentages)			
Impaired loans	176,079	173,798	165,678	119,603
Allocation from the allowance for loan losses(1)........	80,472	80,472	24,948	37,886
Impaired loans as a percentage of total loans(2)	2.12%	2.82%	3.77%	3.43%
Impaired loans as a percentage of total assets............	1.84%	2.44%	3.19%	2.74%

Note:

(1) This represents the individually impaired loans. The collective impairment provision was U.S.$37.0 million for the three months ended 31 March 2016, U.S.$26.0 million for the year ended 31 December 2015, U.S.$ 18.4 million for the year ended 31 December 2014 and U.S.$ 16.8 million for the year ended 31 December 2013.

(2) As at 31 March 2016 and 31 December 2015, the Bank's total loans included U.S.$2 billion and U.S.$1.2 billion, respectively, of loans made to the CBE under the Bank's COTRALF programme, the quantum of which may decrease or otherwise vary in the future making this percentage potentially appear artificially low. The adjusted figure as at 31 March 2016 and 31 December 2015, excluding the loans to the CBE would be approximately 3.4 per cent. and 3.4 per cent. respectively.

The following table shows the Bank's loan impairment provision by reference to the total amount of impaired loans and the Bank's current seven step loan grading system as at each of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	31 March 2016			*31 December 2015*			*31 December 2014*			*31 December 2013*		
	Loans and advances	*Impairment provision*		*Loans and advances*	*Impairment provision*		*Loans and advances*	*Impairment provision*		*Loans and advances*	*Impairment provision*	
	(%)	*(U.S.$'000)*	*(%)*	*(%)*	*(U.S.$'000)*	*(%)*	*(%)*	*(U.S.$'000)*	*(%)*	*(%)*	*(U.S.$'000)*	*(%)*
Grade 1	47.7	10,150	15.0	34.2	10,012	9.4	19.2	1,257	2.9	9.1	1,587	2.9
Grade 2	24.7	5,253	7.8	31.0	9,053	8.5	55.3	9,407	21.7	73.6	12,805	23.4
Grade 3	6.2	1,321	2.0	11.5	3,408	3.2	11.0	1,907	4.4	6.3	1,094	2.0
Grade 4	11.2	2,388	3.5	7.7	2,237	2.1	6.2	1,040	2.4	7.4	1,314	2.4
Grade 5	8.0	2,161	3.2	12.8	4,793	4.5	4.7	18,728	43.2	0.2	55	0.1
Grade 6	2.1	80,472	68.5	2.8	77,001	72.3	3.6	11,011	25.4	3.4	37,868	69.2
Grade 7	—	—	—	—	—	—	—	—	—	—	—	—
Total...........	**100**	**101,746**	**100**	**100**	**106,502**	**100**	**100**	**43,352**	**100**	**100**	**54,723**	**100**

Allowance for loan losses

The Bank assesses at each reporting date whether there is objective evidence that a loan is impaired. A loan is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events

[20] As at 31 March 2016 and 31 December 2015, the Bank's total loans included U.S.$2 billion and U.S.$1.2 billion, respectively, of loans made to the Central Bank of Egypt ("**CBE**") under the Bank's COTRALF programme, the quantum of which may decrease or otherwise vary in the future making this percentage potentially appear artificially low. The adjusted figure as at 31 March 2016 and 31 December 2015, excluding the loans to the CBE, would be approximately 3.4 per cent. and 3.4 per cent. respectively

that occurred after the initial recognition of the loan (a loss event) and that loss event (or loss events) has an impact on the estimated future cash flows of the loan that can be reliably estimated.

The estimated period between a loss occurring and its identification is determined by the Bank's management for each loan. In general, the periods used vary between three months and 12 months. In exceptional cases, longer periods are warranted.

The amount of the loss is measured as the difference between the loan and advance carrying amount and the present value of estimated future cash flows discounted at the loan and advance effective interest rate determined under contract. The carrying amounts of loans and advances are reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

The following table sets forth information regarding the components of the Bank's allowance for loan losses as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Components of the allowance for loan loss as at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
	(U.S.$'000)			
Components of the allowance for loan losses				
Allowance for loan losses:				
Balance at beginning of year/quarter year	106,502	43,352	54,723	26,016
Impairment charge for the year/quarter year	(4,756)	63,447	55,696	28,707
Loans written off during the year/quarter year as uncollectable	—	(297)	(67,067)	—
Repayment of impaired loans during the year/quarter year	—	—	—	—
Balance at the end of the year/quarter year	**101,746**	**106,502**	**43,352**	**54,723**

The following table sets forth information regarding the regional distribution of the Bank's loans charged-off against the allowance for loans losses, as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Per region distribution of loans charged-off against allowances for loan losses as at							
Region	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$ '000)	*(%)*	*(U.S.$ '000)*	*(%)*	*(U.S.$ '000)*	*(%)*	*(U.S.$ '000)*	*(%)*
Central Africa	20,621	20.3	20,664	19.4	11,727	27.1	717	1.31
East Africa	17,923	17.6	18,856	17.7	1,472	3.4	1,614	2.95
North Africa...	9,382	9.2	7,132	6.7	1,564	3.6	2,153	3.93
Regional...	404	0.4	703	0.7	1,343	3.1	677	1.24
Southern Africa...	1,787	1.8	3,124	2.9	6,254	14.4	3,273	5.98
West Africa..	51,629	50.7	56,022	52.6	20,990	48.4	46,289	84.59
Total...	**101,746**	**100**	**106,502**	**100**	**43,352**	**100**	**54,723**	**100**

The following table sets forth information regarding the regional distribution of the Bank's allowance for loan losses allocated by country of exposure as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Allowances for loan losses per region as at							
Region	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$'000)	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*
Central Africa	220	(4.6)	8,993	14.2	12,283	22.1	69	0.24
East Africa	594	(12.5)	17,384	27.4	133	0.2	169	0.59
North Africa..........................	(9,770)	205.4	2,090	3.3	125	0.2	179	0.62
Regional...............................	209	(4.4)	206	0.3	33	0.1	35	0.12
Southern Africa.....................	923	(19.4)	(2,781)	(4.4)	5,728	10.3	(232)	(0.81)
West Africa...........................	3,068	(64.5)	37,555	59.2	37,394	67.1	28,487	99.23
Total....................................	**(4,756)**	**100**	**63,447**	**100**	**55,696**	**100**	**28,707**	**100**

The following table sets forth information regarding the sectoral distribution of the Bank's allowance for loan losses by industry sector as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Allowances for loan losses per industry sector as at							
Industry sector	*31 March 2016*		*31 December 2015*		*31 December 2014*		*31 December 2013*	
	(U.S.$'000)	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*	*(U.S.$'000)*	*(%)*
Agriculture	21,751	21.4	21,289	20.0	1,866	3.41	1,105	5.60
Energy	22,893	22.5	20,859	19.6	25,492	46.58	6,567	33.25
Services	777	0.8	547	0.5	585	1.07	556	2.82
Metals and minerals	148	0.1	104	0.1	782	1.43	642	3.25
Transportation	8,847	8.7	8,232	7.7	1,565	2.86	2,011	10.18
Manufacturing	4,599	4.5	4,368	4.1	4,622	8.45	1,529	7.74
Telecommunication	23,654	23.2	23,291	21.9	14,295	26.12	7,792	39.46
Government	0	0.00	0	0.00	0	0.00	73	0.37
Financial institutions	19,077	18.7	27,812	26.1	5,516	10.08	5,741	29.07
Total	**101,746**	**100**	**106,502**	**100**	**54,723**	**100**	**19,748**	**100**

Collections Policy

The Bank's collection policies include rapid internal notification of any delinquency and prompt initiation of remedial and/or recovery efforts, usually involving senior management. Once a default is established in relation to any loan, the loan is categorised either under a Watch List (if less than 90 days past due) or a Past Due Obligations ("**PDO**") List (if 90 days or more past due). For loans on the PDO List, the PDO Committee is notified accordingly. The PDO Committee is comprised of the heads of the credit, risk, finance, legal and operations departments. The PDO Committee meets at least once a month to discuss remediation progress and to determine suitable strategies and action plans that minimise potential credit losses in respect of the Bank's loans that are on the PDO List. PDO List facilities are transferred to the Risk Management Department, where they are managed under a dedicated remedial process.

With the involvement of the PDO Committee, the Risk Management Department coordinates remediation and recovery efforts in accordance with the Bank's internal policies. The PDO Committee meets at least once a month to discuss remediation progress and to determine suitable strategies and action plans that minimise potential credit losses and maximise recovery. As at 31 March 2016, there were seven borrowers, operating in various economic sectors, with loans totalling an aggregate principal amount of approximately U.S.$176 million on a gross basis (U.S.$45 million on a net basis after taking into account the value of security/collateral held), being dealt with by the Loan Remediation Unit of the Risk Management Department.

Each quarter, a report on the status of all Watch List and PDO facilities, and actions being taken in respect of these, is submitted to the Executive Committee. It is the primary goal of Risk Management Department and the PDO Committee to ensure that all problem facilities are resolved in such a manner that yields the greatest benefit to the Bank in terms of preservation of capital and pursuit of its trade development goal.

In circumstances where restructuring/rescheduling provides the best means of protecting the interests and recovery prospects of the Bank, such an approach may be pursued. Restructuring is not deemed to be appropriate merely for avoiding a default. If the financial condition of the Borrower deteriorates beyond the point of sustainability, the Bank may resort to other exit options, such as instituting bankruptcy proceedings.

Provisioning

The Bank reviews its loan portfolio regularly to assess whether a provision for impairment should be recorded in the statement of comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily subjective based on assumptions about several factors involving varying degrees of judgment and uncertainty. Consequently, actual results may differ resulting in future changes to such provisions.

The overall size of the Bank's loan loss provisions are determined by using the International Accounting Standard 39 guidelines as set out below.

- Collective Impairment Provision

  In addition to specific provisions against individually significant loans and advances, the Bank also makes a collective impairment provision against loans and advances which, although not specifically identified as requiring specific provisions, have a greater risk of default than when originally granted. This collective impairment is based on any deterioration in the internal grade of the loan since it was granted. The amount of the provision is based on historical loss experience for loans within each grade and is adjusted to reflect current economic changes. These internal gradings take into consideration various factors such as any deterioration in country risk, industry, identified structural weaknesses or deterioration in cash flows. The percentage applied for the collective impairment provisions is 0.5 per cent. for which specific provisions have not been made.

- Specific Provisions

  Specific provisions are made for loans that have been identified as bad or doubtful in order to write them down to their fair value at the balance sheet date. The basis for the defining and identifying of non-performing loans is the Bank's Loan Grading System (see "*Credit Policies and Procedures – Loan Grading System*" above). Assets graded 5-7 on the Bank's current grading system or 12-14 on the Bank's New Grading System will be assessed for impairment so that a provision amount may be recorded. A general guide for classifying a loan or investment as non-performing is that principal and/or interest is over 90 days past due, there is evidence of breach of a covenant, the initiation of bankruptcy proceedings against the borrower, there is a deterioration of the value of collateral, or otherwise if the Bank's management determines that the ultimate collection of principal or interest is doubtful. The assessment of the provision amount is measured as the difference between the loan carrying amount and the present value of estimated future cash flows discounted at the loan's original effective interest rate. The assessment includes collateral held and anticipated receipts for that individual account.

- Write-offs

  If there is no realistic prospect of recovery, a loan or a portion of the loan will be written off against the related provision for loan impairment. Such loans (or proportions of loans) are written off after all the necessary procedures have been completed, including obtaining Board of Directors approval, and the amount of loss has been determined. Loans graded 7 on the Bank's current grading system or 14 on the Bank's New Grading System are potential write-offs. After the amount of loss has been determined, the write-offs have to be approved by the Board, on the recommendation of the Executive Committee.

The Bank's management considers that this procedure for determining provisioning allows the Bank to ensure that it allocates appropriate levels of provisioning.

Treasury policy

Afreximbank's Treasury Policy is designed to ensure adequate short and long term funding, to invest surplus funds in an efficient manner and to enable the Bank's Treasury Department to identify, monitor and manage the Bank's financial risks, principally interest rate and foreign exchange risks.

Committees

The Executive Committee reviews the Treasury guidelines at least once annually and delegates to the President the responsibility for the selection, implementation, and monitoring of the various strategies required to meet the guidelines.

The Bank's Assets and Liabilities Committee advises senior management on issues connected with the day-to-day treasury operations of the Bank. It is composed of at least four members including the President and the Vice President, the head of the Finance Department and other staff deemed appropriate by the President. The Assets and Liabilities Committee meets on a fortnightly basis or otherwise as often as necessary to review and monitor the Treasury guidelines and their implementation.

Liquidity and Investment Policy

The objective of the Bank's Liquidity and Investment Policy is to meet the Bank's liabilities as they fall due. Liquid funds are defined as loan commitments with a disbursement schedule of less than one week, loan commitments approved but with a still unclear disbursement schedule, capital expenditures in the next two months according to the Bank's budget, repayment of debt or charges falling due and a prudent margin to cover underestimates of the above, which is currently set at U.S.$10 million. All liquid funds are held as interest earning bank deposits in approved depository banks.

The difference between available cash resources minus required liquid funds is available for investments to which the following investment criteria apply:

Asset quality. Short term investments with a maturity of one year or less must be rated at least A1 by S&P or P-1 by Moody's. The requirement for long term investments is a rating of at least AA by S&P or Aa3 by Moody's. The Assets and Liabilities Committee may accept investments that were rated in-house using the Bank's loan grading system if external ratings are not available. All debt will be from issuers domiciled in countries with a sovereign rating of BBB or G7 countries with a higher credit rating.

Maturity. The maximum average maturity of the investment portfolio may not exceed three years. The effective maturity of any single instrument shall not exceed seven years. Fixed deposits are limited to a maximum maturity of one year.

Concentration and Exposure Limits. Not more than 25 per cent. of the portfolio will be invested in any G7 sovereign issue. For all other issues a limit of not more than 15 per cent. of the portfolio value will be invested in any one security.

Not more than 5 per cent. will be invested in liabilities of a single issuer. The maximum term deposit placed with any one bank will not exceed 15 per cent. of the unimpaired capital of the Bank.

The Bank may engage in securities lending and repo agreements, securities borrowing and reverse repos, both against adequate collateral, only if the maturity of each transaction does not exceed 90 days and the cash and securities exchanged will be in U.S. dollars.

Funding Policy

The objective of the Bank's Funding Policy is to provide funds to meet operational needs. The funding requirements are derived from the cash flow forecasts and the business plan with a margin for slippage both in cash flow and timing.

The Funding Policy also seeks to accommodate the expected asset growth such that the Bank has assets (excluding loans to central banks under the COTRALF programme) of at least U.S.$6 billion at the end of 2016. The Bank aims to increase and diversify its funding base by using bilateral credit lines and money market lines, Euroloan syndications and club deals, bond issuances, floating rate notes, commercial paper and term deposits.

In order to access these funds Afreximbank targets specific markets. Markets that were identified under the Funding Policy are the Eurocredit Market, the Export Credit Agencies, banks and investors in the USA and worldwide, multilateral and national financial institutions, and development finance institutions. The Bank intends to use future bond issuances to target specific markets.

Currency Exposure Management

The Bank's working currency is the U.S. dollar. In cases where a loan disbursement is not U.S. dollar denominated, the Bank is required to purchase or borrow that currency. Afreximbank does not purchase foreign currency for proprietary trading purposes. Speculation on future exchange rate movements is prohibited under the Risk Management Policies and Procedures.

In case of a non-U.S. dollar currency exposure, the Bank seeks to apply a 100 per cent. hedging policy, if possible. Afreximbank usually manages the foreign exchange risk from its financing operations by entering into forward foreign exchange contracts with creditworthy counterparties. As at 31 March 2016, the Bank's foreign exchange contracts totalled U.S.$124.53 million, compared with U.S.$229.02 million as at 31 December 2015 and U.S.$305.68 million as at 31 December 2014.

Interest rate risk management

The Bank's policy on interest rate risk is to minimise exposures by ensuring an appropriate balance of longer term fixed and short term variable rates. The Bank's specific policies are (i) for both its assets and liabilities to be based on variable interest rates, (ii) for all variable rates to be based on LIBOR, and (iii) for re-pricing periods to be limited to no more than three months. The Bank reviews its exposure on a regular basis. Both the Bank's loan portfolio and funding portfolio generally have interest rate resetting periods of three months.

Operational risk

Operational risk, as described in the Bank's Operational Risk Policy (part of the RMPP), is the risk of loss resulting from inadequate or failed internal processes, people and systems and/or from the external and internal environment, and also legal risk. The Bank has sought to develop a comprehensive framework for the identification, measurement, management and monitoring of operational risk inherent in its business.

While operational risk cannot be entirely eliminated, it is managed and mitigated by trying to ensure that there is appropriate infrastructure, controls, systems, procedures, and trained and competent personnel in place to discharge the various functions of the Bank. An internal and operational risk control culture, including, among other things a clear allocation of responsibility, segregation of duties, effective internal reporting, business continuity and contingency plans, document retention policy, staff code of conduct and staff rules, and customer due diligence policies has been implemented as part of the Bank's implementation of risk management systems (see below "*Enterprise Risk Management systems and RISTRAC*).

Enterprise Risk Management systems and RISTRAC

The RMPP incorporates an enterprise risk management framework ("**ERM**") in order to identify both opportunities and risks and to ensure that these are dealt with appropriately. The four key objectives of the ERM, as set out in the RMPP, are: (i) achieving the mandate and strategic goals of the Bank, (ii) attaining operational efficiency, (iii) ensuring reliability and timeliness of reporting of financial and non-financial information and (iv) ensuring compliance with applicable laws, conventions, treaties and regulations. The ERM is comprised of eight components: (i) internal environment (that is, the Bank's attitude to risk and how risks and controls are managed within the Bank), (ii) setting objectives (the Bank's strategic plan), (iii) event identification (being anything that effects the implementation of the Bank's strategy and achievement of its objectives), (iv) risk assessment (to be carried out in conjunction with the strategy planning and budget setting processes), (v) risk response (which should form part of the Bank's strategic plan and budget), (vi) control activities (as determined by the Bank's strategic planning, budgeting, staff manual and accounting policies), (vii) information and communication and (viii) monitoring.

The governance structure in terms of risk management is that the risk management department assists with the creation, development and monitoring of the Bank's risk policies and the risk awareness of the Bank's staff, and also submits a quarterly consolidated risk report to the risk and strategy committee ("**RISTRAC**") and half yearly report to the Board, as well as periodically reporting on the Bank's risk profile. RISTRAC (comprising the President, or in his absence the most senior Executive Vice-President, the Executive Vice Presidents, the Head of Risk Management and the Head of Planning and Strategy) recommends the annual risk appetite statement to the Board, oversees the Bank's risk stress tests, monitors the day to day implementation of the RMPP and provides regular updates on best practices in risk management and suggested amendments to the RMPP. RISTRAC meets at least quarterly and submits half yearly reports to the Executive Committee and an annual report to the Board.

The Executive Committee is accountable to the Board for exercising oversight over the Bank's risk management, risk control and risk assurance as regards finance credit and investment decisions and reviews and recommends amendments to the Bank's ERM and RMPP. The Audit Committee runs a parallel risk function by reviewing the effectiveness of the Bank's internal control policies and practices and ensuring compliance with both internal policies and the requirements of the financial, accounting and audit standards adopted by the Bank. The Board provides oversight and approval of the Bank's risk policies and has overall accountability for ERM.

Funding

The Bank's source of funding has been mainly unchanged in the last two years, and as at 31 March 2016, Afreximbank funded its total assets with bank lines of credit (63 per cent.), debt securities in issue (18 per cent.), capital funds (15 per cent.), customer accounts and deposits of sovereigns, corporates and financial institutions (3 per cent.), and other sources (1 per cent.) (other sources include accruals, prepaid income, dividends payable and hedging payables). As at 31 December 2015, Afreximbank funded its total assets with bank lines of credit (52 per cent.), debt securities in issue (24 per cent.), capital funds (18 per cent.), customer accounts and deposits of sovereigns, corporates and financial institutions (4 per cent.), and other sources (2 per cent.).

The following table shows the Bank's funding distribution as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Funding sources as at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
	(in percentages)			
Capital funds	15	18	18	17
Customer accounts and deposits[(1)]	3	4	6	5
Bank lines of credit	63	52	40	40
Debt securities in issue	18	24	34	30
Other[(2)]	1	2	2	8
Total	**100**	**100**	**100**	**100**

(1) Excludes deposits under CENDEP.

(2) Prepaid income, dividends payable, hedging payables and other liabilities which include accruals

Afreximbank estimates that planned future growth in loan assets will be funded by way of (i) new capital funds received via the GCI (in relation to which see "*Share Capital and Ownership – General Capital Increase*" below) and also (ii) a projected overall increase in borrowing volumes (excluding deposits under the Bank's CENDEP programme) of around 30 per cent. on average in the next 24 months, to reach approximately U.S.$12 billion in 2018.

In addition to scheduled capital increases, the Bank's management anticipates a need to increase funds raised in the international capital markets and to maintain funding through borrowing from multilateral and other financial institutions.

The following table outlines the borrowed funds (due to banks) of Afreximbank for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, and for the three month period ended 31 March 2016.

	Amount outstanding for the period 1 January to			
	31 March	*31 December*		
	2016	*2015*	*2014*	*2013*
		(U.S.$'000)		
Syndicated loans / Club loans	1,169,012	1,151,878	1,254,604	1,297,871
Bilateral loans	4,696,353	2,531,918	838,433	466,191
Bonds	1,694,704	1,734,272	1,762,055	1,398,955

The following table outlines the residual maturity of Afreximbank's bank loans as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Amount outstanding as at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
		(U.S.$'000)		
Syndicated loans / Club loans				
Up to one year	250,000	250,000	1,004,604	559,191
Between one and three years	919,012	901,878	250,000	738,680
Three years and more	—	—	—	—
Bilateral loans				
Up to one year	1,765,943	1,521,031	221,771	203,405
Between one and three years	2,705,500	652,913	318,929	164,809
Three years and more	259,182	352,245	289,789	97,977
Bonds				
Up to one year	500,000	540,000	30,000	403,162
Between one and three years	1,200,000	500,000	540,000	500,000
Three years and more	—	700,000	1,200,000	500,000
Total	**7,599,637**	**5,418,068**	**5,855,092**	**3,167,224**

Afreximbank's average cost of borrowing for the last 5 years was 3.58 per cent. (all-in), and excluding bonds, the same figure was 2.50 per cent.

Syndicated Loans

The Bank first entered the loan market with a one year facility in 2000. Since then, the Bank has sought to develop and extend the maturity profile of its syndicated facilities, through either a combination of one year facilities with extension options or dual tranche facilities with a mixture of one, two and three year maturities. Since 2000, the Bank has raised an aggregate amount of more than U.S.$4 billion. As at the date of this Base Offering Memorandum, the Bank has never defaulted on any principal or interest repayment under its borrowings.

During the global financial crisis, the Bank was able to continue to attract financing despite difficult market conditions. For example, in October 2008, the Bank signed a dual-tranche syndicated term loan of U.S.$65 million and a revolving credit facility of EUR31 million involving a syndicate of eight IFIs for 18 months with a 12 month extension option. Subsequently, in July 2009, the Bank signed a dual-tranche syndicated loan facility amounting in aggregate to U.S.$318 million with 33 international banks.

Since then, the Bank has continued to successfully attract further syndicated facilities and set forth below are the Bank's current outstanding loans and facilities:

- In May 2013, the Bank signed a club facility (with, amongst others, the Dealers) in the amount of EUR220 million for the purpose of (i) refinancing the Euro tranche of an earlier syndicated loan which matured on 16 May 2013, and (ii) financing the loan book.
- In March 2014, the Bank entered into a two year dual tranche syndicated facility (34 IFIs, including amongst others, the Dealers) in the amounts of U.S.$467 million and EUR222.4 million to (i) refinance existing syndicated facilities that the Bank had taken out in March 2012 and (ii) finance the Bank's loan book growth.
- In July 2015, the Bank entered into a two year dual tranche syndicated facility (34 IFIs, including amongst others, the Dealers) in the amounts of U.S.$458 million and EUR405.5 million to (i) refinance existing syndicated facilities that the Bank had taken out in March 2014 and (ii) finance the Bank's loan book growth.
- In May 2016, the bank signed a two month bridge loan of U.S.$500 million with the Dealers with options to extend the repayment period. The Bank will apply the proceeds of the bridge loan towards its trade financing and general corporate purposes.

Funding Lines of Credit

As at the date of this Base Offering Memorandum, the Bank had outstanding bilateral facilities and outstanding funding lines with DFIs and ECAs. As at the date of this Base Offering Memorandum, these included:

	Country	*Tenor (yrs)*	*Date*	*Amount*	*Utilised / committed*	*Headroom*
					(U.S.$ millions)	

Export Credit Agencies						
Exportkreditnämnden ("**EKN**")	Sweden	7	05/2010	150	109 (U)	41
EKN	Sweden	9	09/2012	65	65 (U)	0
Export-Import Bank of China	China	7	07/2011	100	0	100
Export-Import Bank of India	India	7	09/2011	30	0	30
Export Development Canada ("**EDC**")	Canada	5	02/2015	100	70 (U)	30
EDC	Canada	10	09/2014	40	40 (U)	0
Japanese Bank for International Cooperation	Japan	7	03/2012	100	75 (C)	25
Euler Hermes	Germany	9	12/2011	98	98 (C)	0
Office National Du Ducroire	Belgium	9	12/2012	80	80 (U)	0
UK Export Finance	UK	9	12/2012	22	22 (C)	0
U.S. Department of Agriculture (GSM-102)	U.S.	2	03/2016	240	175 (U)	65
Türk Eximbank	Turkey	10	03/2014	60	0	60
Oesterreichische Kontrollbank AG	Austria	9	12/2012	27	27 (C)	0
Development Finance Institutions						
AfDB[1]	Multilateral	-	03/2015	30	30 (U)	0
AfDB[1]	Multilateral	4	12/2014	150	150 (U)	0
AfDB[1]	Multilateral	3	12/2014	100	100 (U)	0
Kreditanstalt für Wiederaufbau ("**KfW**")	Germany	7	12/2013	100	100 (U)	0
KfW	Germany	7	12/2014	100	0	100
KfW IPEX	Germany	3	10/2014	80	80 (U)	0
Agence Française de Développement	France	1	09/2015	50	0	50
Arab Bank for Economic Development in Africa	Multilateral	7	09/2015	109	35 (U)	74
Total				**1,881**	**1,256**	**625**

Notes

1 In May 2014, the AfDB approved a trade finance package totalling U.S.$280 million for Afreximbank to expand its risk-bearing capacity and provide medium term funds for financing trade transactions and projects across Africa, consisting of a U.S.$30 million equity investment (see "*Description of the African Export-Import Bank - Share Capital and Ownership – Increases in Share Capital*"), a U.S.$150 million line of credit and a U.S.$100 million unfunded risk participation agreement.

	Tenor (yrs)	*Amount*	*Utilised / committed*	*Headroom*
			(U.S.$ millions)	
Money Market lines				
Committed				
Bank of Tokyo Mitsubishi UFG ("**BTMU**") London	1	125	125	0
BTMU London	1	80	73	7
BTMU London	1	70	12	58
Korea Development Bank	2	50	50	0
Standard Chartered Bank ("**SCB**")	1	75	60	15
SCB	0.5	100	100	0
Uncommitted				
HSBC	0.25	10	0	10
Commerzbank	1	34	34	0
Landesbank Baden-Württemberg	0.5	11	0	11
Raiffeisen Zentralbank, Vienna	1	-	0	0
Bayern LB	1	-	0	0
Banca UBAE	0.25	10	0	10
United Bank for Africa, New York	1	20	0	20
Ecobank	1	5	0	5
British Arab Commercial Bank	0.25	30	0	30
Trade Finance Lines				
Sumitomo Mitsui Banking Corporation ("**SMBC**")	1	184	0	184
SMBC	1	100	74	26
Barclays Bank	1	30	0	30
Citibank	1	20	0	20
KfW IPEX	1	57	0	57
HSBC	1	25	0	25
Mizuho Bank	1	50	0	50
Total		**1,085**	**528**	**558**

Issuance of debt securities

On 27 October 2009, Afreximbank established the Programme to which this Base Offering Memorandum relates. As at the date of this Base Offering Memorandum, the following issues under the Programme are outstanding:

- Series 3 U.S.$500 million 5.750 per cent. bonds due 27 July 2016, which were issued in July 2011 and are listed on the Euro MTF market of the Luxembourg Stock Exchange;
- Series 7 U.S.$500 million 3.875 per cent. bonds due 4 June 2018, which were issued in June 2013 and are listed on the Global Exchange Market of the Irish Stock Exchange plc; and
- Series 9 U.S.$700 million 4.75 per cent. bonds due 29 July 2019, which were issued in two tranches in July 2014 and November 2014, and are listed on the Global Exchange Market of the Irish Stock Exchange plc.

Deposits

As at 31 March 2016, Afreximbank's deposit base accounted for 3.4 per cent. of Afreximbank's total liabilities, (compared with 5.1 per cent., 7.0 per cent. and 5.9 per cent. respectively as at 31 December 2015, 31 December 2014 and 31 December 2013) of which Afreximbank's ten largest depositors accounted for 68.1 per cent. Deposit accounts held with Afreximbank are principally accounts used as a structural element in trade finance transactions. Most deposit accounts are held with Afreximbank until the client's borrowing or outstanding amounts are fully paid. The deposits may be used to retire the loans. Customers who deposited funds in customer accounts were sovereigns, corporates and financial institutions.

The table below shows the deposits and customer accounts held with the Bank as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	Deposits and customer accounts as at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
		(U.S.$'000)		
Shareholders' deposit for shares	58,629	58,515	15,467	8,418
Deposit accounts	41,591	49,060	79,746	66,990
Customer accounts	173,282	195,537	201,567	140,965
Total	**273,502**	**303,112**	**296,780**	**216,373**

The table below sets forth the ten largest collateral accounts held with the Bank as at 31 March 2016[21].

Country		*Customer*	*Amount (U.S.$'000)*
1	Nigeria	Diamond Bank	97,500
2	Zimbabwe	Reserve Bank of Zimbabwe	19,275
3	Regional	PTA - Euro	17,115
4	Mauritius	Econet	13,139
5	Zimbabwe	ZETDC	10,471
6	Sudan	Bank of Khartoum	6,805
7	Sudan	Sudanese French Bank	6,565
8	Sudan	Omdurman National Bank	5,954
9	Sudan	Agricutural Bank of Sudan	5,103
10	Sudan	Farmer's Bank of Sudan	4,275
		Total	186,203

Liquidity

The share of liquid financial assets (i.e. those with a residual maturity of less than three months) of the Bank's total financial assets decreased from 40.44 per cent. as at 31 December 2013 to 35.35 per. cent as at 31 December 2014 and further slightly decreased to 34.03 per. cent as at 31 December 2015. As at 31 March 2016, the share of liquid assets was 21 per cent. Over the same period, the share of liquid assets as a percentage of the Bank's wholesale funding largely remained stable at 65.3 per cent. as at 31 December 2013, 91 as at 31 December 2014 and 67 as at 31 December 2015. The percentage share of wholesale funding as at 31 March 2016 was 67 per cent.

[21] This excludes deposits made by central banks pursuant to CENDEP.

The Bank pursues a conservative treasury policy that is actively implemented by the Bank's Liquidity Management Working Group. The Bank's loan book and borrowings are both based on variable interest rates. Apart from a short average maturity, these portfolios are well diversified across financial institutions (who act as intermediaries) and corporate sectors.

Maturity profile

As at 31 March 2016, Afreximbank's loan portfolio had an average maturity of 16 months, with 36.3 per cent. of loans having a maturity of three months or less and 38.9 per cent. having a maturity of between three and 12 months, and with about 29 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2015, Afreximbank's loan portfolio had an average maturity of 17 months, with 64.9 per cent. of loans scheduled to mature within one year. Of those loans, 12 per cent. were in respect of intra-African trade, 5 per cent. were in respect of trade outside of Africa and 83 per cent. related to transactions involving both intra-African and extra-African trade, with about 93 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2014, Afreximbank's loan portfolio had an average maturity of 19 months, with 64.8 per cent. of loans scheduled to mature within one year. Of those loans, 18 per cent. were in respect of intra-African trade, 7 per cent. were in respect of trade outside of Africa and 75 per cent. related to transactions involving both intra-African and extra-African trade, with about 93 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2013, Afreximbank's loan portfolio had an average maturity of 20 months, with 52.9 per cent. of loans scheduled to mature within one year. Of those loans, 13.93 per cent. were in respect of intra-African trade, 5.51 per cent. were in respect of trade outside of Africa and 80.56 per cent. related to transactions involving both intra-African and extra-African trade, with about 54 per cent. secured with collateral outside of the obligor's country.

The assets of Afreximbank have predominantly short maturities and are funded with liabilities having longer maturities. While certain deposits have a contractual maturity of less than one month, the actual availability of these funds is usually significantly longer. The average maturity of all borrowings for the year ended 31 December 2015 was 1.70 years, compared with 2.37 years in the year ended 31 December 2014 and 1.95 years in the year ended 31 December 2013. For the year ended 31 December 2015, the average maturity of lending lines to the Bank was 1.46 years for bilateral loans and 1.28 years for syndicated loans. Afreximbank intends to increase its debt maturity profile in the near future.

The following table shows the gross and net loans and advances of the Bank as at 31 March 2016, together with residual maturity.

	As at 31 March 2016
	(U.S.$'000)
Up to one month	1,366,481
One month to three months	1,644,831
Three months to 12 months	3,225,691
One year to three years	1,152,458
Three years to five years	699,211
Over five years	210,590
Gross loans and advances (principal amount)	**8,299,262**
Allowance for impairment of loans and advances	(101,746)
Net loans and advances	**8,197,516**

Liquidity Risk

Liquidity risk concerns the ability of the Bank to fulfil its financial obligations as they become due. The management of the liquidity risk is focused on the timing of the cash in-flows and out-flows as well as in the adequacy of the available cash, credit lines and high liquidity investments. The Bank manages its liquidity risk by preparing dynamic cash flow forecasts covering all expected cash flows from assets and liabilities and taking appropriate advance actions.

The table below sets forth the Bank's assets and liabilities with corresponding maturity profile as at 31 March 2016.

	Up to 1 month	*1-3months*	*3-12 months*	*1-5 years*	*Over 5 years*	*2016 Total*
			(U.S.$'000)			
Financial Assets						
Cash and due from banks[1]............	453,000	—	—	—	—	453,000
Deposits with other banks.............	170,131	310,162	—	—	—	480,293
Hedging Derivatives......................	20,452	—	—	—	—	20,452
Loans and advances[2]....................	1,366,481	1,644,831	3,225,691	1,851,669	210,590	8,299,262
Total Financial Assets..................	**2,010,064**	**1,954,993**	**3,225,691**	**1,851,669**	**210,590**	**9,253,007**
Financial Liabilities						
Due to Banks	75,564	1,034,892	905,486	3,771,611	112,083	5,899,636
Debt securities in issue	—	—	500,000	1,200,000	—	1,700,000
Deposits and customer accounts.	273,502	—	—	—	—	273,502
Total Financial Liabilities	**349,066**	**1,034,892**	**1,405,486**	**4,971,611**	**112,083**	**7,873,139**
Net liquidity gap...........................	**1,660,998**	**920,101**	**1,820,205**	**(3,119,942)**	**98,507**	**1,379,869**
Cumulative liquidity gap.............	**1,660,998**	**2,581,099**	**4,401,304**	**1,281,362**	**1,379,869**	

(1) Petty cash and cash held in banks.

(2) Principal plus interest.

The table below sets forth the Bank's assets and liabilities with corresponding maturity profile as at 31 December 2015.

	Up to 1 month	*1-3months*	*3-12 months*	*1-5 years*	*Over 5 years*	*2015 Total*
			(U.S.$'000)			
Financial Assets						
Cash and due from banks[1]............................	153,750	—	—	—	—	153,750
Deposits with other banks..............................	670,342	—	—	—	—	670,342
Hedging Derivatives......................................	12	2,297	10,051	10,664	—	23,024
Loans and advances[2]....................................	1,062,960	594,485	2,523,227	2,099,412	170,541	6,450,625
Total Financial Assets..................................	**1,887,064**	**596,782**	**2,533,278**	**2,110,076**	**170,541**	**7,297,741**
Financial Liabilities						
Due to Banks	44,777	204,940	1,571,772	1,670,965	202,595	3,695,049
Debt securities in issue	—	40,189	506,511	1,211,774	—	1,758,474
Deposits and customer accounts.	303,112	—	—	—	—	303,112
Total Financial Liabilities	**347,889**	**245,129**	**2,078,283**	**2,882,739**	**202,595**	**5,756,635**
Net liquidity gap...	**1,539,175**	**351,653**	**454,995**	**(772,663)**	**(32,054)**	**1,541,106**
Cumulative liquidity gap.............................	**1,539,175**	**1,890,828**	**2,345,823**	**1,573,160**	**1,541,106**	

(1) Petty cash and cash held in banks.

(2) Principal plus interest.

The table below sets forth the Bank's assets and liabilities with corresponding maturity profile as at 31 December 2014.

	Up to 1 month	1-3months	3-12 months	1-5 years	Over 5 years	2014 Total
			(U.S.$'000)			
Financial Assets						
Cash and due from banks[1]	354,339	—	—	—	—	354,339
Deposits with other banks	300,042	—	—	—	—	300,042
Hedging Derivatives	30,596	214,496	47,455	13,129	—	305,676
Loans and advances[2]	845,613	234,484	1,197,787	2,089,148	272,158	4,639,190
Total Financial Assets	**1,530,590**	**448,980**	**1,245,242**	**2,102,277**	**272,158**	**5,599,247**
Financial Liabilities						
Due to Banks	6,348	133,124	1,181,211	821,897	35,216	2,177,796
Hedging Derivatives	29,650	191,413	42,643	—	—	263,706
Debt securities in issue	15,865	1,535	30,603	1,945,108	—	1,993,111
Deposits and customer accounts.	296,780	—	—	—	—	296,780
Total Financial Liabilities	**348,643**	**326,072**	**1,254,457**	**2,767,005**	**35,216**	**4,731,393**
Net liquidity gap	**1,181,947**	**122,908**	**(9,215)**	**(664,728)**	**236,942**	**867,854**
Cumulative liquidity gap	**1,181,947**	**1,304,855**	**1,295,640**	**630,912**	**867,854**	

(1) Petty cash and cash held in banks.

(2) Principal plus interest.

The table below sets forth the Bank's assets and liabilities with corresponding maturity profile as at 31 December 2013.

	Up to 1 month	1-3months	3-12 months	1-5 years	Over 5 years	2013 Total
			(U.S.$'000)			
Financial Assets						
Cash and due from banks[1]	353,294	—	—	—	—	353,294
Deposits with other banks	240,000	—	—	—	—	240,000
Hedging Derivatives	34,639	140,014	—	11,955	—	186,608
Loans and advances[2]	665,126	329,214	768,153	1,445,879	294,830	3,503,202
Total Financial Assets	**1,293,085**	**469,228**	**768,153**	**1,457,834**	**294,830**	**4,283,130**
Financial Liabilities						
Due to Banks	69,712	635,418	141,472	924,696	3,900	1,775,198
Hedging Derivatives	36,360	146,756	—	—	—	183,116
Debt securities in issue	—	40,187	377,004	1,018,508	—	1,435,699
Deposits and customer accounts.	216,373	—	—	—	—	216,373
Total Financial Liabilities	**322,445**	**822,361**	**518,476**	**1,943,204**	**3,900**	**3,610,386**
Net liquidity gap	**970,614**	**(353,133)**	**249,677**	**(485,370)**	**290,930**	**672,718**
Cumulative liquidity gap	**970,614**	**617,481**	**867,158**	**381,788**	**672,718**	

(1) Petty cash and cash held in banks.

(2) Principal plus interest.

The net liquidity gap for the year ended 31 December 2015 is most pronounced for liabilities having a term of between one and five years. This was also the case for the year ended 31 December 2014, although the negative net liquidity gap is more pronounced at negative U.S.$772.66 million for the year ended 31 December 2015 compared with negative U.S.$664.73 million for the year ended 31 December 2014, and for the year ended 31 December 2013 the net liquidity gap was negative U.S.$485.37 million. For liabilities having a term of between 3-12 months, the net liquidity gap was positive U.S.$455.0 million as at 31 December 2015, whereas the same figure in respect of 31 December 2014 was negative U.S.$9.22 million. The decreased average maturity of the Bank's loan portfolio is a result of the increase in lending to central banks under the COTRALF programme during 2015 and the three months to 31 March 2016, which loans have tenors of between 6 months to 1 year.

Derivative financial instruments and hedge accounting

The Bank makes use of derivative instruments to manage its exposures to interest rate, foreign currency and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will he used to assess the effectiveness of the hedging relationship at inception and on an on-going basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an on-going basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80 per cent. to 125 per cent. and were expected to achieve such offset in future periods. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

Foreign Exchange Exposure

The Bank's lead currency is the U.S. dollar. As at 31 March 2016, at least 87 per cent. of its assets and approximately 92 per cent. of its liabilities are denominated in U.S. dollars and payment of shareholder capital contributions are made in U.S. dollars. As at 31 March 2016, the Bank had U.S.$124.53 million outstanding under foreign exchange derivative contracts. As at 31 December 2015, the Bank had U.S.$229.02 million outstanding under foreign exchange derivative contracts as compared to U.S.$262.83 million as at 31 December 2014 and U.S.$183.12 million as at 31 December 2013. The Bank considers its foreign currency mismatch to be minimal. Please see "*Risk Factors – Local foreign exchange controls or currency devaluation may affect the Issuer's (and the Issuer's borrowers') ability to pay U.S. dollar-denominated obligations*" and "*Treasury policy – Interest rate risk management*" above.

For the year ended 31 December 2015, if foreign exchange rates at that date had been 10 per cent. lower with all other variables held constant, profit and reserves for the year would have been U.S.$105,000 (2014: U.S.$239,000) lower, arising mainly as a result of more financial liabilities than financial assets in Euro. If foreign exchange rates had been 10 per cent. higher, with all other variables held constant, profit would have been U.S.$105,000 (2014: U.S.$239,000) higher, arising mainly as a result of higher increase in revaluation of financial assets than financial liabilities in Euro.

Interest Rate Exposure

Please see "*Risk Factors – The Issuer is exposed to market risks, including interest rate, currency and price change risk*" and "*Treasury policy – Interest rate risk management*" above.

The following table shows the Bank's exposure to interest rate risks as at 31 March 2016.

	Up to 3 Months	*3-6 months*	*6-12 months*	*Over 1 year*	*Non-interest bearing*	*As at March 2016 Total*
			(U.S.$'000)			
Financial Assets						
Cash and due from banks	477,441	—	—	—	70	477,511
Deposits with other banks	480,293	—	—	—	—	480,293
Loans and advances to customers	3,011,608	—	2,919,642	2,062,260	—	7,993,509
Prepayment and accrued income	184,253	—	—	—	—	184,253
Other assets	159	—	—	—	—	—
Total Financial Assets	**4,153,754**	—	**2,919,642**	**2,062,260**	**70**	**9,135,566**
Financial Liabilities						
Due to banks and debt securities	80,730	1,802,889	3,207,256	2,422,201	112,396	7,625,472
Deposits and customer accounts	273,502	—	—	—	—	**273,502**
Other liabilities	—	—	—	—	122,503	**122,503**
Total Financial Liabilities	**538,485**	**1,802,889**	**3,207,256**	**2,422,201**	**234,899**	**8,205,730**
Total interest repricing gap	3,615,269	(1,802,889)	(287,614)	(359,941)		

The following table shows the Bank's exposure to interest rate risks as at 31 December 2015.

	Up to 3 Months	*3-6 months*	*6-12 months*	*Over 1 year*	*Non-interest bearing*	*2015 Total*
			(U.S.$'000)			
Financial Assets						
Cash and due from banks................................	153,678	—	—	—	72	153,750
Deposits with other banks...............................	670,342	—	—	—	—	670,342
Loans and advances to customers...................	1,391,352	1,749,068	559,408	2,165,645	—	5,865,473
Prepayment and accrued income	—	—	—	—	175,476	175,476
Other assets...	—	—	—	—	3,060	3,060
Total Financial Assets...................................	**2,215,372**	**1,749,068**	**559,408**	**2,165,645**	**178,608**	**6,868,101**
Financial Liabilities						
Due to banks	104,207	21,908	463,626	1,272,301	—	1,862,042
Debt securities in issue	40,000	—	500,000	1,075,000	—	1,615,000
Deposits and customer accounts	303,112	—	—	—	—	303,112
Other liabilities	—	—	—	—	145,020	145,020
Total Financial Liabilities	**447,319**	**21,908**	**963,626**	**2,347,301**	**145,020**	**3,925,174**
Total interest repricing gap	**1,768,053**	**1,727,160**	**(404,218)**	**(181,656)**	**—**	**2,909,339**

The following table shows the Bank's exposure to interest rate risks as at 31 December 2014.

	Up to 3 Months	*3-6 months*	*6-12 months*	*Over 1 year*	*Non-interest bearing*	*2014 Total*
			(U.S.$'000)			
Financial Assets						
Cash and due from banks................................	354,270	—	—	—	69	354,339
Deposits with other banks...............................	300,042	—	—	—	—	300,042
Loans and advances to customers...................	3,196,579	129,146	483,820	189	—	3,809,734
Prepayment and accrued income	—	—	—	—	99,295	99,295
Other assets...	—	—	—	—	1,885	1,885
Total Financial Assets...................................	**3,850,891**	**129,146**	**483,820**	**189**	**101,249**	**4,565,295**
Financial Liabilities						
Due to banks	906,982	994,241	191,815	—	—	2,093,038
Debt securities in issue…………………	1,200,000	569,875	—			1,769,875
Deposits and customer accounts………	296,780	—	—	—	—	296,780
Other liabilities	—	—	—	—	118,239	118,239
Total Financial Liabilities	**2,403,762**	**1,564,116**	**191,815**	**—**	**118,239**	**4,277,932**
Total interest repricing gap	**1,447,129**	**(1,434,970)**	**292,005**	**189**		

The following table shows the Bank's exposure to interest rate risks as at 31 December 2013.

	Up to 3 Months	*3-6 months*	*6-12 months*	*Non-interest bearing*	*2013 Total*
			(U.S.$'000)		
Financial Assets					
Cash and due from banks........................	353,294	—	—	71	353,365
Deposits with other banks.......................	240,000	—	—	—	240,000
Loans and advances to customers...........	3,296,254	41,376	94,649	—	3,432,279
Prepayment and accrued income	—	—	—	97,187	97,187
Other assets..	—	—	—	2,902	2,902
Total Financial Assets...........................	**3,889,548**	**41,376**	**94,649**	**100,160**	**4,125,733**
Financial Liabilities					
Due to banks...	1,693,026	58,039	12,997	—	1,764,062
Debt securities in issue	1,403,162	—	—	—	1,403,162
Deposits and customer accounts	216,373	—	—	—	216,373
Other liabilities	—	—	—	89,069	89,069
Total Financial Liabilities	**3,312,561**	**58,039**	**12,997**	**89,069**	**3,472,666**
Total interest repricing gap	**576,987**	**(16,663)**	**81,652**		

At 31 December 2015, if interest rates at that date had been 25 basis points lower with all other variables held constant, profit and reserves for the year would have been U.S.$2,611,000 (2014: U.S.$2,229,000) lower, arising mainly as a result of the lower decrease in interest income on loans than the decrease in interest expense on borrowings. If interest rates had been 25 basis points higher, with all other variables held constant, profit would have been U.S.$2,611,000 (2014: U.S.$2,229,000) higher, arising mainly as a result of higher increase in interest income on loans than the increase in interest expense on borrowing. The sensitivity was higher in 2015 than in 2014 due to increase in interest rate-sensitive assets and liabilities.

Contingent Liabilities

In the normal course of business, the Bank makes contractual commitments on behalf of its customers and, in order to meet the financing needs of its customers, is a party to financial instruments with off-balance sheet risk. Such commitments comprise principally loans or credit lines, whereby the Bank agrees to make payments for customers' accounts under certain conditions or in the event of default by a customer. In return for such payments, the Bank receives a counter-indemnity from the customer, as well as (to a lesser extent), documentary credits for imports and exports, finance leases (under similar stand-by terms) and commitments with respect to recourse risks arising from discounted bills. These services are normally provided on a fee-paying basis. The Bank considers that the credit risk associated with these transactions is minimal on the grounds that the Bank deals exclusively with creditworthy counterparties. Creditworthiness is assessed using a credit risk grading system, which is based on assessment of financial factors, non-financial factors and transaction specific risk factors, to assign a risk grade.

The following table sets forth an analysis of the Bank's contingent liabilities as at 31 March 2016 and 31 December 2015, 2014 and 2013:

		Contingent liabilities as at 31 December		
	31 March 2016	*2015*	*2014*	*2013*
		(U.S.$'000)		
Letters of credit...	15,073	76,312	31,739	119,535
Guarantees	504,141	437,954	220,710	187,456
Total...	**519,214**	**514,166**	**252,449**	**306,991**

As at 31 March 2016, contingent liabilities increased by U.S.$5.0 million, or 1.0 per cent., to U.S.$519.2 million from U.S.$514.17 million as at 31 December 2015, after having increased in 2015 by U.S.$261.72 million, or 103.7 per cent. from U.S.$252.45 million as at 31 December 2014, which, in turn, decreased by U.S.$54.54 million, or 17.8 per cent. from U.S.$306.99 million as at 31 December 2013.

The slight increase in the first three months of 2016 was due to normal fluctuations in the Bank's levels of letters of credit and guarantees.

The year-on-year increase from 31 December 2014 to 31 December 2015 was primarily due to additional guarantees granted in favour of various clients, including a guarantee to the Reserve Bank of Zimbabwe in the amount of U.S.$150 million, and additional stand-by letters of credit for Decameron Cape Verde in the amount of U.S.$62 million and Sterling Bank in the amount of U.S.$50 million.

The year-on-year decrease from 31 December 2013 to 31 December 2014 was due to a lower level of utilisation of existing letters of credit issued by the Bank.

Contingency planning and future funding activities

In order to avert liquidity gaps the Bank has secured a number of alternative sources of liquidity as contingency measures and to support future lending activity. These are summarised as follows:

Credit lines. During 2015 and the first quarter of 2016 the Bank has focussed on establishing lines of credit and/or export credit guarantee facilities with Export Credit Agencies and Development Finance Institutions to support the growing volume of transactions. In this regard the Bank has secured credit lines from Export Development Canada of U.S.$100 million, U.S. Department of Agriculture (GSM-102) of U.S.$240 million, AfDB of U.S.$30 million, Agence Française de Développement of U.S.$50 million and BADEA of U.S.$109 million.

Undrawn lines. As at 31 March 2016, Afreximbank had uncommitted, and committed but undrawn, lines from ECAs and DFIs of U.S.$625 million.

Syndicated borrowing. See above at "*Description of the African Export-Import Bank – Funding – Syndicated Loans*". Afreximbank also seeks to maintain an active syndicated borrowing programme despite the challenging market conditions in the international loan markets. In May 2013, the Bank entered into a bridge finance facility for U.S.$300 million and a club facility in the amount of EUR220 million. In March 2014, the Bank entered into a two year dual-tranche syndicated facility in the amounts of U.S.$467 million and EUR222.4 million to (i) refinance existing syndicated facilities that the Bank had taken out in March 2012 and (ii) finance the Bank's loan book growth. The syndicate involved more than 34 IFIs. In July 2015, the Bank entered into a two year dual tranche syndicated facility (with 34 IFIs, including amongst others, the Dealers) in the amounts of U.S.$458 million and EUR405.5 million to (i) refinance existing syndicated facilities that the Bank had taken out in March 2014 and (ii) finance the Bank's loan book growth. In May 2016, the bank signed a two month bridge loan of U.S.$500 million with the Dealers with options to extend the repayment period. The Bank will apply the proceeds of the bridge loan towards its trade financing and general corporate purposes.

Bilateral borrowing. See above under "*Description of the African Export-Import Bank – Funding – Bilateral Loans*". The Bank has continued to increase the amount of its bilateral borrowing. The bilateral lines outstanding as at the date of this Base Offering Memorandum were U.S.$1,085 million of which is uncommitted, and committed but undrawn, money market lines and trade finance lines amount to U.S.$558 million.

Short-term assets. The Bank's loans to borrowers have an average maturity of 16 months.

Asset sales. As part of the Bank's strategy of leveraging international funding to Africa, syndication and asset sales have become a part of the regular business of the Bank.

Liquid assets. According to the Bank's liquidity policy, the liquid funds[22] that must be held were U.S.$941 million and U.S.$713 million as at 31 March 2016 and 31 December 2015, respectively. The actual cash (and cash equivalents) held was U.S.$957.8 million and U.S.$824.1 million, respectively, after taking into account a sensible margin.

Callable Capital. The Bank's Shareholders have paid only two instalments in an aggregate amount of U.S.$344.4 million (excluding share premium) out of five instalments of overall subscribed capital of U.S.$860.9 million. The shareholders are obliged by the Charter to pay an additional U.S.$516.5 million in the event of need when called by the Board. The Bank's Board has not, as at the date of this Base Offering Memorandum, called for any further instalments.

Related Party Transactions

The Bank's principal related parties are the Shareholders. The Bank transacts commercial business such as loans and deposits directly with the Shareholders themselves and institutions that are either controlled by the Shareholder governments or over which Shareholder governments have significant influence.

Loans to related parties are made at market interest rates and subject to arms' length commercial negotiations as to terms.

The table below shows loans and advances by Afreximbank to related parties as at 31 March 2016 and 31 December 2015, 2014 and 2013.

[22] Liquid funds are defined as per Afreximbank's RMPP as (i) loan commitments with disbursements scheduled within one week and those with approvals but no clear disbursement schedule; (ii) administrative and capital expenditure payable within two months according to budget, (iii) plus repayment of debt and/or financial charges falling due within three months, and (iv) a reasonable margin to cover underestimates of the above plus provisions for contingencies.

	As at			
	31 March	31 December		
	2016	2015	2014	2013
		(U.S.$'000)		
Outstanding loans at 1 January	1,446,667	—	—	—
Loans disbursed during this period[(1)]	2,000,000	1,480,000	—	—
Loan repayments during the period	19,667	33,333	—	—
Outstanding loans at end of period	3,427,000	1,446,667	—	—
Interest income earned during period	2,767	7.0	—	—
Fees and commission earned during period	397	3.6	—	—

Note:

(1) In the three months ended 31 March 2016 and the year ended 31 December 2015, the Bank lent U.S.$2 billion and U.S.$1.2 billion, respectively, to the CBE under the COTRALF programme.

Other than deposits received from the central banks of Participating States pursuant to the CENDEP programme, no deposits were received by Afreximbank from related parties (or repaid by Afreximbank) as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

The table below shows the compensation paid to Afreximbank's management and Directors during the years ending 31 December 2015, 31 December 2014 and 31 December 2013.

	Year ended 31 December		
	2015	2014	2013
		(U.S.$'000)	
Salaries and short term employee benefits	6,088	5,452	5,128
Post-employment benefits	460	183	209
Termination benefits	376	289	278
Total	6,924	5,924	5,615

The Bank also provides loans and advances to its staff, including those in management. Such loans and advances are guaranteed by the staff terminal benefits payable at the time of departure from the Bank. Terminal benefits are comprised of a provident fund set aside by the Bank, which is made up of the proceeds of monthly contributions by the Bank of 14 per cent. of staff members' salaries. The staff loans and advances are interest bearing and are granted in accordance with the Bank's Rules and Regulations. As at 31 December 2015, outstanding balances on loans and advances to management staff amounted to U.S.$162,000, compared to U.S.$141,000 as at 31 December 2014 and U.S.$185,000 as at 31 December 2013. Other benefits include meeting allowances for Directors and staff allowances for children's education, dependency, home leave and housing.

No loans to related parties were written-off in the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015.

Details of Afreximbank's related party transactions are also disclosed in the notes to Afreximbank's financial statements.

Anti-Money Laundering, "Know-Your-Customer" Checks and Sanctions Compliance

Sanctions Compliance

The Bank's policy is to comply with any sanctions to the extent they are applicable to its operations and/or specific transactions, including those administered and enforced by the African Union ("**AU**"), United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), Her Majesty's Treasury ("**HMT**") and other relevant internationally recognised sanctions authorities (collectively, "**Sanctions**"), as the same are in force from time to time. The Bank notes that, as a supranational organisation, it generally complies with the letter and spirit of these restrictions, notwithstanding that the Bank is not under any obligation to comply with sanctions imposed by specific jurisdictions.

As part of its approach to ensuring that its activities and business are carried out in compliance with Sanctions and its general commitment to seek to observe international best practices, the Bank has put in place systems, processes and controls, which include, for example, cross-checking against the Specially Designated Nationals and Blocked Persons List ("**SDN list**") maintained by OFAC and other relevant global watchlists. All Bank relationships are screened against the relevant global watchlists for sanctions risks. Please see "*Risk Factors – The Issuer has relationships with states that are subject to international sanctions*" above.

Compliance Unit (AML, KYC and Sanctions)

Afreximbank joined the global efforts directed at fighting money laundering and terrorist financing by establishing its Compliance Unit. The Compliance Unit's responsibilities include:

(i) identifying the Compliance risks that the Bank faces and advising on them (identification);

(ii) designing and implementing controls to protect the Bank from those risks (prevention);

(iii) monitoring and reporting on the effectiveness of those controls in the management of the Bank's exposure to risks (monitoring and detection);

(iv) resolving compliance difficulties as they occur (resolution);

(v) advising the businesses on the Bank's Charter and controls (advisory);

(vi) designing the appropriate and applicable policies and procedures;

(vii) ensuring all relationships established by the Bank are compliant with the Bank's Anti-Money Laundering and Counter-Terrorist Financing Policy and related procedures;

(viii) training and creating awareness among all staff, Senior Management and the Board of Directors; and

(ix) ensuring that a strong compliance culture is fostered within the organisation.

The systems, processes and controls enable the Bank's standards to conform to Financial Action Task Force 40 Recommendations on Anti-Money Laundering and Countering Terrorist Financing and the Wolfsberg Group Principles established in 1989 (and subsequently amended a number of times, most recently in 2014) by leading international financial institutions (the "**Wolfsberg Principles**") among other international initiatives. The Bank strives to ensure that its policies conform to standard policies and procedures of international key regulators and industry leaders in AML regime.

The Compliance Unit is headed by a Senior Manager who is supported by two Assistant Managers and one Administrator. The activities of the Compliance Unit are tabled at the Management Committee on Compliance ("**MANCOCO**"), which is chaired by either the Executive Vice President, Governance and Corporate Services or the Executive Secretary and the membership comprises the Director in charge of the Risk Department and the Senior Manager in charge of Compliance. MANCOCO presents quarterly reports to the Executive Management of the Board of Directors ("**EXCO**"). The Compliance Unit is regularly subjected to review by the Internal Audit function as well as by the Bank's external auditors.

As a multilateral financial institution, as well as a good corporate citizen, Afreximbank has developed a documented AML policy with the related procedures to adequately address potential money laundering and terrorist financing risks. The Compliance Unit is responsible for updating the Bank's Anti-Money Laundering ("**AML**") Policy which was last approved by the Board of Directors during the 92nd meeting of the EXCO in June 2015.

Furthermore, the Bank has an AML and Know-Your-Customer Handbook (the "**Handbook**") which is distributed to all the members of staff for knowledge sharing and awareness raising. The Handbook is periodically reviewed to ensure it adequately addresses current global trends and the latest edition of the Handbook was published in March 2016. The Bank has also published a Statement on AML and KYC Approach dated 22 December 2013 and revised in June 2015 (the "**Statement**"). The Statement, which is available on the Bank's website, is distributed to all partner financial institutions that have relationships with the Bank. The Statement describes the Bank's AML and counter-terrorist financing philosophy. It is compulsory for all of the Bank's employees to comply with the requirements of the AML policy and the related procedures at any given time during execution of their duties, hence all employees receive AML training upon joining the Bank and subsequent follow-up and refresher sessions are held for all staff and all training records are maintained by the Bank.

*Customer Due Diligence ("**CDD**")*

Afreximbank's AML policy makes it mandatory to fully identify, and verify information on, all potential customers. These include partner financial institutions, credit customers, services providers, suppliers, employees, investors and any other third parties that the Bank discretionary engages. The process includes but not limited to identifying and verifying the legal establishment status, address, shareholding, corporate governance, sources of funds etc., as the case may be. The Bank will not establish any relationship until satisfactory meeting of CDD requirements. The Bank conducts due diligence on sub-borrowers where it deems this appropriate; however, it is a mandatory requirement of the Bank that its correspondent banking clients conduct full CDD on their borrowers and provide the Bank with all required information about such borrower, prior to accessing funds. The Bank declines transactions that involve sub-borrowers for which there is inadequate or unavailable due diligence information.

The Bank's CDD Procedures (which are also set out in the RMPP and derived from the Bank's AML Policy) are based on the Financial Action Task Force 40 Recommendations, the Wolfsberg Principles and the Basel Initiatives, and are periodically reviewed taking into consideration any global developments that could impact the Bank's activities. Implementation of the CDD procedures is carried out through the administration of questionnaires, which the Bank uses to obtain first-hand detailed information about these customers and their respective approaches and perceptions on anti-money laundering and counter-terrorism issues.

The Bank's CDD evaluation of correspondent financial institutions focuses primarily on their approach and preparedness in addressing money laundering, terrorist financing, other organised cross-border crimes and sanctions risks. The Bank's AML questionnaire for financial institutions must be completed and returned to the Bank with the required supporting documents (including the entity's constitutional documents, the approved mandate/board resolution to engage in transactions with Afreximbank, profiles of the institution's board of directors and key management personnel, latest annual reports covering the activities of borrowers/clients during the last three years, information on shareholders and ultimate beneficiary owners, shares in equity in the institution, and the physical and operating addresses of the institution (in order to confirm that the prospective client or borrower entity is not a "shell" organisation[23] and involvement of other categories of customers e.g. Politically Exposed Persons[24]). The information gathered assists the Bank in the risk categorisation of clients and conduct of credible CDD analysis. Where the Bank is in doubt as to the authenticity of the information received, further investigations are conducted, including approaching relevant regulators or government agencies. Site visits may be conducted, particularly where there are inconsistencies in the information obtained that indicate a requirement for enhanced due diligence.

The Bank also maintains an internal watchlists based on results of CDD analysis and information detected during customer screening and other trigger events e.g. alerts. All employees of the Bank are obliged to report any known or suspicious activities and transactions. All customer records and relevant transactions' audit trails are retained in the Bank's archive for at least five years after terminating the relationship.

In the year ended 31 December 2015, MANCOCO reviewed and endorsed 28 customer due diligence assessments on credit transactions and submitted four quarterly reports to the EXCO.

As part of continuous monitoring, the Bank assesses all relationships on an ongoing basis. This involves both periodic and trigger based reviews and updating information to ensure that information on the Bank's customers is current, relevant and up-to-date at any given time.

In October 2014, the Bank held its maiden Customer Due Diligence and Corporate Governance Forum, which was well attended. During the forum, the participants agreed that Afreximbank will host the African Customer Due Diligence Repository Platform, which will provide subscribers with online access to CDD information on African entities. The objective is to reduce the compliance costs that banks face in dealing with African institutions. Plans to implement this repository are at an advanced stage and are it is expected to go live during the second quarter of 2016.

As at the date of this Base Offering Memorandum, the Bank has not experienced any incidents of fraud either by clients or by the Bank's employees.

Capital Adequacy

Capital Management

Afreximbank is not subject to capital requirements by a regulatory body such as a central bank or equivalent institution. However, the Bank has established a Capital Management Policy ("**CMP**") that is based on the maintenance of a capital adequacy ratio that is in line with the recommendations of the Basel Paper, the Basel II Paper and the Basel III Papers. Please see "*Risk Factors – As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, corporate governance or disclosure laws*".

Capital adequacy is reviewed regularly by the Bank's management using techniques based on the guidelines developed by the Basel Committee. With effect from 1 January 2009, the Bank complies with the provisions of the Basel II framework in respect of capital. The Bank’s capital is divided into two tiers. Tier 1 capital includes share capital, share premium, share warrants, retained earnings and general reserves created by appropriations of retained earnings. Tier 2 capital consists of collective impairment allowances and asset revaluation reserve. The objective of Afreximbank's CMP is to maintain a set minimum ratio of total capital to risk-weighted assets of at least 3 per cent. above the Basel minimum requirement (8 per cent), but in any case no lower than 20 per cent. For the purposes of calculating this ratio, the risk weighted assets are measured by means of a hierarchy of seven risk weights classified according to its nature and reflecting an estimate of credit, market and other risks associated with each asset and counterparty. A similar treatment is adopted for off-statement of financial position exposure.

A summary of the Bank's statutory capital and the total risk-weighted assets is set forth in the table below.

23 Shell organisations are organisations that operate only by name, that do not conduct business and have no physical presence anywhere in the world. The Bank's policy prohibits establishing any relationships with "*shell" companies and institutions.*

24 PEPs include (i) current or former senior officials in the executive, legislative, administrative, military, or judicial branch of a foreign or local government (elected or not), (ii) senior officials of a major foreign or local political party; (iii) senior executives of a foreign government-owned commercial enterprise, being a corporation, business or other entity formed by or for the benefit of any such individual; (iv) an immediate family member (meaning spouse, parents, siblings, children, and spouse's parents or siblings) of any individual listed in (i) to (iii); or (v) any individual publicly known (or actually known by the relevant financial institution) to be a close personal or professional associate of any individual listed in (i) to (iii).

	As at			
	31 March 2016	*31 December 2015*	*31 December 2014*	*31 December 2013*
	(U.S.$'000, except percentages)			
Tier 1 Capital				
Share capital	344,368	307,152	185,572	175,621
Share premium	271,444	203,861	56,847	38,632
Warrants[(1)]	46,316	46,316	77,328	—
General reserve	356,586	302,744	254,497	257,538
Retained earnings	397,922	355,147	300,744	234,819
Total Tier 1 Capital	1,416,636	1,215,220	**874,988**	**706,610**
Tier 2 Capital				
Asset revaluation reserve	14,345	14,345	13,983	16,837
Collective impairment allowance	21,274	26,030	18,404	16,837
Total statutory capital	**1,452,255**	**1,255,595**	**907,374**	**723,447**
Risk-weighted assets				
On-balance sheet	4,500,609	4,043,232	3,895,398	3,139,450
Off-balance sheet	890,610	785,855	453,888	411,723
Total risk-weighted assets	5,391,219	4,829,087	4,349,286	3,551,173
Basel ratio	**26%**	**26%**	**21%**	**20%**

(1) These warrants were retired on 30 April 2016 using proceeds of the Bank's GCI, with a commensurate increase in the Bank's paid-up capital.

The ratio of statutory capital to risk-weighted assets increased from 21 per cent. as at 31 December 2014, to 26 per cent. as at 31 December 2015. This was due to an increase in loans made by the Bank during the period, in line with the planned expansion of the Bank's loan book. The subsequent increase in the Bank's capital ratio during 2015 to 26 per cent. is primarily due to the impact of the general capital raising exercise undertaken by the Bank during 2014 and 2015.

Afreximbank's management believes that the paid-up capital of U.S.$344.4 million, plus retained earnings and reserves, makes Afreximbank a well-capitalised bank with a robust total capital ratio of 26 per cent. as at 31 March 2016.

Return on Average Assets and Return on Average Equity

The Bank had a lower positive non-annualised return on average total assets of 2.07 per cent. for the three months ended 31 March 2016 compared to a positive non-annualised return on average total assets of 3.08 per cent. for the three months ended 31 March 2015. This decline was mainly due to a 66.4 per cent. growth in the Bank's average interest earning assets from U.S.$4,704 million as at 31 March 2015 to U.S.$7,828 million as at 31 March 2016. The increase in the Bank's interest earning assets was on the back of a higher cash balance held as at 31 March 2016 of U.S.$957.8 million compared to U.S.$824.1 million as at 31 March 2015 for the purpose of funding the Bank's planned pipeline of transactions.

The Bank had a lower positive non-annualised return on average total equity of 12.7 per cent. for the three months ended 31 March 2016 as compared to a positive non-annualised return on average total equity of 17.2 per cent. for the three months ended 31 March 2015. This decrease was mainly due to an 11.8 per cent. growth in the Bank's average capital funds from U.S.$1,266.7 million as at 31 March 2015 to U.S.$1,416.6 million as at 31 March 2016. The increase in the Bank's capital funds was primarily due to the impact of the general capital raising exercise undertaken by the Bank during 2014 and 2015, but also as a result of the evolution of the Bank's assets and liabilities as well as increases in the Bank's Retained Earnings and Reserves.

The Bank had a positive return on average total assets of 2.03 per cent. for the year ended 31 December 2015, as compared to a positive return of 2.20 per cent. for the year ended 31 December 2014 and a positive return of 2.20 per cent. for the year ended 31 December 2013. Although reduced, this figure remains in line with the Bank's strategic target of 2.0 per cent.

The Bank had a positive return on average equity of 11.5 per cent. for the year ended 31 December 2015, as compared to a positive return of 13.5 per cent. for the year ended 31 December 2014 and a positive return of 13.5 per cent. for the year ended 31 December 2013. Although reduced, this figure remains ahead of the Bank's strategic target of 11.0 per cent.

Reserves

The Bank maintains a general reserve in accordance with the Bank's Charter in order to cover general banking risks, including future losses and other unforeseeable risks or contingencies. As at 31 March 2016, Afreximbank's general reserve totalled U.S.$356.6 million, compared with U.S.$354.2 million as at 31 December 2015 and U.S.$298.6 million as at 31 December 2014.

Technology

Afreximbank is engaged in a process of continuous improvement with respect to its information and communications technology ("**ICT**") systems. The Bank runs SAP Enterprise Resource Planning Software ("**SAP ERP**") and Quantum Treasury Management System from Sungard for its back office operations. The SAP ERP automated the core functions of Finance, Human Capital Management, loans administration activities, procurement and account payables. The also bank uses SWIFT system, a secure financial communication network, for its banking transactions

In the year ended 31 December 2015, Afreximbank invested around U.S.$2 million on improvements to its ICT systems. It is envisaged that capital expenditure over the next three years will be around U.S.$8 million, which will cover all automation requirements for all departments across the Bank. Operational expenditure is forecast at U.S.$3 million, which will cover the costs of internet bandwidth, maintenance agreements and other recurring costs.

Future Roadmap

The ICT vision at the Bank is to be the enabler of an agile, seamless information technology services and creative solutions to achieve the vision of the Bank. To this end, the Bank's ICT Department is targeting to have an integrated application model to provide high level of automation and data integrity. Accordingly, the Bank's current and planned automation initiatives include the implementation of:

- business origination and customer relationship management system (on-going);
- Credit and Risk system (on-going);
- strategy execution and enterprise performance management system (on-going); and
- Customer Due Diligence and Anti-money laundering system (initiated).

Data and technology infrastructure

The Bank's ICT infrastructure comprises of HP Blade servers and HP 3 Par storage system with an effective capacity of 26 Terabytes. The Network comprises of 30Mbps internet bandwidth capacity in Cairo connected over Virtual Private Network ("**VPN**") to regional offices with full failover redundancy.

Data storage and contingency measures have been implemented using secure systems. All business data is securely stored on the Laserfiche document management system and only authorised personnel have access to the data.

Information Security Systems

The Bank places a lot of emphasis on the security of its ICT environment, and it has implemented various initiatives to ensure that no unauthorised access to its systems is possible. The Bank's local area network ("**LAN**") is protected by a firewall. In addition to other controls like the password policy, remote access policy and physical access policy, the data centre is monitored by CCTV camera and is equipped with an access control system. As at the date of this Base Offering Memorandum, the Bank has not experienced any serious security breaches of its ICT environment.

Master IT service level agreements

The Bank has entered into, among others, the following service level agreements ("**SLAs**") to support its core ICT systems:

- Highest SLA available from SAP in respect of the Bank's SAP ERP software;
- SLA with Intraconsult, an Alcatel authorised dealer, in respect of PABX (the Bank's telephone, audio and video conferencing facilities);
- SLA with HP through Raya Technologies in respect of the Bank's servers; and
- SLA with all internet service providers in Cairo and in the branch offices.

Disaster recovery plan

The Bank has established an Emergency Management Committee with responsibility for the implementation of the Bank's Business Continuity Contingency Plan (the "**BCCP**"). The BCCP recognises the risks that Afreximbank is exposed to and addresses how to deal with those risks in case of a disaster, in particular, the recovery of hardware, data (including software applications), telecommunications systems, the network and data. A range of emergency readiness and standby measures for dealing with contingencies have been put in place, including:

- a contingency site: a replica of the data centre in Cairo has been set up over Microsoft Azure Cloud, with the capability to handle critical business operations currently available in Cairo;

- remote access: to enhance operational resilience, the Bank has introduced a secure remote access solution, which allows Bank staff to connect remotely to the Bank even if they are not within office premises; and
- data back-up: data is backed up on a daily basis and stored at a professional offsite vaulting and storage location outside Cairo and at business continuity site in Abuja.

Management and organisation structures

The Bank has a number of governance systems and structures in place with respect to its ICT systems, which include an IT Steering committee ("**ITSCO**"), which is a committee that meets regularly to provide guidance on any ICT Projects that the Bank is undertaking.

The Bank has also put in place relevant ICT policies and procedures to guide its technology usage and operation.

Properties, Plant and Equipment

Bank's headquarters are located at No. 72 (B) El Maahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt. The Bank owns the building located at El Maahad El Eshteraky, Plot No. (1, 1A, 10, 11, 12), Block No. 72(B), Granda Avenue Cairo, Egypt, of 14,250 square metres, which the Bank has let to a number of IFIs and from which it gains rental income. The building is valued at the fair value as at each reporting date by an independent valuer.

The Bank owns its tangible property and equipment within its headquarters and branch offices. These are stated in the Bank's audited financial statements at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. See also Note 28 on page 40 of the Bank's audited financial statements for the year ended 31 December 2015.

Legal Proceedings

As of the date of this Base Offering Memorandum, the Bank is not engaged in litigation that is material to the Bank's business, and to the best knowledge of the Bank's management there is no litigation or claim threatened against the Bank which is likely to have a material adverse effect on its business, financial condition or results of operations.

SHARE CAPITAL AND OWNERSHIP

The Bank's authorised share capital is U.S.$5 billion divided into 500,000 ordinary shares with a par value of U.S.$10,000 each, which are further divided into four classes of shares (see "– *Membership – Classes of Shares*" below). As at 31 March 2016, 132 Shareholders had subscribed for 86,092 ordinary shares (17.22% per cent. of the Bank's authorised share capital) with a nominal value of U.S.$860.9 million, of which paid-up capital amounted to U.S.$344.4 million and callable capital amounted to U.S.$516.5 million. As at 31 December 2015, the nominal amount of subscribed ordinary shares was U.S.$767.9 million. One of the goals of the Bank is to broaden the shareholder base by increasing subscription to the Bank's equity. To this end, the authorised capital of the Bank was increased from U.S.$750 million to U.S.$5 billion at a reconvened third extraordinary general meeting held on 8 December 2012 in Harare, Zimbabwe (the "**Third EGM**").

The following table shows the authorised and paid-up share capital of the Bank as at 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	31 March	31 December		
	2016	*2015*	*2014*	*2013*
		(U.S.$'000)		
Authorised capital				
500,000 ordinary shares of U.S.$10,000 each	5,000,000	5,000,000	5,000,000	5,000,000
Paid-up share capital				
Paid up capital – Class A	211,280	180,224	119,168	110,081
Paid up capital – Class B	93,992	88,072	45,204	44,340
Paid up capital – Class C	39,096	38,856	21,200	21,200
Paid up capital – Class D	—	—	—	—
	344,368	**307,152**	**185,572**	**175,621**

Since 1995, capital contributions to the Bank have included a premium paid on each share purchased (in addition to the nominal value of U.S.$10,000 per share). The premium is determined at the beginning of each subscription and applies to all payments under that subscription. As at the date of this Base Offering Memorandum, the Bank's subscribed share capital amounted to U.S.$615.8 million including share premium.

General Capital Increase

The Fourth Strategic Plan contained a commitment by the Bank to raise its equity capital by 2016 to enable it grow its business and maintain its current capital adequacy ratio of approximately 20 per cent. under the Basel II and Basel III requirements. At an extraordinary general meeting held on 20 September 2014 in Cairo, Egypt (the "**2014 EGM**"), the Shareholders passed a resolution approving a U.S.$500 million general capital increase as a matter of priority for the Bank (the "**GCI**"). The GCI was formally launched in 2014 and the Bank's focus under the GCI was on raising equity investment from existing shareholders increasing their current equity stakes. As at the date of this Base Offering Memorandum, the Bank has raised a total of U.S.$394.2 million in new capital funds, consisting of U.S.$365.7 million in aggregate new subscriptions from 47 existing shareholders, cumulative reinvested dividends received since the launch of the GCI of U.S.$10.6 million, and subscriptions from new shareholders totalling U.S.$17.8 million. As part of the GCI, the Bank has designed an innovative equity-bridge funding structure whereby certain investors may from time-to-time provide bridging financing designed to be eligible for Tier 1 Capital treatment under Basel II and Basel III criteria. Under this financing, investors purchase bonds backed by equity warrants in the Bank with the purchase proceeds being recognised in the Capital and Reserves of the Issuer. The equity warrants gave investors the right to convert in to "Class D" category of the shareholder structure of the Bank. The Bank retains the right (but is not obliged) to retire the warrants using proceeds of the GCI. As at 31 March 2016, the Bank had U.S.$46.3 of warrants in issue pursuant to this equity-bridge funding structure.

Membership

A general meeting ("**General Meeting**") of the Shareholders of the Bank has the power to determine the conditions governing eligibility for membership of the Bank.

Classes of Shares

Pursuant to the Charter, as at the date of this Base Offering Memorandum the Bank has four classes of shares: Class A Shares, Class B Shares, Class C Shares and Class D Shares (further details of which are provided below). Class D Shares were introduced in the amendments to the Charter approved by the Third EGM. Class A Shares, Class B Shares and Class C Shares may be transferred only among holders of shares of the respective Class or to any third party who is eligible to become a holder of such class of shares. The Class D Shares were created with a view to being listed on an investment exchange approved by the Board at the appropriate time and will be issued fully paid and freely transferable to any person. Shareholders of each of Class A, Class B and Class C have rights of pre-emption in respect of all unissued shares of their respective Class, unless the Board otherwise decides or unless new shares are issued for the sole purpose of providing for the initial subscription of a new shareholder. Holders of Class D shares have rights of pre-emption in respect of all unissued Class D Shares, unless such rights are disapplied by the Board or by the general meeting. Under the Charter, holders of Class B Shares and Class C Shares shall have the option, following the first issue of Class D Shares, to convert their Class B Shares or Class C Shares, as applicable, into Class D Shares. Class B Shareholders may also, if such Shareholder meets the applicable eligibility criteria (as detailed below), convert their Class B Shares to Class A Shares provided that such conversion will result in the Shareholder holding at least 100 Class A Shares.

There are eligibility criteria that must be satisfied in order for a person to hold shares of a particular class. These criteria are set out in the Charter as follows:

- **Class A Shares**: (i) African States or their Designated Institutions; (ii) AfDB; (iii) African continental, regional and sub-regional financial institutions and economic organisations; and (iv) any entity or person who was a Class B Shareholder which is one hundred per cent. owned by an African State pursuant to Article 14(3A) of the Charter ("**Class A Shareholders**");
- **Class B Shares**: African public and private commercial banks, financial institutions and African public and private investors ("**Class B Shareholders**");
- **Class C Shares**: IFIs and economic organisations, non-African or foreign owned banks and financial institutions, and non-African public and private investors ("**Class C Shareholders**"); and
- **Class D Shares**: any entity or person, whether or not falling within one of the above classes ("**Class D Shareholders**", and collectively with the Class A Shareholders, the Class B Shareholders and the Class C Shareholders, the "**Shareholders**").

For the purpose of the above, "**Designated Institution**" means the central Bank or any institution, agency or governmental instrumentality designated by the Government of an African State pursuant to paragraph 3 of Article 4 of the Establishing Agreement.

The different classes of Shareholders are of equal standing and importance: such classification does not represent any ordinal scale, rather they simply connote different types of Shareholder.

Shareholders

As at the date of this Base Offering Memorandum, there were 41 Class A Shareholders constituting 61.4 per cent. of the Bank's paid-up share capital; 75 Class B Shareholders constituting 27.3 per cent. of the Bank's paid-up share capital, comprising 47 commercial banks in 18 countries, 3 insurance companies and 25 public and private companies; 13 Class C Shareholders constituting 11.3 per cent. of the Bank's paid-up share capital, comprising IFIs, economic organisations and non-African financial institutions and public and private investors; and no Class D Shareholders.

Following the amendments made to the Charter on 8 December 2012, the Charter provides that if the Bank's shares are fully subscribed, (i) the aggregate number of Class A Shares shall represent not less than 35 per cent. of the issued capital of the Bank and (ii) the aggregate number of Class B Shares, Class C Shares and Class D Shares shall together represent not more than 65 per cent. of the issued capital of the Bank.

Increases to share capital

Over the last three years, the Bank has benefited from several increases to its subscribed capital.

In 2013, Commercial Bank of Zimbabwe became a Category B shareholder, subscribing for 69 Class B Shares. In addition, during 2013 the following existing Shareholders acquired more Shares of the relevant class:

- Class A Shareholders: the Federal Government of Nigeria, the Government of Sierra Leone, the Government of Côte d'Ivoire, the Government of Kenya, the Government of Benin, the Government of Namibia, the Government of Rwanda, the Bank of Mauritius, the Bank of Tanzania, the National Bank of Ethiopia, the Bank of Zambia, the Central Bank of Seychelles, the Central Bank of Lesotho, Banco do Mozambique, the Bank of Uganda and the Central Bank of Mauritania;
- Class B Shareholders: IDB Capital Limited Kenya, Banque Nationale d'Investissement of Côte d'Ivoire, the Commercial Bank of Ethiopia, the Ethiopian Insurance Corporation, and Odogwu Group of Companies Limited; and
- Class C Shareholders: Export Import Bank of China.

On 29 May 2014, the AfDB announced that it would subscribe for further Class A Shares for a total consideration of U.S.$30 million as part of a U.S.$ 280 million trade finance package provided by AfDB to the Bank (see "*Description of the African Export-Import Bank - Funding – Bilateral Loans*").

Since the start of 2015, the Republic of Guinea-Bissau, the Republic of Chad and the Togolese Republic have each acceded to the Bank as Participating States and, as at the date of this Base Offering Memorandum, are in the process of subscribing for Class A Shares in the Bank. This brings the total number of Participating States to 40 as at the date of this Base Offering Memorandum.

As at 31 March 2016, the Bank's top 20 Shareholders by nominal amount were as follows:

Position	*Share Class*	*Shareholder*	*Country*	*Subscribed Amount (U.S.$'000)*	*Number of Shares*	*Percentage of shareholding*
1	A	Federal Republic of Nigeria	Nigeria	126,800	12,680	14.73
2	A	Central Bank of Egypt	Egypt	92,370	9,237	10.73
3	A	Reserve Bank of Zimbabwe	Zimbabwe	63,340	6,334	7.36
4	B	National Bank of Egypt	Egypt	62,150	6,215	7.22
5	C	China Eximbank	China	51,510	5,151	5.98
6	A	African Development Bank	Regional	45,190	4,519	5.25
7	B	Banque du Caire	Egypt	39,030	3,903	4.53
8	B	Banque Misr	Egypt	37,300	3,730	4.33
9	A	Banque Centrale De Tunisie	Tunisia	25,000	2,500	2.9
10	C	Standard Chartered Bank	UK	24,480	2,448	2.84
11	A	Government of Côte D'ivoire	Côte d'Ivoire	22,020	2,202	2.56
12	A	Republique du Cameroun	Cameroon	19,200	1,920	2.23
13	B	Nigerian Export Import Bank	Nigeria	16,210	1,621	1.88
14	A	Bank of Uganda	Uganda	14,280	1,428	1.66
15	B	SBM (NBFC) Holdings Ltd	Mauritius	13,500	1350	1.57
16	A	Government of Kenya	Kenya	13,330	1333	1.55
17	A	Bank of Ghana	Ghana	11,670	1167	1.36
18	A	Banco Nacional de Angola	Angola	11,240	1124	1.31
19	B	ALEXBANK	Egypt	10,000	1000	1.16
20	C	BADEA	Regional	10,000	1000	1.16
		Total Top 20		**708,620**	**70,862**	**82.31**

As at 31 March 2016, the total number of Shareholders was 132, as follows:

Class A

African Re, African Development Bank, Central Bank of Angola, BCEAO, Government of Benin, BOAD, Government of Botswana, Government of Burkina Faso, Government of Cameroon, Central Bank of Cape Verde, Government of Côte d'Ivoire, Democratic Republic of Congo, Central Bank of Egypt, Government of Ethiopia, National Bank of Ethiopia, Bank of The Gambia, Bank of Ghana, Central Bank of Guinea, Government of Guinea, Government of Kenya, Central Bank of Lesotho, Government of Malawi, Government of Mali, Central Bank of Mauritania, Bank of Mauritius, Government of Mauritius, Central Bank of Mozambique, Government of Namibia, Government of Niger, Government of Nigeria, PTA Bank, Government of Rwanda, Government of Senegal, Central Bank of Seychelles, Bank of Sierra Leone, Bank of Sudan, Bank of Tanzania, Central Bank of Tunisia, Bank of Uganda, Bank of Zambia and Reserve Bank of Zimbabwe.

Class B

Access Bank (formerly Intercontinental Bank), Achille Zogo Andela, Afrasia Bank Zimbabwe Limited, Afriland First Bank Group, Allied Bank, Arab Investment Bank, Mr. Babajide Rogers, Banque Misr, Bank of Alexandria, Banque du Caire, Banque Centrale Populaire du Maroc, Banque Gabonaise de Développement, Banque Mauritanienne pour le Commerce International ("**BMCI**"), Banque Marocaine du Commerce Exterieur, Banque Nationale D'Investissement ("**BNI**"), BIAO Côte d'Ivoire, Bramer Banking Corporation, Brawal Shipping Lines Limited, Caisse de Depots et Consignations, Caisse Nationale de Credit Agricole ("**CNCA**") Morocco, Calag Capital, Chinguitty Bank, Mr Coffi-Studer, Commercial Bank of Ethiopia ("**CBE**"), Commercial Bank of Zimbabwe, CBZ Bank Limited, Dara Salam Group, Development Bank Mauritius, Ecobank Benin, Ecobank Ghana, Ecobank Nigeria, Ecobank Togo, EKO International Bank of Nigeria, ETS MCK Guinée, Export Development Bank of Egypt, National Bank of Egypt, Ethiopian Insurance Corporation, FBC Bank Limited, Fidelity Bank, FINBank Nigeria PLC, FirstRand International Limited, Guernsey (an affiliate of Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch), which is an arranger and dealer to this Programme), First Bank of Nigeria, First City Monument Bank ("**FCMB**"), Genesis Investment Bank, Ghana Reinsurance Organisation, Greenland Bank, Group Orion Limited, Guaranty Trust Bank, Gulf Bank, IDB Capital LTD (formerly Industrial Development Bank), Interfin Banking Corporation Limited, Kingdom Bank, La Société de Commerce et de Financement de Guinée (also referred to as Alpha Amadou Diallo), Mainstreet Bank (formerly Afribank Nigeria Plc), Mauritius Commercial Bank, Meridian Management and Investments, National Bank of Kenya, National Insurance Corporation, Nigerian Export – Import Bank (NEXIM), Nouvobanq (Seychelles International Mercantile Banking Corporation), Oceanic Bank International (Nigeria), Ltd., Odogwu Group, Pan African Capital plc (formerly Spring Capital), SBI Mauritius (formerly Indian Ocean International Bank), SBM (NBFC) Holdings Ltd, Mr. Sefou Fagbouhoun, Seychelles Pension Fund, Skye Bank Plc, Société Camerounaise des Industries Agro-Alimentaires ("**SOCIAA**"), Standard Bank of South Africa ("**SBSA**"), State Investment Corporation, State Trading Corporation, Sterling Bank, STB Capital Markets Ltd, Summa Holding Nigeria Ltd, The People's Bank of

Zanzibar, Trust Bank Corp, United Bank for Africa ("**UBA**"), Unity Bank Plc, Union Bank of Nigeria ("**UBN**"), Vansco Air Freight and Zenith Bank.

Class C

BADEA (the Arab Bank for Economic Development in Africa), Banco do Brasil, Citibank Overseas Investment Corporation, Export Import Bank of China, Export Import Bank of India, HSBC Bank plc (which is also an arranger and dealer to this Programme), KBC Bank NV, Landesbank Baden-Württemberg ("**LBBW**"), Meridian BIAO, Orleans Invest Holding Ltd, Pryor Counts & Co. Inc., Sumitomo Mitsui Banking Co and Standard Chartered Bank (which is also an arranger and dealer to this Programme).

Class D

None.

Calls on shares

The share capital of the Bank is payable in five equal instalments, of which the first two instalments totalling U.S.$344.4 million have been called up as at the date of this Base Offering Memorandum. As at the date of this Base Offering Memorandum, all Shareholders had met their obligations under the first and second instalments. The remaining three instalments in respect of callable capital of U.S.$516.5 million may be called on dates to be determined by the Board. As an alternative to receiving a cash payment, Shareholders may use their dividends to acquire more shares or to keep on deposit with the Bank to be applied towards meeting future capital calls of the Bank.

The Board is empowered under the Charter to make calls from time to time upon the Shareholders in respect of all monies unpaid on the shares, on the giving of 28 days' notice. The Bank also has in place a specific policy to deter any default by Shareholders in meeting subsequent capital calls by the Bank. The Charter states that the Bank has a lien over the shares of any Shareholder who defaults under any payment obligation to the Bank, including meeting capital calls, and in addition, no share certificate is issued to any Shareholder until all instalments have been paid. The Shareholders currently hold receipts confirming their payments of the two instalments called to date.

If a Shareholder fails to pay any amount due either as the result of a call by the Board, or as per the scheduled payment dates prescribed by the Board, interest shall be applied to the amount of the call or instalment at an annual rate set by the Board (although the directors do have the power to waive any such interest). Following any such non-payment, the Board may serve notice on the relevant Shareholder requesting payment and, should payment not occur, the shares in respect of the call or instalment may be forfeited by a resolution of the Board. No Shareholder will be entitled to receive any dividends or exercise any voting rights or privileges as a shareholder in respect of those shares until the sum due on those shares has been paid. If the Board resolves that the shares be forfeited, the Shareholder ceases to be a shareholder in respect of those shares but remains liable to pay all monies due in respect thereof at the date of forfeiture.

As a result of this policy, any Shareholder who defaults on any future capital calls risks the loss of their already paid-up capital. The value of possible loss at Net Asset Value is approximately more than twice the nominal amount paid. Therefore, apart from the legal obligation to pay in accordance with the Charter and in relation to which court proceedings may be instituted by the Bank against any defaulting party, there is an onerous financial disincentive to defaulting on future capital calls.

The Charter also provides for mandatory calls, pursuant to which a call must be made upon the unpaid share capital of the Class A, B or C Shares (or part thereof) if the Board considers that it is likely, by reference to the accounts of the Bank (for which purposes the Board can rely upon the quarterly management accounts of the Bank), that the ratio which the total Tier 1 capital bears to the Bank's risk weighted assets will fall below the minimum for such ratio (as described in the then current guidelines on regulatory capital published by the Basel Committee, or a successor thereto). The consequences of failure to pay any amount called in respect of a mandatory call are the same as for failure to pay monies due in respect of other calls or as per the scheduled instalment date.

No further capital calls are planned for the immediate future.

Transfers of shares

The Charter provides that, unless otherwise provided by the Board, shares of Class A, Class B and Class C may be transferred only among holders of shares of the respective Class or to any third party who is eligible to become a holder of such shares pursuant to Article 7(2) of the Charter or in the case of Class B Shares, in accordance with Article 14(3A) of the Charter (such eligibility as set out under "*Description of the African Export-Import Bank – Share capital and ownership – Members*"). The Class D Shares may be freely transferred without restriction to any person. The Bank is not obligated to buy back the shares of any Shareholder that wishes to dispose of its shareholding in the Bank.

Dividends

In accordance with the Charter, subject to any preferential right or other special right for the time being attached to any shares, the Annual General Meeting of the Bank may declare dividends. The general meeting may from time to time, on the recommendation of the Board, cause the payment of dividends out of the profits of the Bank as appear to the Board to be justified by the financial position of the Bank, after making adequate provision for losses and reserves. No dividend may bear interest.

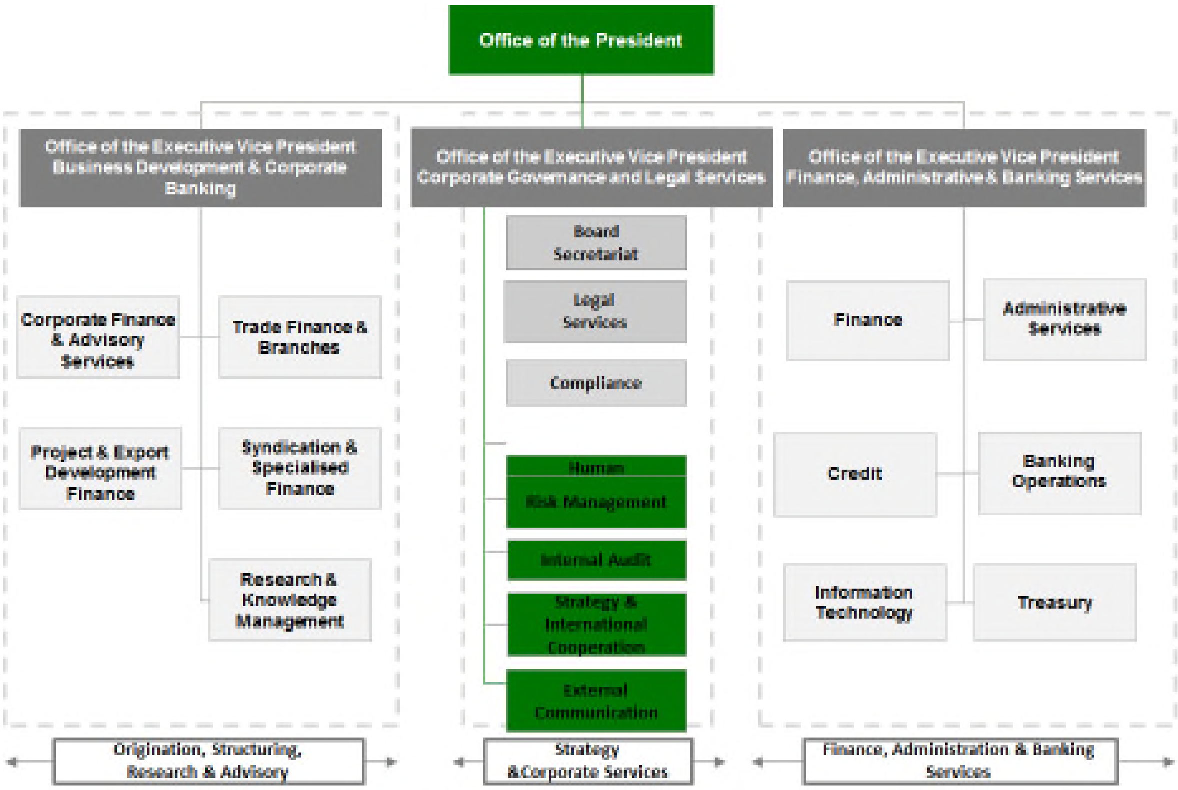
The Bank recommended dividends of U.S.$20.5 million in 2013 and U.S.$24.1 million in 2014. For 2013 and 2014, the Shareholders elected to waive in full their entitlement to the dividend recommended by the Board. For 2015, the Board has recommended a dividend of U.S.$28.8 million, an increase of approximately 19.5 per cent. over the 2014 recommended dividend. The dividend pay-out ratio, i.e. the proportion of net income paid out as dividends to Shareholders, is thus intended to be maintained at around 23 per cent. for 2015, broadly in line with 2014 and 2013. Consistent with the tradition of the Bank, Shareholders will be offered the option of receiving either the dividend payment or using their dividend entitlement to acquire new shares in the Bank. The Board, in making its recommendation on the level of dividend payments on the Bank's shares, took into consideration the objective of maintaining the dividend pay-out ratio. This required consideration of a number of factors, including the challenging economic environment, profit performance, the need to retain earnings to support on-going business growth, capital adequacy, inflation, as well as the need to balance internal and external financing.

In accordance with the Charter, the general meeting of the Bank may resolve that it is desirable to capitalise any parts of the amount standing to the credit of any of the Bank's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution.

MANAGEMENT OF THE BANK

In addition to the General Meeting of Shareholders, the management of the Bank consists of the Board, the President, the Vice-Presidents and an Executive Secretary. The principal day-to-day powers of the Bank are vested in the Board, whose members are elected by the Shareholders of the Bank. The Board is responsible for the direction of the Bank's general operations and policies. The Board may exercise all such powers conducive to the attainment of the purpose of the Bank that are not required to be exercised by the Shareholders in General Meetings or the President in accordance with the Agreement or prescribed by the Shareholders during the General Meeting.

The following chart sets out the organisational structure of the Bank.



Board of Directors

The Bank's Board consists of no more than 12 members and meets once every three months, and additionally as often as the business of the Bank may require, at the headquarters of the Bank or at any other place specified in the convening notice. The Charter sets out the required composition of the Board, who are responsible for the everyday functioning of the Bank. The Board is made up of 12 directors, of which four directors represent the Class A Shareholders, one of whom shall be nominated by AfDB but is subject to approval by the Class A shareholders as a whole (which director is treated as representing all the Class A shareholders and not just AfDB) four directors represent the Class B Shareholders, two directors represent the Class C Shareholders and two directors are independent directors who represent the Shareholders as a whole.

In the event that in the future the Bank opts to issue Class D Shares and the quantum of Class D Shares issued represents at least 10 per cent. of the total issued share capital of the Bank, then the composition of the Board and the various committees of the Board would be altered to allow Class D Shareholders to be represented. The Board would continue to have 12 members, but at any time where Class D Shares represent at least 10 per cent. but less than 20 per cent. of the total issued shares of the Bank, Class A Shareholders will be entitled to appoint four directors, Class B Shareholders will be entitled to appoint four directors, Class C Shareholders will be entitled to appoint one director and Class D Shareholders will be entitled to appoint one director. Thereafter, holders of Class D Shares would be entitled to appoint one further director for every 10 per cent. that the Class D Shares incrementally represent of the issued share capital of the Bank, up to a maximum of four directors. Furthermore, Class D Shareholders would also become entitled to appoint an additional director, who shall be appointed in place of a director representing the Class B Shareholders, in the event that: (i) the percentage of issued share capital of the Bank represented by Class B Shares falls below 10 per cent. and (ii) 50 per cent. or more of the number of issued Class B Shares in existence on 8 December 2012 have been converted to Class D Shares. Class D Shareholders would also become entitled to appoint a further director, who shall be appointed in place of a director representing the Class C Shareholders, in the event that all of the issued Class C Shares in existence on 8 December 2012 have been converted to Class D Shares. As such, in the event that Class D Shares are ever issued and all of the foregoing events should occur, Class D Shareholders could become entitled to appoint up to a maximum of six directors in total.

For a meeting of the Board of Directors to be quorate, at least two directors representing Class A shareholders, two directors representing Class B Shareholders and one director representing Class C Shareholders must be present. Each director has one vote, and decisions will be taken by the majority of directors present. In the case of equal division of votes the Chairman of a General Meeting at which a poll is demanded shall be entitled to a casting vote.

The directors, other than the AfDB director, are elected at a General Meeting of the Bank and shareholders are required to have due regard to the high competence in economic, financial and trade matters required for the office. The holders of Class A Shares, other than the AfDB, and the holders of Class B and Class C Shares each vote separately to elect the directors representing their respective Class. The independent directors are elected by the shareholders voting in General Meeting, with candidates having been nominated by the Board of Directors. Each director is elected for a three year term and may subsequently be re-elected. However, no one director of any class may be of the same nationality as any other existing director of that class (this restriction does not apply to ex-officio board members).

Subject to the provisions of the Charter, the Board shall have responsibility for the general conduct of the business of the Bank, and may exercise all such powers conducive to the attainment of the purpose of the Bank as are not required by the Charter to be exercised by the shareholders in General Meetings or the President. Notwithstanding and in addition to the general powers conferred on it under the Charter, the Board also has responsibility for:

- preparing the work of the general meeting;
- submitting to the Shareholders for consideration at each Annual General Meeting the Annual Report of the Bank and the annual financial statements, together with the report of the external auditors relating thereto;
- in conformity with the general directives of the shareholders issued in a general meeting, taking decisions concerning particular trade-financing proposals, direct loans, guarantees, investments, the borrowing of funds and other operations of the Bank;
- the establishment, transfer and closing down of any branch offices, representative offices, agencies and subsidiaries;
- the establishment of subsidiary organs or committees and delegating thereto any of its powers;
- approval of the annual budget of the Bank;
- appointment, on the recommendation of the President, of Senior Executive Vice-Presidents and Executive Vice-Presidents; and
- upon the recommendation of the President, determination of the organisational structure, staffing level, and salary scales of the Bank and prescribing staff regulations.

The Board forms sub-committees, which include:

- the Executive Committee, which is composed of three directors, one representing each of Class A, Class B and Class C Shares, and any other such persons as the Board may designate from time to time and, as an additional *ex-officio* member of the committee, the President acting as Chairman. The Executive Committee meets once a month, or more often, to make decisions on matters delegated to it by the Board, such as those relating to investment, guarantee and financing operations. At the branch level, the Board appoints and determines the powers and composition of the Branch Management Committee;
- the Audit Committee is composed of four directors, one representing each of Class A Shares, Class B Shares and Class C Shares and one independent director, and any other such persons as the Board may designate from time to time (including a qualified financial expert, currently the chairman of the Audit Committee, Mr Jean-Marie Benoit Mani). It is empowered by the Board to review, examine and verify the proper application of the financial, operational and administrative policies and procedures of the Bank. The Audit Committee meets at least once a year or as often as its business may require;
- the Remuneration Committee is composed of four directors, one representing each of Class A Shares, Class B Shares and Class C Shares and one independent director. The Remuneration Committee exists for the purposes of developing a framework and policy for the remuneration of officers and other employees of the Bank, including the President and Vice-President; and
- the Founders Award Committee and Regular Awards Committee. The Founders Award Scheme was introduced to recognise and reward the contributions of various entities, including partner banks and staff members, to achieving the key objectives of the Bank and to incentivise others to do the same.

The composition of the Executive and Audit Committees will remain as they currently are composed until such time as Class D Shares represent at least 10 per cent. of the total issued shares of the Bank. When this threshold is reached the Charter provides that an additional director, representing the Class D Shareholders, may be appointed to each committee. In such instances as Class B or Class C Shareholders lose the right to appoint a director to the Board, as described above, the composition of these committees will also reduce accordingly.

As at the date of this Base Offering Memorandum, the membership of the Board was as follows:

Name	Nationality	Position	Year in which Term expires	Age
Class A				
Mrs Anastasia Mabi Daniel-Nwaobia.....	Nigeria	Director	July 2017	56
Dr. Louis Austin Kirangwa Kasekende ..	Uganda	Director	23 July 2016	58
Stefan Luis-François Nalletamby	Mauritian	Director	23 July 2016	55
Gamal Mohamed Abdel-Aziz Negm	Egypt	Director	23 July 2016	61
Class B				
Victor-Jérôme Nembelessini-Silué	Côte d'Ivoire	Director	23 July 2016	60
Dr. John Panonetsa Mangudya	Zimbabwe	Director	23 July 2016	53
Ms. Caroline Abel..................................	Seychelles	Director	23 July 2016	43
Jean-Marie Benoît Mani	Cameroon	Director	23 July 2016	58
Class C				
Ms. Xu Yan..	China	Director	July 2018	47
Anil Dua	United Kingdom	Director	23 July 2016	64
Independent Directors				
Franklin Hugh Kennedy	Canada	Director	23 July 2016	70
Ronnie Sibongiseni Ntuli........................	South Africa	Director	23 July 2016	46
Other				
Dr Benedict Okey Oramah	Nigeria	President	22 September 2020	55
Dr. George Elombi.................................	Cameroon	Secretary	*Ex officio*	51

The current terms of most of the members of the Board of Directors expire on 24 July 2016. At the next Annual General Meeting of the Bank, scheduled to take place on 23 July 2016 in the Seychelles, the shareholders of the Bank will decide whether to grant new terms to some or all of the existing directors, or whether to appoint certain new directors.

Chairman of the Board

Dr. Benedict Okey Oramah, President

Dr. Benedict Oramah holds a PhD in Agricultural Economics obtained in 1991. He worked as the Assistant Manager, Research, for Nigerian Export-Import Bank from 1992 to 1994 before joining the Bank as Chief Analyst in 1994, rising to the position of Senior Director, Planning and Business Development department, in 2007. He was appointed to the position of Executive Vice President of the Bank in October 2008, a position he held until his appointment as President in June 2015 during the 22nd Annual General meeting in Lusaka, Zambia and he was inaugurated in September 2015. Dr. Oramah has been a Regular Speaker at UNCTAD's Annual African Oil & Gas Conference beginning from 1995. He has also contributed to several trade finance conferences in London and elsewhere. Dr. Oramah has written over 30 articles on a range of African economic and trade related matters, many of which have been published in leading international journals.

Directors representing Class A shareholders

Mrs. Anastasia Mabi Daniel-Nwaobia

Mrs. Daniel-Nwaobia was the Permanent Secretary in the Ministry of Finance in Nigeria from July 2013 to November 2015 when she retired. Prior to that, between November 2011 and July 2013, she held the same position as Permanent Secretary at consecutively the Economic Affairs Office of the Secretary to the Government of Federation, the Ministry of Tourism, Culture and National Orientation and in the Interior Ministry. Before joining the Federal Civil Service, she had worked in the media and also worked in the banking sector where she rose to the position of Treasury Manager. She worked in Lion Bank of Nigeria Limited and New Africa Merchant Bank between 1986 and 1996. She worked with the Federal Housing Authority as Secretary to the Board from 1996 to 2000 from where she joined the Federal Civil Service as an Assistant Director and rose to the position of Permanent Secretary in November 2011. Mrs. Daniel-Nwaobia holds a Bachelor of Art degree in Mass Communication/Political Science and a MSc in International Relations & Strategic studies.

The Bank notes that Mrs. Daniel-Nwaobia is currently the subject of a formal investigation by the Nigerian authorities connected to her previous role as Permanent Secretary at the Interior Ministry but unconnected to her role as a director of the Bank.

Stefan Luis-François Nalletamby

Mr. Nalletamby was appointed to the Board by the AfDB in June 2011. He is the chairman of the Remuneration Committee (a committee of the Board established by the Board to review salaries and benefits of staff other than the President). He holds an MSc in Applied Development Studies from Reading University (UK), an MBA in International Management from the American Graduate School of International Management and a Maîtrise des Sciences de Gestion (M.S.G.) from the Université Paris IX Dauphine (France). He currently holds the position of Director and Partnership Coordinator, Making Finance Work for Africa at AfDB.

Dr. Louis Austin Kirangwa Kasekende

Dr. Louis Austin Kirangwa Kasekende is the deputy Governor of the Bank of Uganda with 20 years' experience in Banking including as Chief Executive Director at AfDB and Executive Director (Africa Group 1 Constituency) at the World Bank in Washington. Mr. Kasekende holds a PHD in Econometrics from the University of Manchester in the United Kingdom. He was elected to the Board in June 2013.

Gamal Mohamed Abdel-Aziz Negm

Mr. Gamal Negm has been the Deputy Governor of the Central Bank of Egypt in charge of Bank Stability since 2011. Prior to this position, he held various positions in senior management of international and local banking institutions where he gained experience in Risk Management, Credit Control, Internal Audit and Financial Control. He was elected to the Board in June 2013.

Directors representing Class B shareholders

Victor-Jérôme Nembelessini-Silué

Victor Nembelessini-Silué is the former Chairman and Chief Executive Officer of Banque Nationale d'Investissement in Côte d'Ivoire. He holds an MBA (Finance) from the University of Hartford, Connecticut, USA. He was elected to the Bank's Board in August 2004. He sits on the Executive Committee, the Board Management Committee and the Regular Awards Committee.

Dr. John Panonetsa Mangudya

Dr. John Panonetsa Mangudya was appointed Governor of the Reserve Bank of Zimbabwe with effect from 1 May 2014. Previously he was the Group Chief Executive of the Commercial Bank of Zimbabwe Holdings Limited, with 27 years' experience in banking and economic matters, including at Afreximbank. He is also the board chairman of the Industrial Development Corporation of Zimbabwe and the Agricultural Marketing Authority of Zimbabwe. Mr. Mangudya holds a PhD in Business Administration from the Washington International University, United States of America. He was elected to the Board in June 2013.

Ms. Caroline Abel

Ms. Caroline Abel is the Governor of the Central Bank of Seychelles with 18 years' experience in banking. Ms. Abel built her career at the Central Bank of Seychelles where she held various positions including that of first Deputy Governor. She holds a Master's Degree in Monetary Economics and Finance from the University of Glasgow. She was elected to the Board in June 2013.

Jean-Marie Benoît Mani

Jean-Marie Benoît Mani is a graduate in economics and holder of a DEA (major: Management) in the same subject. He started his career in 1981 as a graduate employee and subsequently as a senior manager of the sub-regional Central Bank of Central African States ("**BEAC**") in Yaoundé, Cameroon. From 1997 to 1999 he headed various branches of BEAC and in 2002 he was appointed as the first Deputy National Director for Cameroon. In April 2005, he was made Director of the Douala Branch and on 1 April 2008, he was appointed National Director of BEAC for Cameroon as a whole. He is the chairman of the Audit Committee and sits on the Founders' Award Committee.

Directors representing Class C shareholders

Xu Yan

Ms. Yan is the General Manager at the International Business department at Export-Import Bank of China ("**Exim China**"). She has held various positions at Exim China over the last 22 years including that of General Manager of the Overseas Institutions Management Department. She holds a Bachelor of International Business and Economics, and has completed further training in bank management as well as simultaneous interpretation.

Anil Dua

Anil Dua is the CEO of Standard Chartered Bank, West Africa. He started his career at Standard Chartered Bank in 1976 as Global Head of Project, Export Finance & Structured Trade Finance before becoming Regional Head of Origination & Client Coverage Africa. He has gained extensive international experience through his work in India, the United Kingdom, the United States of America and Botswana. Prior to joining Standard Chartered Bank, Anil worked as a lecturer in Economics at Delhi University. Anil graduated with a degree in Economics from St. Stephens College, Delhi, and has a MA in Economics from the Delhi School of Economics. Mr. Dua was elected to the Bank's Board in July 2010. He sits on the Executive Committee, the Board Management Committee, the Awards Committee and the Remuneration Committee.

Independent Directors

Franklin Hugh Kennedy

Franklin Kennedy was for many years Chief Executive Officer at HSBC Equator Bank plc. He is one of the founders of HSBC Equator Bank and was Chief Executive Officer until his retirement in March 2002. He oversaw the growth of

HSBC Equator Bank from a financial institution focused on Africa into a major international financial institution. He joined the Bank's Board in May 2003. He sits on the Executive Committee, the Board Management Committee, the Awards Committee and the Remuneration Committee.

Mr Ronnie Sibongiseni Ntuli

Ronnie Ntuli is the founder and Chairman of Thelo Group, South Africa, an independent investment group with interests in the aviation, infrastructure and resources sector. He is the former President of the Johannesburg Chamber of Commerce and Industry and holds an LLB from the University of Edinburgh and joined the Bank's Board in July 2010. He sits on the Audit Committee.

Secretary to the Board

Dr. George Elombi

Dr. George Elombi holds an LLM degree and a PhD Degree in Law (International Commercial Arbitration) from the University of London. He worked as a Lecturer on a full time basis with the University of Hull, United Kingdom, before he joined the Bank as Legal Officer in October 1996. He was appointed to the position of Deputy Director, Legal Services in 2008, and to the position of Executive Secretary and Head of Legal Services in January 2009. As Executive Secretary, he also heads the Legal Services Department.

The Office of President of the Bank

The President of the Bank is appointed by the Shareholders in a general meeting, on the recommendation of the Board by a simple majority of the Shareholders and at least 40 per cent. of the Class A Shareholders. According to the Charter, the President must be a national of an African state but may not be a national of the African State where the headquarters of the Bank are situated nor a person who has more than one national status any of which is in respect of a non-African State, nor may he or she be of the same nationality as the immediately preceding President. The President must also be a person of the highest competence in matters pertaining to the operations, management and administration of the Bank. The President is the Chief Executive and legal representative of the Bank and conducts, under the general control and direction of the Board, the day-to-day business of the Bank. The President is responsible for the appointment and release of officers and staff of the Bank in accordance with regulations adopted by the Board, and fixes the terms of their employment in accordance with universally recognised principles of sound management and financial policy. Furthermore, the Charter states that the Board shall delegate to the President such approval and commitment authority in respect of financing, guarantee and investment proposals up to such amounts as the Board shall determine from time to time.

The term of office of the President is five years, renewable once for a second term of five years. The current President was elected to his first office at the 2015 Annual General Meeting held in Lusaka, Zambia on 13 June 2015.

Senior Management of the Bank

Name	*Nationality*	*Position*	*Age*
Dr. Benedict O. Oramah	Nigeria	President	55
[VACANT]..........................	-	Executive Vice President – Business Development and Corporate Banking	-
Mr. Denys Denya................	Zimbabwe	Executive Vice President – Finance, Administration and Banking Services	50
Dr. George Elombi..............	Cameroon	Executive Vice President – Corporate Governance and Legal Services, Executive Secretary	49
Dr. Philip O. Kamau	Kenya	Senior Director (Finance)	56
Mr. Samuel Loum................	Uganda	Director (Credit)	54
Dr. Hippolyte Fofack...........	Cameroon	Director (Research and Knowledge Management)	52
Dr. Robert Ochola................	Kenya	Director (Strategy and International Cooperation)	42
Mrs. Kanayo Awani.............	Nigeria	Director (Trade Finance & Branches)	49
Mr. Kofi Adomakoh	Ghana	Director, Project and Export Development Finance	48
Mr. Robert Tomusange........	Uganda	Director, Administrative Services	42
Mr. Amr Kamel	Egypt	Director, Banking Operations	52
Mr. Elias Kagumya..............	Uganda	Director, Risk Management	41
Mr. Stephen Tio Kauma	Uganda	Director, Human Resources	43
Mr. Samuel Mugoya	Uganda	Senior Manager, Specialised Funding	49
Mr. Chandi Mwenebungu....	Malawi	Senior Manager, Treasury	42
Mr. Abel Azuwuere Osuji....	Nigeria	Senior Manager, Internal Audit	48
[VACANT]..........................	-	Senior Manager, Corporate Finance and Advisory Services	-
Mr. Obi Emekekwue	Nigeria	Senior Manager (External Communications	55
Mr Olaleye Babatunde	Nigeria	Senior Manager (Head of IT)	43
Mrs. Maureen Mba	Nigeria	Manager (Compliance)	56

Dr. Benedict O Oramah, President

For details see section "*Board of Directors*" above.

Mr. Denys Denya, Executive Vice President – Finance, Administration and Banking Services

Mr. Denya holds Bachelor of Accountancy and MBA degrees from the University of Zimbabwe. He is a member of the Institute of Chartered Accountants of Zimbabwe and of the Institute of Chartered Secretaries and Administrators. Mr. Denya worked with Flexible Packaging Zimbabwe Limited as Group Finance Manager from 1991 to 1993 and then moved to TA Holdings as Financial Executive/Company Secretary from 1994 to 1996. He moved to First Merchant Bank of Zimbabwe as Relationship Manager until 1997, when he became Finance Director and Managing Director, a position he retained until 2006. He joined Nedbank Limited as Divisional Managing Director in charge of five Southern African countries from 2006 until April 2010, when he joined the Bank.

Dr. George Elombi, Executive Secretary and Head of Legal Services

For details see section "*Board of Directors*" above.

Dr. Philip Kamau, Senior Director, Finance

Dr. Philip Kamau is a Senior Director of Finance of the Bank. He holds Masters degrees in both Business Administration (Manchester Business School, UK) and Philosophy (Maastricht School of Management, The Netherlands). He is also a Fellow of the Institute of Chartered Accountants and Chartered Institute of Bankers in England and Wales, and a member of the UK Association of Corporate Treasurers. After graduation in 1983, he joined Deloitte & Touche in the assurance and business advisory services department in Nairobi, Kenya, and transferred to Deloitte Haskins and Sells (now PricewaterhouseCoopers) UK in 1984. He joined the AfDB in 1991, where he was part of the team that promoted the establishment of the Bank, which he subsequently joined as the founder Head of Finance Department, entrusted with the responsibility of establishing, leading, maintaining and developing a professional finance function. He is a member of the Management Credit Committee involved in the approval of the Bank's facilities spread amongst various economic sectors in several African countries.

Mr. Samuel Loum, Director (Credit)

Mr. Samuel Loum holds a BA (Social Science) degree from Makerere University, Kampala, Uganda and an MBA degree in International Finance from Glasgow University, Scotland. He has over 23 years of banking experience, mainly in the field of international banking and credit analysis. He started his banking career at the Bank of Uganda (the central bank in Uganda) in 1985 in the External Operations Department, where he spent 12 years. Subsequently, Mr. Loum was among the team of officials which set up the program for managing the foreign currency reserves held by the Bank of Uganda on behalf of the government. Mr. Loum joined the Bank in 1998 as a credit analyst in the credit unit of the Bank. Mr. Loum was later promoted to, and currently heads, the credit department of the Bank.

Mr Hippolyte Fofack, Director (Research and Knowledge Management)

Dr. Hippolyte Fofack holds a PhD in Mathematical Statistics from University of London. He has over 20 years' experience and previously worked for the World Bank as an Economist. He joined the Bank in February 2015.

Mrs. Kanayo Awani, Director (Trade Finance & Branches)

Mrs. Kanayo Awani holds a BSc degree in Estate Management from the University of Nigeria and a Master of Public Administration degree in Public Policy & Management, majoring in International Trade and Finance, from Harvard University, Cambridge, USA. Mrs. Awani has worked for Citigroup Nigeria for the last 17 years in various functions, including Structured Trade Finance and Relationship Management. Her last position before she left Citigroup to join the Bank was as Head of Industrial and Commercial Corporates in Nigeria. She joined the Bank in April 2009 to head the newly created Trade Finance and Branches department. Prior to Citigroup, she worked as Collateral Officer for the Nigerian Agricultural & Cooperative Bank Ltd for one year.

Mr. Kofi Adomakoh, Director, Project & Export Development Finance

Mr. Kofi Adomakoh holds a Bachelor of Science degree in Agricultural Economics and an Executive MBA from the University of Ghana. Mr. Adomakoh worked for the Trust Bank of Ghana Limited from 1993 to 1997 in the Operations and Credit & Marketing departments. He joined Ecobank Ghana Limited in 1997 as a Senior Relationship Manager in the Institutional Banking Group, rising to become Head of the Institutional Banking Group in 2002. In 2005, he joined Barclays Bank Ghana as Executive Director for Sales, Business Development & Strategy and Corporate Governance, a position he held until June 2009. Mr Adomakoh joined the Bank in November 2009.

Mr. Robert Tomusange, Director, Administrative Services

Mr. Tomusange holds Bachelor of Science (Mathematics) and MBA degrees from Makerere University, Kampala, and he is currently pursuing a Masters in Development Finance from the University of Stellenbosch Business School, South Africa. Before joining the Bank, he worked as Director, Finance & Administration for a USAID funded project of the John Hopkins University's Program for International Training in Reproductive Health in Dar el Salaam, Tanzania for approximately one and a half years. Previous to that, he worked as Africa Portfolio Manager for one and a half years for the Africa Management Services Company, which is a joint programme of the United Nations Development Program, the IFC and the AfDB, stationed in Johannesburg, South Africa. Prior to this, he worked as Africa Operations Manager for the Malaria Consortium in Uganda for one year, as Operations Manager for a USAID Project called Chemonics International for two years, as Administrator for a United Nations Family Planning Association program for two years, and as Financial and Administrative Manager for Johns Hopkins University Corporation in Uganda for four years. Mr. Tomusange joined the Bank in May 2010.

Mr. Amr Kamel, Director, Banking Operations

Mr. Kamel holds a Bachelor of Arts degree majoring in Economics from the American University in Cairo, Egypt in 1985; and an MBA in Financial Management from City University of New York, USA in 2001. He has 26 years of banking experience that started immediately after graduation in 1985 during which he worked in four banks namely: Bank of Credit & Commerce from 1985 until 1991; Bank of America from 1991 until 1994; Chemical Bank (currently J.P. Morgan Chase) from 1994 until 1995 as Chief Dealer. Mr Kamel joined African Export-Import Bank in 1995. His experience spans many banking functions ranging from structured trade finance, documentary credits, operations, loan administration and agency, treasury, marketing, and business development. He joined the Bank as a Senior Operations Associate and rose through the ranks to the position of Director, Banking Operations in January 2011.

Mr Elias Kagumya, Director (Risk Management)

Mr. Kagumya holds a Master of Science in Accounting and Finance from Makerere University Business School, Uganda and a Bachelor of Business Administration in Accounting from the same university. He is a Certified Risk Analyst and a member of the Professional Risk Managers' International Association (PRMIA). Mr. Kagumya worked for Stanbic Bank in Uganda for 8 years and held various positions including the Head of Risk, Regional Head of Operational Risk for Personal and Business Banking –Eastern Hub Standard Bank and Market Risk Analyst. Previous to that, he worked for 6 years with Centenary Rural Development Bank Ltd, Uganda where he held various positions as Senior Accountant and Bank Officer Trainee in the Bank. Mr. Kagumya joined Afreximbank as Director for Risk in September 2015.

Mr. Stephen T Kauma, Director (Human Resources)

Mr. Stephen T Kauma holds a BA degree (Political Science) of the University of Makerere, Uganda; an MBA from the Makerere University Business School, Uganda and a Diploma in Human Resource Management from the Uganda Management Institute, Kampala. On graduation in July 1995, Stephen joined Alliance Air, a regional subsidiary of South African Airways in Kampala for five years in the Finance & Administration department before he joined KPMG East Africa based in Kampala as a Business Advisor in the Business Advisory Services department in 2000. In 2003, he joined PricewaterhouseCoopers in Uganda as a HR Advisor, rising to the position of Manager, Human Resource Services in 2006. In March 2007, Stephen joined Lafarge Cement, the largest building materials company in the world, as Human Resource and Administration Manager for Uganda. Stephen joined the Bank in November 2008 as a Human Resource Officer and became Director (Human Resources) in February 2015.

Dr. Robert Ochola, Director (Strategy and International Cooperation)

Dr. Ochola holds a PHD in Mechanical Engineering from University of Cape Town. He also holds a Master of Science and a Bachelor of Engineering from Imperial College London, UK. Dr. Ochola joined Afreximbank in October 2015 as Director of Strategy and Innovation. Prior to that, he was Head of Strategy at Safaricom, Kenya for two years. He previously worked for 3 years with KCB Bank Group as Director Strategy, Research and Innovation; 4 years with Celtel/Zain Group Headquarters as Group Market Development Manager; 1 year with Celtal Kenya Limited as Sales and Marketing Manager and also spent 2 years with Kenya Shell Limited as a Lubricants Sales Engineer.

Mr. Samuel Mugoya, Senior Manager, Specialised Funding

Mr. Mugoya holds a Bachelor's degree in Economics & Political Science from Makerere University, Kampala and an International MBA from the Netherlands Business School, Nyenrode Business University. He joined Uganda Commercial Bank (now Stanbic Bank) in 1989 as a Banking Officer and then moved to the MIS department as Operations Officer in 1993 until 1998 when he joined the Cooperative Bank Ltd as Chief Manager, Total Quality Management department. In October 1999, he worked as a Banking Consultant for KPMG on a project to liquidate one of the commercial banks closed during the restructuring of the financial services sector by the Central Bank of Uganda, before he joined Shell Uganda as Contracts & Procurement Manager in March 2000, covering Uganda. In 2002, the territory he covered was extended to cover the Eastern Africa region, covering 7 countries. In 2004, he moved to Nairobi, Kenya as Strategy & Portfolio Analyst with Shell Oil Products Africa (Mergers, Acquisitions and Divestments team). He joined the Bank in December 2007, as Principal Economic Analyst in the then Business Development department.

Mr Abel Azuwuere Osuji, Senior Manager, Internal Audit

Mr. Abel Azuwuere Osuji holds an M.Sc (Economics) from Enugu State University of Science and Technology, Enugu; an MBA from University of Lagos, Akoka and a B.Sc (Accounting) from University of Port Harcourt, Choba. He has 13 years of banking experience, and prior to joining the Bank, he held positions at Intercontinental Bank Plc (now

Access Bank Plc, Nigeria) and Ernst & Young, Nigeria. Abel joined the Bank in 2010 as Senior Manager, Internal Audit.

Mr. Chandi Mwenebungu, Senior Manager, Treasury Services

Mr Chandi Mwenebungu is the Treasurer of the Bank. He holds a Masters Degree in Accounting and Finance. He is a Fellow of the Association of Certified Chartered Accountants ("**FCCA**"), a member of the Chartered Institute for Securities and Investments ("**CISI**") and an associate member of the Association of Corporate Treasurers ("**ACT**"). Mr Mwenebungu joined the bank in 2013. He previously worked as the Head of Treasury and Investments for International Insurance Company of Hannover (Interhannover) in London and Cigna International (Europe) in Glasgow, United Kingdom. Prior to his relocation to the United Kingdom, he worked for Nedbank Malawi Limited as the Treasury Manager.

Mr. Obi Emekekwue, Senior Manager (External Communications)

Mr Obi Emekekwue joined Afreximbank in September 2012 as head of the External Communications Unit with the title of Senior Manager. Prior to joining the Bank, he worked for 18 years at the United Nations, most recently serving as a senior Press Officer in the Department of Public Information at the New York Headquarters. His United Nations experience also included stints as Public Information Officer, Media Specialist and Programme Specialist in several agencies, including the United Nations Development Programme ("**UNDP**") and the United Nations Population Fund ("**UNFPA**"). Before his United Nations career, Obi was United Nations and North America Bureau Chief of the News Agency of Nigeria ("**NAN**"). Obi completed his Master of Arts in international relations at St. John's University, New York and received a postgraduate certificate in international law and diplomacy from the same institution. He also holds a bachelor's degree in mass communication from the University of Nigeria, Nsukka.

Mr Olaleye Babatunde, Senior Manager (Head of IT)

Mr Olaleye Babatunde joined Afreximbank in February 2014 as Head of Information, Communication & Technology with the title of Senior Manager. He was previously Chief Information Officer (Deputy General Manager) at Stanbic IBTC Bank Nigeria, a member of Standard Bank Group of South Africa and he spent sixteen with the Standard Bank Group. He earned an MBA degree from Lagos Business School, Pan-Atlantic University. He also holds an MSc. degree in computer science from the University of Lagos and a BSc. degree in computer science with First Class Honours from the University of Ibadan. His executive education is wide and varied and included business leadership training at IESE Business School, Spain and the Senior Leadership Programme at Standard Bank's Global Leadership Centre in South Africa.

Mrs. Maureen Mba, Manager (Compliance)

Mrs. Maureen Nneka Mba holds a Bachelor of Science degree in Business Administration Magna Cum Laude from New York Institute of Technology, USA and a Master of Business Administration from the City University Bellevue, Washington State, USA. Mrs. Mba started her working career with the Central Bank of Nigeria and worked for 10 years in the Governor's Office prior to joining Afreximbank in 1994. She presently heads the Compliance Unit of the Bank responsible for the conduct of customer due diligence analysis of all transactions involving the Bank in accordance with the Bank's CDD Policies and Procedures, formulation of CDD guidelines documents and instruments and ensuring the Bank's compliance in all aspects of its operational activities.

Executive Vice President – Business Development and Corporate Banking

Senior Manager, Corporate Finance and Advisory Services

As at the date of this Base Offering Memorandum, the positions of Executive Vice President – Business Development and Corporate Banking, and Senior Manager, Corporate Finance and Advisory Services are vacant. The Bank is currently recruiting to fill these positions and, as at the date of this Base Offering Memorandum, expects to have completed this process by the end of July 2016.

Directors' Interests and Management's Interests

None of the directors of the Bank have any beneficial interests in any transactions that were or material to the business of the issuer or otherwise unusual in their nature in relation to the Bank during the immediately preceding financial year or any other financial year where such transaction remains outstanding or unperformed. Details of related party transactions are disclosed in the notes to the Bank's financial statements.

The Bank is not aware of any potential conflict of interests between the professional duties of the Bank's senior management team (including the directors) to the Bank and their private interests and other duties.

Directors' Addresses

The business addresses of each of the directors of the Bank are as follows:

- *Mrs. Anastasia Mabi Daniel-Nwaobia*: her business address is The Federal Ministry of Finance, Africa and Bilateral Economics Department P MB 14, Cadestral zone A3 Garki, Abuja, Nigeria.

- *Dr. Louis Austin Kirangwa Kasekende*: his business address is Bank of Uganda, 37/43 Kampala Road Kampala, Uganda.
- *Stefan Luis-Francois Nalletamby*: his business address is A.D. / A.D.B., Angle des Trois Rues, B.P.323, 1002 Tunis, Tunisia.
- *Mr. Gamal Mohamed Abdel-Aziz Negm*: his business address is Central Bank of Egypt, 54 El -Gomhoreya Street, Cairo, Egypt.
- *Victor Nembelessini-Silué*: his business address is Banque Nationale d'Investissement, IMM.SCIAM – Avenue Marchand, Plateau-01 BP 670, Abidjan, Côte D'Ivoire.
- *Dr. John Panonetsa Mangudya*: his business address is Reserve Bank of Zimbabwe, 80 Samora Machel Avenue, Harare, Zimbabwe.
- *Ms. Caroline Abel*: her business address is Central Bank of Seychelles, Independence Avenue, Victoria Mahe, P.O.Box 701, Seychelles.
- *Jean-Marie Benoît Mani*: his business address is P.O. Box 1747, Douala, Cameroon.
- *Xu Yan*: her business address is No. 30 Fu Xing Men Nei Street, Xicheng District, Zip: 100031, Beijing, China.
- *Anil Dua*: his business address is Standard Chartered Bank, 2/Floor, 1 Basinghall Avenue, London EC2V 5DD.
- *Franklin Hugh Kennedy*: his business address is 14 Robkins Road, Avon, Connecticut 06001 USA.
- *Ronnie Sibongiseni Ntuli*: his business address is Thelo Group Pty. Ltd. Ground Floor Block G, Pinmill Farm, 164 Katherine Street, Sandown, Sandton 2196 South Africa, P.O. Box 41277.
- *Dr. Benedict Okey Oramah*: his business address is Afreximbank Building, 72 (B) El Maahad El Eshteraky St., Heliopolis, Cairo 11341, Egypt.
- *Dr. George Elombi*: his business address is Afreximbank Building, 72 (B) El Maahad El Eshteraky St., Heliopolis, Cairo 11341, Egypt.

CLEARANCE AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or an Alternative Clearing System as agreed between the Issuer and the Dealer. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by an Unrestricted Global Certificate and/or a Restricted Global Certificate. Each Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Transfer Restrictions*". In certain circumstances, as described below in "*Transfers of Registered Notes*", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.$1,000, in certain limited circumstances described below.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because Euroclear and Clearstream, Luxembourg can only act on behalf of subscribers or participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in Euroclear and Clearstream, Luxembourg, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear and/or Clearstream, Luxembourg, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in "*Subscription and Sale*") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent and by the provision of details of the relevant account at Euroclear or Clearstream, Luxembourg as the case may be, to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account(s) at Euroclear and/or Clearstream, Luxembourg to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "*Transfer Restrictions*", cross-market transfers directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

For a further description of restrictions on transfer of Registered Notes, see "*Transfer Restrictions*".

Although Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear will be permitted only in the relevant circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form – Exchange – Unrestricted and Restricted Global Certificates*". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days ("**T+3**"), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

CERTAIN TAX CONSIDERATIONS

The following summary contains a description of certain income tax consequences under FATCA (as defined below) that may be relevant to Noteholders. This summary is for general information purposes only and is based on FATCA as in effect on the date hereof, both of which are subject to change and any such changes may have retroactive effect. In view of the number of different jurisdictions where tax laws may apply to a Noteholder, each Noteholder is urged to consult its own professional advisors regarding the possible tax consequences of the acquisition, ownership and disposition of Notes under the laws of the jurisdictions that apply to it.

In the event that Notes are offered, sold and delivered in the United States to QIBs in reliance on, and in compliance with, Rule 144A that are also QPs, the applicable Pricing Supplement shall contain a disclosure addressing certain U.S. federal income tax consequences regarding the acquisition, ownership and disposition of such Notes by certain U.S. investors.

THIS SUMMARY IS NOT INTENDED AS TAX ADVICE TO ANY PARTICULAR NOTEHOLDER, WHICH CAN BE RENDERED ONLY IN LIGHT OF THAT NOTEHOLDER'S PARTICULAR TAX SITUATION. ACCORDINGLY, EACH NOTEHOLDER IS URGED TO CONSULT SUCH NOTEHOLDER'S TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE OFFER TO SUCH NOTEHOLDER. ALL NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of the Notes within the United States pursuant to Rule 144A, by accepting delivery of this Base Offering Memorandum, will be deemed to have represented, agreed and acknowledged that:

(a) It is (a) a QIB that is also a QP, (b) not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers, (c) not a participant-directed employee plan, such as a 401(k) plan, (d) acting for its own account, or for the account of another QIB that is also a QP, (e) not formed for the purpose of investing in the Restricted Notes or the Issuer, and (f) aware, and each beneficial owner of such Notes has been advised, that the sale of such Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

(b) It will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Restricted Notes in a principal amount that is not less than U.S.$200,000 and (b) provide notice of the transfer restrictions set forth herein to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in the Issuer's securities from one or more book-entry depositaries.

(c) It understands that the Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs, each of which is also a QP or (b) to a non-U.S. person within the meaning of Regulation S in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, and in each case in accordance with any applicable securities laws of any State or another jurisdiction of the United States.

(d) It understands that the Issuer has the power under the Trust Deed to compel any U.S. person or any person within the United States who is a QIB but is not a QP at the time it acquires the Restricted Notes or a beneficial interest therein to transfer its Restricted Notes or such beneficial interest immediately to (1) a non-U.S. person in an offshore transaction pursuant to Regulation S under the U.S. Securities Act, or (2) to a person (A) that is within the United States or that is a U.S. Person and (B) who is a QIB that is also a QP and makes certain representations. Pending such transfer, the Issuer is authorised to suspend the exercise of any special rights, any rights to receive notice of, or attend, a Noteholders' meeting of the Issuer and any rights to receive distributions with respect to the Restricted Notes. If the obligation to transfer is not met, the Issuer is irrevocably authorised to transfer the interest in the Restricted Notes to, (1) a non-U.S. person in an offshore transaction pursuant to Regulation S, or (2) a person that is in the United States or a U.S. Person and who is a QIB that is also a QP. There can be no assurance that a holder of Notes (or such beneficial interest therein) who is required to transfer in this way will not incur a significant loss as a result of the need for the Issuer to find a qualifying transferee willing to purchase the Notes. None of the Issuer, the Trustee, nor any other party shall be liable to a holder of Notes for any such loss.

(e) It understands that the Notes have not been approved or disapproved by United States Securities & Exchange Commission (the "**SEC**") or any other governmental authority or agency of any jurisdiction, nor has the SEC or any other governmental authority or agency passed upon the accuracy or adequacy of this Base Offering Memorandum. Any representation to the contrary is a criminal offence.

(f) It understands that (i) the Issuer has not registered and does not intend to register as an investment company under the Investment Company Act; (ii) the Notes may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend on such Notes described below and (iii) no representation is made by the Issuer, the Arrangers or the Dealers as to the availability of any exemption under the Securities Act, the Investment Company Act, or any state securities laws for resale of the Notes.

(g) It understands that if it, or any other person for which it is acting, is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) with respect to its holders that are U.S. Persons) and were formed on or before 30th April, 1996, it has received consent of the beneficial owners who acquired their interest on or before 30th April, 1996, with respect to its treatment as a qualified purchaser in the manner required by Section 2(a)(51)(c) of the Investment Company Act and the rules promulgated thereunder.

(h) It understands that the Restricted Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, (THE "**INVESTMENT**

COMPANY ACT"). THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A "**QIB**") WITHIN THE MEANING OF RULE 144A THAT IS ALSO A QUALIFIED PURCHASER (A "**QP**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs EACH OF WHICH IS A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.$200,000 PRINCIPAL AMOUNT OF THE NOTES OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TRANSFERS IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

IF THE BENEFICIAL OWNER HEREOF IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH BENEFICIAL OWNER REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT DIRECTED EMPLOYEE PLAN, SUCH AS A 401(k) PLAN; (4) IT IS HOLDING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBs, EACH OF WHICH IS A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THE NOTES REPRESENTED HEREBY; (6) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK ENTRY DEPOSITARIES AND (7) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND A QP THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THE NOTES REPRESENTED HEREBY IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THE NOTES REPRESENTED HEREBY TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THE NOTES REPRESENTED HEREBY TO A U.S. PERSON WHO IS NOT A QIB AND A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

BY ITS ACQUISITION HEREOF, THE HOLDER OF THE NOTES REPRESENTS THAT: (A) (1) IT IS A U.S. PERSON (AS DEFINED UNDER REGULATION S AND WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT) AND IS BOTH A QIB AND A QP, (2) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, (3) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THE NOTES TO ANY SUBSEQUENT TRANSFEREES, AND (4) IT AND EACH ACCOUNT FOR WHICH IT IS PURCHASING WILL HOLD AND TRANSFER AT LEAST THE MINIMUM DENOMINATION OF NOTES OR (B) IT IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S, AND (C) THAT (1) EITHER (X) IT IS NOT (AND FOR SO LONG AS IT HOLDS SUCH NOTE OR INTEREST THEREIN WILL NOT BE), AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH NOTE OR INTEREST THEREIN WILL NOT BE ACTING ON BEHALF OF), AN ERISA PLAN OR OTHER PLAN (INCLUDING AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH ERISA PLAN OR OTHER PLAN) OR A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN

WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (Y) IT IS A SIMILAR LAW PLAN AND ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTES WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST THEREIN TO ANY PERSON UNLESS THESE SAME FOREGOING REPRESENTATIONS AND WARRANTIES APPLY TO THAT PERSON. ANY PURPORTED TRANSFER OF SUCH NOTE OR INTEREST THEREIN THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID AB INITIO.

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATIONS TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS A QIB AND A QP.

(i) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that at the time of purchase and throughout the period it holds such Notes or interest therein, that (1) either (a) it is not (and for so long as it holds such Note or interest therein will not be), and is not acting on behalf of (and for so long as it holds such Notes or any interest therein will not be, or be acting on behalf of) a an ERISA plan or other plan (including an entity whose underlying assets include the assets of any such ERISA plan or other plan) or a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the code (a "**Similar Law Plan**"), or (b) it is a Similar Law Plan and its acquisition, holding and disposition of the Notes will not result in a prohibited transaction under any such substantially similar U.S. federal, state, local or Non-U.S. law for which an exemption is not available, and (2) it will not sell or otherwise transfer any note or interest therein to any person unless these same foregoing representations, warranties apply to that person. Any purported purchase or transfer of Notes or interest therein that does not comply with the foregoing shall be null and void *ab initio*.

(j) It acknowledges that the Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations and agreements deemed to have been made by it by its purchase of the Restricted Notes is no longer accurate, it shall promptly notify the Issuer and the applicable relevant Dealer(s). If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

(k) It understands that the Restricted Notes will be evidenced by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Notes

Each purchaser of the Unrestricted Notes outside the United States and each subsequent purchaser of the Unrestricted Notes (A) in the case of (i) and (ii) below, prior to the expiration of the distribution compliance period (as such term is defined in Regulation S), and (B) in the case of (iii), (iv), (v), (vi) and (vii) below, throughout the period that it holds such Notes, by accepting delivery of this Base Offering Memorandum and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

(i) It is not a U.S. Person and it is located outside the United States (within the meaning of Regulation S); and it is not an affiliate of the Issuer or a person acting on behalf of the Issuer or such an affiliate.

(ii) It understands that prior to the expiration of the distribution compliance period for such Notes, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A in an amount not less than U.S.$200,000 to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP, each of which is purchasing not less than U.S.$200,000 principal amount of the Notes or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that the Unrestricted Notes will be represented by the Unrestricted Global Certificate. Before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a

Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(iv) It is, or at the time the Unrestricted Notes are purchased it will be, the beneficial owner of such Unrestricted Notes.

(v) It understands that the Unrestricted Notes have not been and will not be registered under the Securities Act.

(vi) It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that at the time of purchase and throughout the period it holds such Notes or any interest therein, that (1) either (a) it is not (and for so long as it holds such Note or interest therein will not be), and is not acting on behalf of (and for so long as it holds such Notes or any interest therein) will not be, or be acting on behalf of) an ERISA plan or other plan (including an entity whose underlying assets include the assets of any such ERISA plan or other plan) or a governmental, church, non-U.S. or other employee benefit plan which is subject to any U.S. federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the code (a "**Similar Law Plan**"), or (b) it is a Similar Law Plan and its acquisition, holding and disposition of the Notes will not result in a prohibited transaction under any such substantially similar U.S. federal, state, local or Non-U.S. law for which an exemption is not available, and (2) it will not sell or otherwise transfer any note or interest therein to any person unless these same foregoing representations, warranties apply to that person. Any purported purchase or transfer of Notes or interest therein that does not comply with the foregoing shall be null and void *ab initio*.

(vii) It acknowledges that the Issuer and the relevant Dealer(s) and their respective affiliates, and others, will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Unrestricted Notes is no longer accurate, it shall promptly notify the Issuer and the relevant Dealer(s). If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(viii) It understands that the Unregistered Global Note and any Definitive Notes issued in respect thereof, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated Dealer Agreement dated on or about 9 May 2016 (the "**Dealer Agreement**") between the Issuer and the Permanent Dealers and Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers.

However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that may be underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. The Issuer has not been and is not intended to be registered under the United States Investment Company Act of 1940, as amended (the Investment Company Act), by reason of the exception contained in Section 3(c)(7) thereof.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury Regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) and U.S. Treasury Regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of its distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A.

U.S. Tax Selling Restrictions

Bearer Notes that constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA Notes**") are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person except as permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**Code**”)) (the "**D Rules**") or U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the "**C Rules**").

With respect to TEFRA Notes issued in compliance with the D Rules, the Issuer and each Dealer has represented and agreed that:

(i) except to the extent permitted under the D Rules, (a) it has not offered or sold, and during the restricted period it will not offer or sell such TEFRA Notes to a person who is within the United States or its possessions or to a United States person and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions Definitive Notes that will be sold during the restricted period;

(ii) it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such TEFRA Notes are aware that such TEFRA Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person (except to the extent permitted under the D Rules);

(iii) if it is a United States person, it is acquiring such TEFRA Notes for purposes of resale in connection with their original issuance, and if it retains such TEFRA Notes for its own account, it will do so in accordance with the requirements of the D Rules;

(iv) with respect to each affiliate or distributor that acquires such TEFRA Notes from the Issuer or the Dealer for purpose of offering or selling such TEFRA Notes during the restricted period, the Issuer or Dealer either repeats and confirms the representations and agreements contained in paragraphs (i), (ii) and (iii) above on such affiliate's or distributor's behalf or agrees that it will obtain from such affiliate or distributor for the benefit of the Issuer and each Dealer the representations and agreements contained in such paragraphs; and

(v) each Dealer represents that it has not and agrees that it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Notes, except where pursuant to the contract the Dealer has obtained or will obtain from that party, for the benefit of the Issuer and the several Dealers, the representations contained in, and that party's agreement to comply with, the provisions of paragraphs (i), (ii), (iii) and (iv).

With respect to TEFRA Notes issued in compliance with the C Rules, the Issuer and each Dealer has represented and agreed that:

(i) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such TEFRA Notes within the United States or its possessions in connection with their original issuance; and

(ii) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if it is within the United States or its possessions or otherwise involve its U.S. office, if any, in the offer or sale of such TEFRA Notes.

Terms used in this section shall have the meanings given to them by the Code and the U.S. Treasury Regulations promulgated thereunder, including the C Rules and the D Rules.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each member state of the European Economic Area (a "**Member State**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

Ireland

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(ii) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 (as amended), the Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(iii) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland under section 1363 of the Companies Act 2014 (as amended); and

(iv) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended), (as superseded with effect from 3 July 2016 by the Market Abuse Regulation (EU 596/2014)) and any rules issued by the Central Bank of Ireland under section 1370 of the Companies Act 2014 (as amended).

Republic of Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Share and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

United Kingdom

Each Dealer has represented and agreed that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Germany

This Base Offering Memorandum does not constitute a Prospectus Directive Compliant prospectus in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and therefore does not allow any public offering in Germany or any other Member State pursuant to sections 17 and 18 of the German Securities Prospectus Act.

Each Dealer has represented and agreed that it has not offered or sold and that it will not offer or sell the Notes in the Federal Republic of Germany other than in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable laws in the Federal Republic of Germany governing the issue, sale and offering of securities.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

Arab Republic of Egypt

Securities may not be offered or sold in any form of general solicitation or general advertising or in a public offering in Egypt, unless the pre-approval of the Egyptian Financial Supervisory Authority ("**EFSA**") – formerly known as the Capital Market Authority ("**CMA**") – has been obtained. Without obtaining EFSA's prior approval and filing of a prospectus, securities may only be offered or sold in Egypt through a private placement to Egyptian QIBs, Professional High Net Worth Investors or Professionally Experienced Investors (as defined below) who are sophisticated enough to fend for themselves or whose ordinary activities involve them in acquiring, holding, managing or disposing of investments for the purposes of their business and only in accordance with applicable Egyptian law and regulations including the applicable provisions of the Capital Market Law, its Executive Regulations and the provisions of CMA's Directive no. 31 for the year 2002 concerning private placements.

An "**Egyptian QIB**" is an institutional investor satisfying either of the following requirements (i) a minimum asset book value of LE 20.0 million; (ii) a minimum equity book value of LE 10.0 million; (iii) a minimum investment in securities (excluding securities related to the offering at hand and in companies other than the issuer of the securities subject of that offering) of LE 5.0 million as of date of the placement; or (iv) a licence to operate in the field of securities and permitted to acquire securities within its objects.

A "**Professional High Net Worth Investor**" is an individual investor satisfying either of the following conditions:

(i) owning assets with a minimum value of LE 2.0 million;

(ii) having a minimum annual income of LE 500,000;

(iii) holding a minimum bank savings account balance of LE 500,000; or

(iv) as of the placement date, holding securities in two joint stock companies (excluding securities related to the offering at hand and in companies other than the issuer of the securities subject of that offering) with a minimum value of LE 2.0 million.

A "**Professionally Experienced Investor**" is an investor who has experience in stock markets and capital markets locally and internationally for a period of 5 years, which period may be reduced to 4 years for an investor who passed EFSA's approved training courses in the field of capital markets.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the Issue of Notes to which it relates or in a supplement to this Base Offering Memorandum.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Offering Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Offering Memorandum, any other offering material or any Pricing Supplement in all cases at its own expense.

The Dealers and their respective affiliates have from time to time performed certain investment banking and/or other financial services to the Issuer and its affiliates or former affiliates for which they received customary fees and reimbursement of expenses. The Dealers and their respective affiliates may in the future provide investment banking or other financial services to the Issuer or its affiliates, for which they will receive customary fees and reimbursement of expenses. In addition, the Dealers or their respective affiliates are lenders under the Bridge Facility, and such entities may act as counterparties in the hedging arrangements the Issuer expects to enter into in connection with the Bridge Facility, and will receive customary fees for their services in such capacities. Standard Chartered Bank and HSBC Bank plc are Class C shareholders, and an affiliate of Rand Merchant Bank, a division of FirstRand Bank Limited (London Branch) is a Class B shareholder.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]
The African Export-Import Bank
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.$3,000,000,000
Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Offering Memorandum dated 9 May 2016 [and the supplemental Base Offering Memorandum dated [●]]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Base Offering Memorandum [as so supplemented].]

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Memorandum with an earlier date*;

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Offering Memorandum dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Base Offering Memorandum dated 9 May 2016 [and the supplemental Base Offering Memorandum dated [●]], save in respect of the Conditions which are extracted from the Base Offering Memorandum dated [original date] and are attached hereto.]]]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement*.]

1	Issuer:	The African Export-Import Bank
2	[(i)] Series Number:	[●]
	[(ii)] Tranche Number:	[●]
	(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)	
	[(iii)] Date on which Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [●]]/Not Applicable]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
5	[(i)] Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	[(ii)] Net proceeds:	[●](*Required only for listed issues*)]
6	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]. Notes in definitive form, or Notes exchangeable for definitive Notes, may only be issued in Specified Denominations equal to, or greater than, EUR100,000 (or equivalent in other currencies) and integral multiples thereafter).
	(ii) Calculation Amount:	[●]
7	(i) Issue Date:	[●]
	(ii) Interest	[*Specify* Issue Date/Not Applicable]

	Commencement Date:	
8	Maturity Date:	[*specify date or (for Floating Rate Notes)* Interest Payment Date falling in or nearest to *the relevant month and year*]
9	Interest Basis:	[[●] per cent. Fixed Rate][*specify reference rate*] [LIBOR/EURIBOR +/- [●] per cent. Floating Rate] [Zero Coupon][Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par/Redemption at [●] per Calculation Amount] [Partly Paid] [Instalment] [Other (*specify*)]
11	Change of Interest or Redemption/Payment Basis:	(*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*)
12	Put/Call Options:	Conditional Put Event applies in accordance with Condition 11.2 [Investor Put] [Issuer Call] [(further particulars specified below)]
13	Status of the Notes:	[Senior]
14	Listing and Trading:	[Official List of the Irish Stock Exchange plc and to trading on the Global Exchange Market*/(specify)/None*]
15	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/Not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi) [Determination Dates:	[●] *in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]* [Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [[●] in each year/Not Applicable]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
17	**Floating Rate Note Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●]
(iii) Interest Period Date:	[●] (*Not applicable unless different from Interest Payment Date*)
(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
(v) Business Centre(s): (Condition 6(i))	[●]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
(viii) Screen Rate Determination:	
– Reference Rate:	LIBOR/EURIBOR/[●]
– Interest Determination Date(s):	[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date
– Relevant Screen Page:	[●]
(ix) ISDA Determination:	
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– [ISDA Definitions:	[2000/2006]]
(x) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi) Margin(s):	[+/-][●] per cent. per annum
(xii) Minimum Rate of Interest:	[●] per cent. per annum
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA]
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of	[●]

	calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	
18	**Zero Coupon Note Provisions**	[Applicable/Not Applicable]
	(i) Amortisation Yield:	[●] per cent. per annum
	(ii) Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION

19	**Call Option**	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
20	**Put Option** (in addition to the Conditional Put Event described at Condition 11.2)	[Applicable/Not Applicable] (*if not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
21	**Final Redemption Amount of each Note**	[●] per Calculation Amount
22	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons on or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23	Form of Notes:	**[Bearer Notes]**
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

		[Registered Notes] [Unrestricted Global Certificate (U.S.$[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]] [and a] [Restricted Global Certificate (U.S.$[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]] In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes on or after the exchange date, such notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest specified Denomination).
24	New Global Note:	[Yes][No]*
25	Financial Centre(s) or other special provisions relating to Payment Dates:	[*Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(ii), 17(v) and 19(vii) relate*] [Not Applicable/[●]]
26	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No, *if yes, give details*]
27	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
28	Details relating to Instalment Notes, amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
29	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/*give details*]
30	Consolidation provisions:	[Not Applicable/*give details*]
31	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

32	(i) If syndicated, names of Managers:	[Not Applicable/*give details*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give details*]
33	If non-syndicated, name of Dealer:	[Not Applicable/*give details*]
34	Additional selling restrictions:	[Not Applicable/*give details*] [D Rules/C Rules/TEFRA Not Applicable]

LISTING AND ADMISSION TO TRADING

35	Listing and admission to trading:	[Application has been made to the Irish Stock Exchange plc for the Notes to be admitted to the Official List and trading on the Global Exchange Market with effect from [●]][Not applicable] *(where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

36	Estimate of total expenses relating to admission to trading:	[●]

OPERATIONAL INFORMATION

37	ISIN:	[●]
38	Common Codes:	[●]
39	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking société anonyme and the relevant identification number(s):	[Not Applicable/*give names*]
40	Delivery:	Delivery [against/free of] payment
41	Additional Paying Agent(s) (if any):	[●]
42	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [*include this text for registered Notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*Include this text if "yes" selected in which case the Notes must be issued in NGN form.*]

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]][*Include this text if "no" selected.*]

RATINGS

43 Ratings:

[The Notes to be issued have been rated: [The Notes of the sort issued under the Programme would be expected to be rated:]

[Moody's: [●]]

[Fitch: [●]]
[The Notes have not been specifically rated.]

[and endorsed by [●]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

Insert one (or more) of the following options, as applicable:

[[Insert credit rating agency/ies] [is]/[are] established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "CRA Regulation")]

[[Insert credit rating agency/ies] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC)

No. 1060/2009 (the "CRA Regulation").]

[[Insert credit rating agency/ies] [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No. 1060/2009 (the "CRA Regulation"), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[[Insert credit rating agency/ies] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No. 1060/2009 (the "CRA Regulation"), but the rating issued by it is endorsed by [insert endorsing credit rating agency] which is established in the European Union and [is registered under the CRA Regulation] [has applied for registration under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority].]

[[Insert credit rating agency/ies] [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No. 1060/2009 (the "CRA Regulation"), but is certified in accordance with the CRA Regulation.]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the details required to list the issue of Notes described herein [on the Irish Stock Exchange plc and to trade the Notes on the Global Exchange Market]/[other (specify)] pursuant to the U.S.$3,000,000,000 Euro Medium Term Note Programme of the African Export-Import Bank.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, when read together with the Base Offering Memorandum [and the Supplemental Base Offering Memorandum] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the African Export-Import Bank:

By: ....
Duly authorised

GENERAL INFORMATION

(1) Application has been made for the Notes issued under the Programme to be admitted to the Official List of the Irish Stock Exchange plc and admitted to trading on its GEM in accordance with the rules of that exchange. This Offering Memorandum constitutes listing particulars for the purposes of such application. Notification of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be provided by the Issuer to the Irish Stock Exchange plc.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in Egypt in connection with the establishment of the Programme and with the issue and performance of Notes under the Programme. The establishment of the Programme and the issue and performance of Notes under the Programme is authorised pursuant to the Charter, the Establishing Agreement and a resolution of the Board of Directors of the Issuer (Resolution AFREXIM/BD.102/FDG.PRG/131214) dated 13 December 2014.

(3) There has been no significant change in the financial or trading position of the Issuer since 31 March 2016 and no material adverse change in the prospects of the Issuer since 31 December 2015.

(4) The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Offering Memorandum which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.

(5) Each Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".

(6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number ("**ISIN**") and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.

(7) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to Noteholders in respect of the Notes being issued.

(8) Where information in this Base Offering Memorandum in the sections headed "*Competition*" on page 73 has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(10) For so long as Notes may be issued pursuant to this Base Offering Memorandum, the following documents will be available in electronic form, during usual business hours and upon reasonable notice on any weekday (public holidays excepted), for inspection at the registered offices of each of the Issuer, the Paying Agents and the Trustee:

(a) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

(b) the Agency Agreement;

(c) the Agreement for the Establishment of the African Export-Import Bank, the Charter of the African Export-Import Bank and the Headquarters Agreement;

(d) the annual report, once published, and audited accounts of the Issuer for the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and the unaudited financial statements for the quarter ended 31 March 2016;

(e) each Pricing Supplement (save that such Pricing Supplement will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

(f) a copy of this Base Offering Memorandum together with any Supplement to this Base Offering Memorandum; and

(g) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Offering Memorandum.

This Base Offering Memorandum and the Pricing Supplement for Notes that are listed on the Official List and admitted to trading on the GEM will be published on the website of the Irish Stock Exchange plc (www.ise.ie).

Any websites referred to herein do not form part of this Listing Particulars.

(11) Copies of the latest annual report and accounts of the Issuer and the latest interim accounts of the Issuer may be obtained, and copies of the Trust Deed will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours and upon reasonable notice, so long as any of the Notes is outstanding.

(12) As at the date of this Base Offering Memorandum, the auditors of the Issuer are Deloitte & Touche and Ernst & Young. Deloitte & Touche of 4 Liberation Road, P.O. Box GP 453, Accra, Ghana (a member of the International Federation of Accountants) ("**Deloitte & Touche**") and Ernst & Young of Kenya- Re Towers, Upperhill, off Ragati Road, P.O. Box 44286, 00100 Nairobi GPO, Kenya (certified Public Accountants and (a member of the International Federation of Accountants)) ("**Ernst & Young**") have audited, and rendered an unqualified audit report on, the accounts of the Issuer for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015.

(13) Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Programme and any Notes and is not itself seeking admission of any Notes under the Programme to the Official List of the Irish Stock Exchange plc or to trading on the GEM of the Irish Stock Exchange plc.

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