



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)*

US\$1,500,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (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 US\$1,500,000,000 (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 Prospectus 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 admit the Notes to be issued under the Programme to listing on the Official List of the Luxembourg Stock Exchange (the “**Official List**”) and to trading on the Euro MTF market (the “**Euro MTF**”). References in this Base Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Euro MTF. In relation to listed Notes, this Base Prospectus is valid for a period of one year from the date hereof. However, unlisted Notes may be issued under the Programme. The relevant Final Terms 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 Euro MTF (or any other stock exchange).

Each Series (as defined in “Overview of the Programme – Method of Issue”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”). If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“**NGN**”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates (“**Global Certificates**”). If a Global Certificate is held under the New Safekeeping Structure (the “**NSS**”) the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes which are not issued in NGN form (“**Classic Global Notes**” or “**CGNs**”) and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”).

The Issuer has been assigned “BBB-/F3-” ratings by Fitch Ratings Limited, “BBB-/A-3” by Standard & Poor’s Rating Services and “Baa2/Prime-2” ratings by Moody’s Investors Service. Tranches of Notes (as defined in “Overview of the Programme – Method of Issue”) to be issued under the Programme may be rated or unrated. Whether or not a rating in relation to any tranche of Notes will be treated as having been 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**”) will be disclosed in the relevant Final Terms. 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 the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. 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 Prospectus.

Arrangers and Dealers

Commerzbank
Mitsubishi UFJ Securities International plc

HSBC
Standard Bank

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus 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.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arrangers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to US tax law requirements. Notes may not be offered, sold or delivered within the United States or to US persons except in certain transactions exempt from the registration requirements of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on the distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus 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 accept any responsibility for the contents of this Base Prospectus 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 disclaim 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 Prospectus or any such statement.

Neither this Base Prospectus 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 Prospectus 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 Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arrangers undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus 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.

In connection with the issue of any Tranche (as defined in “Overview of the Programme – Method of Issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms 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 over-allotment 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 Prospectus, unless otherwise specified or the context otherwise requires, references to “**euro**” 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 “**US dollars**”, “**US\$**” and “**United States dollars**” are to the lawful currency of the United States of America, its territories and possessions, and references to “**£**” or “**Sterling**” are to the lawful currency of the United Kingdom. All references to Egypt are to the Arab Republic of Egypt.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer for the three financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the unaudited consolidated financial statements of the Issuer for the financial quarter ended 31 March 2011, respectively, together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Base Prospectus. Such documents shall be incorporated in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the registered offices of the Issuer, the Paying Agents, the Trustee and the website of the Luxembourg Stock Exchange (www.bourse.lu).

The table below sets out the relevant page references for the audited consolidated statements for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010, respectively, as set out in the Issuer's Annual Report, together with the unaudited financial statements of the Issuer for the financial quarter ended 31 March 2011 as set out in the Issuer's Interim Report. Information contained in the documents incorporated by reference other than information listed in the table below is for information purposes only, and does not form part of this Prospectus.

Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2008

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Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2009

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Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2010

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Unaudited consolidated financial statements of the Issuer for the financial quarter ended 31 March 2011

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SUPPLEMENTARY BASE PROSPECTUS

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 Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus 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 Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall file such amendment, supplement or replacement Base Prospectus with the Luxembourg Stock Exchange and shall supply to each Dealer, the Trustee and the Luxembourg Stock Exchange such number of copies of such supplement hereto as such Dealer, the Trustee and the Luxembourg Stock Exchange may reasonably request.

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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 Prospectus 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

Risks relating to Africa

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 in Africa should be aware that these markets are subject to greater risk than more developed markets. These risks include economic 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 Africa in the past and in other emerging market countries has been manifested in many ways, including but not limited to:

- (i) high interest rates;
- (ii) exchange rate instability;
- (iii) high levels of inflation;
- (iv) exchange controls;
- (v) wage and price controls;
- (vi) sudden changes in economic or tax policies;
- (vii) the imposition of trade barriers; and
- (viii) perceived or actual security issues and political instability.

Any of these factors, as well as volatility in the markets for securities similar to the Notes, may adversely affect the value or liquidity of the Notes.

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 Prospectus may become outdated relatively quickly.

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, 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, US dollar interest rates and exchange rates, 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) 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 official data upon which prospective investors may base their investment decisions may not be as reliable as equivalent data from official sources in the West

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 other jurisdictions. Accordingly, the Issuer cannot assure prospective investors that the sources from which it has drawn some of the information set out herein are reliable or complete. African state entities may produce official statistics on bases different from those used by comparable bodies in other jurisdictions. 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 some 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, results of operations and prospects include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance or violence, including through acts of terrorism;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- a 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 and foreign ownership; and
- arbitrary, inconsistent or unlawful government action.

Crime and corruption could disrupt the Issuer's ability to conduct business and could adversely affect its business and financial condition. 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. 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 Prospectus, 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. 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 Prospectus, 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 increase in current levels 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 Prospectus, have been unaffected by the current 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 Prospectus, the only MENA states which are members of the Issuer are Egypt, Tunisia and Morocco.

As at the date of this Base Prospectus, the Issuer has no exposure to Tunisia and Morocco and its business and economic activities have not been materially affected by any unrest in Tunisia or Morocco. The unrest in Egypt, which led to the overthrow of former President Hosni Mubarak in February 2011, did directly impact the Issuer, by forcing the closure of its Cairo headquarters for five days and, whilst Egypt is currently experiencing relative stability following that revolution, there can be no guarantee that Egypt will continue to do so in the future. 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 swiftly and efficiently transfer its headquarter operations and critical personnel.

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 relating to the Issuer

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 concentrated in a relatively small number of countries. As at 31 December 2010, approximately 69.9 per cent. of the Issuer's outstanding loans with a maturity profile of one year or more were to borrowers in West Africa. As at the date of this Base Prospectus, the biggest share of the Issuer's exposure was to Nigeria, albeit on a reduced scale (as at 31 December 2010, Nigeria's share of exposure was 47 per cent. in comparison to 62 per cent. as at 31 December 2009). As at 31 December 2010, of the Issuer's 20 largest borrowers by outstanding amount, 10 were based in Nigeria (with a total outstanding amount of approximately US\$573.9 million or 35 per cent. of the Issuer's total outstanding loans), and four were based in Zimbabwe (with a total outstanding amount of approximately US\$186.3 million or 11 per cent. of the Issuer's total outstanding loans).

The geographical concentration of the Bank's operations is comparable with that of other multilateral financial institutions operating in Africa and reflects the general concentration of trade and economic activity in Africa. Moreover, as at the date of this Base Prospectus 47 per cent. of the Issuer's total amount of outstanding loans to borrowers located in Nigeria are secured by collateral largely located in Europe, the US, Japan and China. However, notwithstanding these factors, 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.

The Issuer's subscribed share capital is two-fifths paid up and any failure to successfully call the remaining instalments may have a material adverse effect on the Issuer's operations

Of the Issuer's total subscribed share capital, two out of five instalments have been called by the Issuer, in an aggregate amount of US\$184.4 million (including share premium) out of overall subscribed capital of US\$413.1 million. The two calls were more than 99 per cent. honoured by the Issuer's shareholders.

The shareholders are obliged by the Charter of the Issuer to pay an additional US\$246.7 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 honoured in full, this could have an adverse impact on the Issuer's financial position.

As a supranational institution the Issuer is not subject to regulatory supervision, including with regard to capital adequacy

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 that is based on the maintenance of a capital adequacy ratio that is in line with the recommendations of the Basle paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 and prepared by the Basle Committee on Banking Supervision (the "**Basel Committee**") as amended from time to time (the "**Basel Paper**") and the paper entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" dated June 2004 and prepared by the Basel Committee, as amended from time to time (the "**Basel II Paper**"). 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.

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 financial position.

Changes in the credit quality of the Issuer's borrowers and counterparties or arising from systemic risk in the financial system 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. The majority of the Issuer's loans are made on a dual recourse basis or are supported by collateral located outside Africa. However, changes in the credit quality of the Issuer's borrowers and counterparties or arising from systemic risk in the financial system could reduce the value of the Issuer's assets and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions may result in a deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

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 financial condition 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 maintains 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 and results of operations.

The Issuer's credit portfolio may not continue to grow at the same or similar rate as in recent years

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 historical 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 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 the Programme to which this Base Prospectus relates. The ongoing 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 diversify its funding sources by obtaining funds from the capital markets by means of further bond issuances (including under this Programme), equity raising, shareholder calls (the Issuer has US\$250 million in uncalled capital as at the date of this Base Prospectus) and through credit lines from Export Credit Agencies ("ECAs"). However, if at some point in the future, further bond issuances are not possible 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 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 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 Issuer – Strategic planning"). 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. 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.

The Issuer has relationships with, and some of its senior personnel are nationals of, states that are subject to international sanctions

As a supranational financial institution focussed on developing trade from and within the continent of Africa, the Issuer has relationships (including shareholder, personnel, lending and trading relationships) with, and with persons connected with, a number of African states. A number of such states or persons are subject to one or more international sanctions. One such state, the Republic of Sudan, is subject to sanctions administered by the US State Department, as are certain persons in or connected with the Republic of Zimbabwe. In addition, a member of the Board, Dr. Gideon Gono, is included in the list of Specially Designated Nationals published by the Office of Foreign Assets Control of the US Department of the Treasury and is subject to sanctions under European Commission Regulation EC No. 77/2009 by virtue of his position as the Governor of the Reserve Bank of Zimbabwe. Further, a United Nations-administered embargo prohibits the trading of arms

in, to or with Cote d'Ivoire and trading in so-called "conflict diamonds" in Liberia, although trading in both such items is not within the Bank's business mandate.

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. 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. 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 operations and financial condition.

Local foreign exchange controls or currency devaluation may harm the Issuer's (and the Issuer's borrowers') ability to pay US dollar-denominated obligations

The Issuer makes mostly US 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.

The Issuer tries to match the variable rates at which it borrows and lends. However, the performance of financial markets, including fluctuations in interest rates, may generally affect the Issuer's financial performance.

The Issuer is exposed to market risks, including interest rate, currency and price change risk

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. 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 thereby may expose the Issuer to market risk. Accordingly, depending on the instruments or activities impacted, market risks can have wide-ranging, complex adverse affects on the Issuer's financial condition, results of operations and business.

Most countries with which the Issuer has relationships are vulnerable to international oil and other commodity price swings. The Issuer attempts to hedge against commodity price swings. However, such swings introduce market risks including liquidity risks, exchange rate fluctuations and interest rate and commodity price volatilities. These economic parameters have a direct impact on the financial performance and results of operations of the Issuer.

A significant portion of the Issuer's activities are 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.

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 its management believes that the Issuer's access to international capital markets and other financings will continue to allow it to meet its short-term liquidity needs, and that the majority of the Issuer's loans have a maturity of less than six months, maturity mismatches may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer (see further "Description of the Issuer – Risk Management").

The Issuer's corporate governance structure may change

The Charter of the Issuer 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, in the context of multilateral financing institutions, relatively recently, certain transitional measures and changes to the Issuer's governance structure will be required as the organisation grows and develops. For example:

- the Charter requires Afreximbank's authorised share capital, when fully subscribed, 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. However, as a transitional measure that applies during the period until the Issuer's share capital structure is in accordance with such proportions (the "**Transitional Period**"), the Charter provides that the aggregate of Class A and Class B shares must represent no more than 75 per cent. of the authorised capital of the Issuer, and Class A shares must represent no less than 35 per cent. of the authorised capital of the Issuer; 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 shares pursuant to Article 7 of the Charter. Furthermore, Article 7 of the Charter states that during any Transitional Period, Class A and Class B shares may only be transferred among holders of Class A and Class B shares, or to a third party who is eligible, and may not be transferred to holders of Class C shares, while Class C shares can only be transferred to another holder of Class C shares or to a third party who is eligible.

In addition, there is no restriction on the number of shares that may be held by any one individual shareholder or group of shareholders. This could lead to a concentration of ownership of the Issuer. As at the date of this Base Prospectus, 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 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.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes may not be a suitable investment for all investors

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:

- 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 Prospectus or any applicable supplement;
- 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;
- 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;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

Some Notes may be complex financial instruments and such instruments may be purchased 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 which are complex financial instruments 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.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these 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 would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on 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.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest on such Notes;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes, or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

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.

European Monetary Union

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro, (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes, and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments may, *inter alia*, amend or extend the scope of the Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required, save as provided in Condition 8(e) of the Notes, to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The Terms and Conditions of the Notes are based on 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 issue of the relevant Notes.

Integral multiples of less than €100,000

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (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.

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.

OVERVIEW OF THE PROGRAMME

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

Issuer:	The African Export-Import Bank
Description:	Euro Medium Term Note Programme
Size:	Up to US\$1,500,000,000 (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:	Commerzbank Aktiengesellschaft HSBC Bank plc Mitsubishi UFJ Securities International plc Standard Bank Plc 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 Prospectus 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 and 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 final terms (the “ Final Terms ”).
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
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**”.

Clearing Systems:

Clearstream, Luxembourg, Euroclear 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 NGN or the relevant Global Certificate is held under the 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 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 (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. 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 Final Terms provided that the minimum denomination of the Notes shall be equal to or greater than (i) EUR100,000 (or its equivalent in another currency) or (ii) such other minimum denomination greater than EUR100,000 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).

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

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, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

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.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in “Terms and Conditions of the Notes”) will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes (as defined in “Terms and Conditions of the Notes”) or of interest in respect of Index Linked Interest Notes (as defined in “Terms and Conditions of the Notes”) will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
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 Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. 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).
Redemption by Instalments:	The Final Terms 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, reverse dual currency Notes, optional dual currency 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 Final Terms and the supplementary prospectus.
Optional Redemption:	<p>The Final Terms 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, and, if so, the terms applicable to such redemption.</p> <p>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”).</p>
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 Ratings Limited, BBB-/A-3 by Standard & Poor’s Rating Services and Baa2/Prime-2 by Moody’s Investors Service.

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 Final Terms.

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, 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 list the Notes to be issued under the Programme on the Luxembourg Stock Exchange, and for admission to trading of such Notes on the Euro MTF market, or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

Redenomination, Renominalisation and/or Consolidation:

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. The provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

Selling Restrictions:

The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom, Germany, Japan and Egypt. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms state that Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (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 Final Terms as a transaction to which TEFRA is not applicable.

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 Final Terms, 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 Final Terms 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 Final Terms. 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 an Amended and Restated Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 5 July 2011 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 Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 5 July 2011 has been entered into in relation to the Notes between the Issuer, the Trustee, HSBC Bank plc as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), 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 provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, 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 6(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 and the Receipts and 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 and the 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 5 July 2011;
- (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 US\$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 Paper; and
- (b) its Tangible Net Worth shall not be less than US\$280,000,000.

In this Condition 5:

“**Basel Paper**” means the paper entitled “International Convergence of Capital Measurement and Capital Standards: A Revised Framework - Comprehensive Version” dated June 2006 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 Ratings Services (“**S&P**”), Moody’s Investors Services, Inc. (“**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 and Index Linked Interest Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest 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). 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 either ISDA Determination or Screen Rate Determination 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 sub-paragraph (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).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (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) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **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.
- (f) **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).
- (g) **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.
- (h) **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.

- (i) **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, 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.
- (j) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee may do so (or shall appoint an agent on its behalf to do so) (but without any liability accruing to the Trustee as a result) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (k) **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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 D₁ is greater than 29, in which case D₂ 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 **D₂** 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:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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 **D₁** will be 30; and

“**D₂**” 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 **D₂** 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.

“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.

“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.

- (l) **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, purchased and cancelled as provided in this Condition 7, 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, purchased and cancelled as provided below, 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 either a Floating Rate Note or an Index Linked Note) or, at any time (if this Note is neither a Floating Rate Note nor an Index Linked 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 (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it 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, provided that 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) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment, and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (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.

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), 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) 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 US 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 the place of payment, 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, (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 and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US 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 Receipts and unexchanged Talons:

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked 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, Dual Currency Note or Index Linked 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; or
- (c) **Withholding pursuant to EU Savings Directive:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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 twenty five 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 US\$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(iv) (*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 principal amount together with interest accrued to (but excluding) the Conditional Put Option Date.

A “Conditional Put Event” will be deemed to occur if:

- (i) **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 42 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 42 of the Charter; or
- (ii) **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 at the date hereof) 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
- (iii) **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, at the date hereof, 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
- (iv) **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(iv), “**substantial**” means at least fifty 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 twenty five 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 principal 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 Final Terms 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 either 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 the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. 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. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

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 Luxembourg Stock Exchange, notices will be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*). 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 Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*). 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. Any provision of the LCIA Rules relating to the nationality of an arbitrator shall, to that extent, not apply. 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 has waived any immunity 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 applicable Final Terms 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 Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber 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 with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and 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 Systems

Each of the persons shown in the records of Euroclear, 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 Final Terms 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-US 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 Final Terms, 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 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes 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:

- (i) 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
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) 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(i) or 3.3(ii) 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.

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 Final Terms) 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. In this Base Prospectus, “**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 Prospectus. 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-US 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. Condition 8(e)(vii) will apply to the Definitive Notes only. 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 10).

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 Luxembourg Stock Exchange and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*).

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms 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.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be incorporated in the ordinary capital resources of the Issuer and used in its ordinary operations in accordance with its Charter.

CAPITALISATION

The following table sets forth the capitalisation and indebtedness of the Issuer as at 31 December 2010.

	<i>US\$'000</i>
Short-term debt ⁽¹⁾	864,042
Long-term debt	584,702
	<hr/> <hr/>
Shareholders' equity capital	
Authorised capital (750,000 Ordinary shares)	750,000
Paid-up capital	166,372
Share premium	18,039
	<hr/>
	184,411
	<hr/> <hr/>
Reserves	
General reserve	131,649
Retained earnings	140,619
	<hr/>
	272,268
	<hr/> <hr/>
Total shareholders' equity	456,679
	<hr/> <hr/>

Note:

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

SELECTED FINANCIAL INFORMATION

The following selected financial information for the years ended 31 December 2010, 31 December 2009 and 31 December 2008 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).

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 Prospectus.

Income Statement

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
		<i>US\$'000</i>	
Interest income	73,796	58,739	57,987
Interest expense.....	(41,004)	(20,220)	(22,824)
Net interest income.....	32,792	38,519	35,163
Fee and commission income.....	56,553	31,564	25,703
Fee and commission expense.....	(19,816)	(8,634)	(2,949)
Net fee and commission income.....	36,737	22,930	22,754
Other operating income	2,446	2,151	2,146
Operating income	71,975	63,600	60,063
Personnel expenses.....	(11,189)	(7,257)	(6,088)
General administrative expenses.....	(7,653)	(7,091)	(5,586)
Depreciation and amortisation expense	(1,331)	(1,081)	(791)
Operating expenses.....	(20,173)	(15,429)	(12,465)
Exchange adjustments	523	(2,156)	(1,928)
Operating profit before impairment allowances and provisions	52,325	46,015	45,670
Allowance for impairment on loans and advances	(7,735)	(3,103)	(6,762)
Provisions	(187)	(299)	(166)
Net income	44,403	42,613	38,742

Balance Sheet

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>US\$'000</i>		
Assets			
Cash and due from banks	81,002	94,886	72,303
Deposits with other banks.....	100,000	126,281	45,118
Loans and advances to customers.....	1,661,249	1,144,663	925,264
Hedging derivatives	444	27,563	—
Prepayments and accrued income	48,584	36,774	14,813
Other assets.....	1,296	1,462	1,864
Property and equipment	12,848	13,628	13,065
Total assets	1,905,423	1,445,257	1,072,427
Liabilities			
Due to banks	1,024,016	618,189	553,829
Hedging derivatives	—	26,800	—
Debt securities in issue	296,395	295,679	—
Deposits and customer accounts	93,392	56,670	102,068
Other liabilities	34,941	26,752	32,591
Total liabilities	1,448,744	1,024,090	688,488
Capital and reserves			
Share capital	166,372	166,300	165,082
Share premium.....	18,039	18,002	16,605
General reserve	131,649	114,448	97,641
Retained earnings	140,619	122,417	104,611
Total capital funds.....	456,679	421,167	383,939
Total liabilities and shareholders' equity.....	1,905,423	1,445,257	1,072,427
Loan Portfolio			
Total Loans	1,678,849	1,154,528	938,170
Allowance for impairment on loans.....	17,600	9,865	12,906
Selected Financial Ratios			
Cost/income ratio	27.73%	24.18%	20.75%
Return on average total stock holders' equity	10.12%	10.59%	10.61%
Return on average paid in capital.....	24.09%	23.29%	21.75%
Return on average assets	2.65%	3.39%	4.11%
Operating expenses/average total assets	1.20%	1.23%	1.32%
Non-performing loans as a percentage of loan portfolio.....	0.60%	0.93%	1.05%
Allowance for impairment as a percentage of loan portfolio.	1.05%	0.85%	1.38%
Liquid assets as a percentage of total assets	45.68%	65.31%	82.74%
Liquid assets as a percentage of total liabilities	60.03%	91.94%	132.50%

Cash Flow Statement

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>US\$'000</i>		
Cash flows from operating activities			
Net income for the year	44,403	42,613	38,742
Adjustment for non-cash items			
Depreciation of property and equipment	1,331	1,081	791
Allowance for impairment on loans and advances	7,735	3,229	6,954
Provisions	2	129	166
Gain on disposal of property and equipment	(1)	(2)	(7)
Net increase/(decrease) in prepayments and accrued income	(11,810)	(21,961)	(3,959)
Net decrease/(increase) in hedging derivatives assets	27,119	(27,563)	—
Net increase in other assets	(226)	(165)	(683)
Net decrease/(increase) in hedging derivatives liabilities	(26,800)	26,800	—
Net increase in other liabilities	4,408	1,843	3,897
Provisions no longer required	—	(126)	(192)
Net increase/(decrease) in deposits and customer accounts	36,622	(46,496)	34,035
Net increase in loans and advances to customers	(524,321)	(222,502)	(229,481)
Net cash outflow from operating activities	(441,538)	(243,120)	(149,737)
Cash flows from investing activities			
Purchases and additions to property and equipment	(552)	(1,644)	(78)
Proceeds from sale of property and equipment	1	1	—
Net cash outflow from investing activities	(551)	(1,643)	(78)
Cash flows from financing activities			
Net cash from capital subscriptions and share premium	—	1,705	7,031
Dividends paid	(4,619)	(13,236)	(1,880)
Proceeds from borrowed funds and debt securities	1,343,235	1,000,947	671,152
Repayment of borrowed funds	(936,692)	(640,907)	(491,105)
Net cash inflow from financing activities	401,924	348,509	185,198
Net increase/(decrease) in cash and cash equivalents	(40,165)	103,746	35,383
Cash and cash equivalents at 1 January	221,167	117,421	82,038
Cash and cash equivalents at 31 December	181,002	221,167	117,421
Composed of:			
Deposits with other banks	100,000	126,281	45,118
Cash and due from banks	81,002	94,886	72,303
	181,002	221,167	117,421

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Bank's audited financial statements for the years ended 31 December 2010, 31 December 2009 and 31 December 2008 (see "*Selected financial information*" above).

Critical Accounting Policies

General

The Bank's financial statements are prepared under the historical cost convention and are presented in US dollars in accordance with the charter of the Bank (the "**Charter**"). The functional currency of the Bank is the US dollar based on the fact that most of the activities of the Bank are conducted in that currency. The Bank has not "early-adopted" any IFRS before their effective dates.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, and also requires the Bank's management to exercise its judgment in the process of applying the Bank's accounting policies. The preparation of financial statements involves management estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income Statement

Interest income

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, the Bank's interest on loans and advances was US\$72.7 million, representing an increase of US\$14.6 million, or 25 per cent, compared to the year ended 31 December 2009, which in turn represented an increase of US\$4.3 million, or 7 per cent., from the Bank's interest on loans and advances of US\$53.8 million for the year ended 31 December 2008. This was due principally to the increase in the number of loans and advances made by the Bank throughout the period.

Interest expense

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, the Bank's interest expense was US\$41.0 million, representing an increase of US\$20.8 million, or 105 per cent., compared with the Bank's interest expense of US\$20.2 million for the year ended 31 December 2009. This increase resulted principally from an increase in amounts due to banks from US\$618.2 million to US\$1,024 million during the period. The Bank's interest expense for the year ended 31 December 2009 of US\$20.2 million represented a decrease of US\$2.6 million, or 11 per cent., compared with the Bank's interest expense of US\$22.8 million for the year ended 31 December 2008. This decrease was due partly from a decrease in interest due to banks and a decline in amounts held by the Bank in deposits and customer accounts, which resulted in a decrease in interest on shareholder and customer deposits.

Net interest income

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, the Bank's net interest income was US\$32.8 million, representing a decrease of US\$5.7 million, or 15 per cent., compared to the year ended 31 December 2009. This decline resulted largely from increases in interest expense by 103 per cent. on the back of bonds raised in the fourth quarter of 2009 and in line with the increase in borrowing levels to fund anticipated growth in lending assets. An increase of US\$3.3 million, or 9 per cent., was recorded for the year ended 31 December 2009 compared to the year ended 31 December 2008.

Net interest margin decreased to 2.03 per cent. for the year ended 31 December 2010 compared to 3.17 per cent. and 3.85 per cent for the years ended 31 December 2009 and 31 December 2008 respectively. This decrease is explained mainly by increased funding costs due to the Bank's bond issue in November 2009 and the liquidity premium occasioned by the global financial crisis.

Fees and commission income

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, the Bank's fees and commission income was US\$56.6 million, representing an increase of approximately US\$25 million, or 80 per cent., compared to the year ended 31 December 2009. An increase of US\$6 million, or 23 per cent., was recorded for the year ended 31 December 2009 compared to the year ended 31 December 2008. The increase in fee and commission income resulted from the increase in loan volumes of 45 per cent. for the year ended 31 December 2010 compared to the year ended 31 December 2009, and an increase of 24 per cent. for the year ended 31 December 2009 compared to the year ended 31 December 2008. The Bank has also sought to maximise the relationship with its customers and increase its fee and commission income on providing advice and management services, amongst other fee incurring activities.

Fees and commission expenses

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, the Bank's fees and commission expenses were US\$19.8 million, representing an increase of US\$11.2 million, or 130 per cent., compared to the year ended 31 December 2009. An increase of US\$5.7 million, or 193 per cent., was recorded for the year ended 31 December 2009 compared to the year ended 31 December 2008. The increase in fees and commission expenses for the periods under review resulted from higher borrowing costs due to increased fees (such as participation and arrangement fees) payable on the Bank's borrowings.

Operating expenses

Years ended 31 December 2010, 2009 and 2008

For the year ended 31 December 2010, operating expenses increased by 31 per cent. to US\$20.2 million, due to an increase in employee wages and benefits. These increases were in turn due to increased staff costs resulting from growth in staff numbers and related one-off expenses such as relocation costs. For the year ended 31 December 2009, operating expenses increased by 24 per cent. to US\$15.4 million from US\$12.5 million as at 31 December 2008. This increase was due partly to an increase in wages and salaries, and an increase in general and administrative expense attributed to increased expenditure on operational missions and statutory meetings.

Summary of Results

Years ended 31 December 2010, 2009 and 2008

The Bank's net income for the year ended 31 December 2010 was US\$44.4 million, representing an increase of US\$1.8 million, or 4 per cent., compared to the year ended 31 December 2009. This increase resulted principally from an increase in net fees and commission income of 60 per cent.

The Bank's net income for the year ended 31 December 2009 was US\$42.6 million, representing an increase of US\$3.9 million, or 10 per cent., compared to US\$38.7 million for the year ended 31 December 2008. This increase resulted principally from an increase in net interest income of 10 per cent.

The Bank's allowance for impairment on loans and advances decreased from US\$6.76 million for the year ended 31 December 2008 to US\$3.1 million for the year ended 31 December 2009. The Bank's allowance for impairment on loans and advances increased to US\$7.7 million for the year ended 31 December 2010. This increase reflects an increase in specific impairment allowance, arising from making full provision in 2010 on one non-performing facility. The increase was also due to an increase in loan volumes compared to the year ended 31 December 2009.

Balance Sheet

Assets

(a) *Years ended 31 December 2010 and 2009*

Total assets of the Bank increased by 31.8 per cent. from 31 December 2009 to 31 December 2010, to US\$1,905 million. This growth arose mainly from higher volumes of loans and advances. Loans and advances increased on a net basis by US\$516.6 million to US\$1,661 million over the same period. The growth in the Bank's assets principally reflects the overall expansion of the Bank's operations.

As at 31 December 2010, loans and advances accounted for about 87.2 per cent. of the total assets of the Bank. Cash and deposits with other banks accounted for approximately 9.5 per cent. As at

31 December 2009, loans and advances accounted for approximately 79.2 per cent. of the total assets of the Bank and cash and deposits with other banks accounted for approximately 15.3 per cent.

(b) Years ended 31 December 2009 and 2008

Total assets of the Bank increased by 34.8 per cent. from 31 December 2008 to 31 December 2009, to US\$1,445 million. This growth arose principally from higher volumes of loans. Loans and advances increased on a net basis over the same period by US\$219.4 million to US\$1,144 million.

As at 31 December 2009, loans and advances accounted for approximately 79.2 per cent. of total assets. Cash and deposits with other banks accounted for about 15.3 per cent. As at 31 December 2008, loans and advances accounted for approximately 86.3 per cent. of total assets. Cash and deposits with other banks accounted for about 10.9 per cent.

Liabilities

(a) Years ended 31 December 2010 and 2009

From 31 December 2009 to 31 December 2010, the total liabilities of the Bank increased by 41.5 per cent., from US\$1,024 million to US\$1,449 million. This was principally due to increased borrowings. Amounts due to banks accounted for 70.7 per cent. of the liabilities as at 31 December 2010, making it the largest component of liabilities for that period. The liabilities of the Bank were used to fund planned growth in the Bank's loan assets.

(b) Years ended 31 December 2009 and 2008

From 31 December 2008 to 31 December 2009, the total liabilities of the Bank rose by 48.7 per cent. from US\$688.5 million to US\$1,024 million. This was principally due to the Bank issuing its Series 2009-1 US\$300 million bonds under the Programme in November 2009. Amounts due to banks accounted for the largest component of the Bank's liabilities as at 31 December 2009, comprising 60.1 per cent. of the liabilities. The liabilities of the Bank were used in financing the increase in the Bank's loan assets.

Asset quality and non-performing loans

The total amount of non-performing loans has remained stable during the periods under review. As at 31 December 2010, the total amount of non-performing loans was US\$10.1 million or 0.60 per cent. of the total loan portfolio, representing a decrease of US\$0.6 million as compared to US\$10.7 million or 0.93 per cent. of the total loan portfolio as at 31 December 2009, which itself represented an increase of US\$0.8 million as compared to US\$9.9 million as at 31 December 2008.

Loan write-offs and recoveries

Years ended 31 December 2010 and 2009

No loans were written off during the year ended 31 December 2010 as compared to US\$6.1 million during the year ended 31 December 2009. This decrease in loan write-offs was attributable to the Bank maintaining an improved loan portfolio.

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 ("*Contingent liabilities and commitments and lease commitments*") to the Bank's financial statements for the year ended 31 December 2010 on page 35 of the financial statements.

The amount of the Bank's off-balance sheet obligations significantly decreased in the year ended 31 December 2010, from US\$318.7 million as at 31 December 2009 to US\$162.9 million as at 31 December 2010. This decrease was due to increased uptake among the Bank's customers of commitments previously undrawn and recognised as off-balance sheet, which is also reflected in the increase in the Bank's overall loan portfolio as at 31 December 2010 compared with 31 December 2009.

The contractual amounts of the Bank's off-balance sheet commitments as at 31 December 2010, 2009 and 2008 are set forth below.

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
		<i>US\$'000</i>	
Less than one year.....	108,915	198,017	249,628
More than one year.....	54,025	120,682	120,635
	162,940	318,699	370,263

Liquidity

The Bank aims to maintain adequate liquidity to ensure that it meets its liabilities as they fall due. The liquidity policy of the Bank is therefore geared towards meeting the cash outflows arising from the obligations in the areas of loan commitments, administrative and capital expenditures and contingencies.

As at 31 December 2010, the Bank's liquid assets totalled US\$858 million consisting of cash, time deposits and loans and advances due within 3 months. 12 per cent. of the liquid assets were invested in time deposits with financial institutions. See also "*Description of the Issuer – Liquidity*".

DESCRIPTION OF THE AFRICAN EXPORT-IMPORT BANK

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 was established under the Agreement for the Establishment of the African Export-Import Bank (the “**Establishing Agreement**”) between 27 states and multilateral institutions¹, made in Abidjan, Côte d’Ivoire on 8 May 1993, which subsequently has been ratified by 23 such parties. As at the date of this Base Prospectus, a further 11 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 December 2010, the number of Participating States was 32. 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, 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; 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 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.

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**”) states that, when the authorised share capital of the Bank is fully subscribed and paid up, 65 per cent. of the Bank’s share capital is intended to be held by the private sector. 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. 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.

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

¹ Federal Republic of Nigeria, Republic of Mali, Republic of Namibia, Republic of Niger, Republic of the Sudan, Republic of Kenya, Republic of Cote d’Ivoire, Republic of Malawi, Republic of Benin, Republic of Rwanda, Liberia, Republic of the Gambia, Transitional Government of Ethiopia, Republic of Botswana, Republic of Angola, Republic of Cape Verde, Republic of Ghana, Republic of Sierra Leone, Arab Republic of Egypt, Republic of Cameroon, Republic of Zimbabwe, Republic of Zambia, African Reinsurance Corporation, Republic of Uganda, Eastern and Southern African Trade and Development Bank, Republic of Senegal, and Islamic Republic of Mauritania.

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 capital was fixed at US\$500 million with approximately US\$100 million subscribed by the initial shareholders.

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 the second opened in Abuja, Nigeria, in January 2003.

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). 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.

Credit Ratings

On 25 November 2010, Standard & Poor's Rating Services ("**S&P**") assigned to the Bank "BBB-" global scale long-term and "A-3" short-term counterparty credit ratings, with all such ratings carrying a stable outlook.

On 28 May 2010, Moody's Investors Service ("**Moody's**") assigned to the Bank a "Baa2/Prime-2" foreign currency deposit rating, a "Baa2" foreign currency issuer rating, and a "C-" bank financial strength rating, with all such ratings carrying a stable outlook.

These ratings are held by the Bank in addition to the Long Term Issuer Default Rating ("**IDR**") of "BBB-" and the Short Term IDR of "F3" (with a Foreign Currency Long Term IDR stable outlook) assigned to the Bank by Fitch Ratings Limited ("**Fitch**") on 6 October 2009.

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 a Participating State, (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 Prospectus, 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.

In addition, 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 are organised around two principal schemes: the African Trade Expansion and Diversification Scheme, and the Export Development Scheme.

The following table shows Afreximbank's loan approvals by product category as at 31 December 2010, 31 December 2009 and 31 December 2008:

Type of Programme	Loan approvals as at					
	31 December 2010		31 December 2009		31 December 2008	
	(US\$ million)	(%)	(US\$ million)	(%)	(US\$ million)	(%)
(1) African Trade Expansion and Diversification Scheme						
(a) Dual Recourse Programmes						
Note Purchase Programme.....	28.00	1.04	149.00	8.46	84.00	5.34
Receivables Purchase/Discounting Programme.....	—	—	25.00	1.42	—	—
(b) Non-Dual Recourse Programmes						
Syndications Programme ⁽¹⁾	940.68	35.03	610.75	34.66	792.50	50.34
Line of Credit Programme.....	1,254.45	46.71	671.25	38.09	477.40	30.32
Direct Financing Programme.....	200.00	7.45	149.10	8.46	146.40	9.30
Special Risk Programme ²	70.00	2.61	10.00	0.57	15.00	0.95
Future-Flow Pre Financing Programme.....	73.00	2.75	107.00	6.07	31.00	1.97
(2) Export Development Scheme						
Project Related Financing Programme	85.50	3.33	20.00	1.15	28.00	1.78
Asset-Backed Lending Programme.....	29.00	1.08	—	—	—	—
Memorandum Item						
Country Programme ⁽³⁾	120.00	—	20.00	1.15	250.00	—
Investment Banking ⁽³⁾ Programme.....	—	—	—	—	1,870.00	—
Total	<u>2,685.53</u>	<u>100</u>	<u>1,742.1</u>	<u>100</u>	<u>1,574.30</u>	<u>100</u>

Notes:

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

(2) Contingent liabilities.

(3) 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 Syndications Programme 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 dual recourse ("DR") and non-dual recourse ("NDR") Programmes.

Dual Recourse Programmes

DR Programmes are those in which the Bank lends to a corporate against the guarantee or aval of an acceptable bank or another creditworthy corporate. This category of programmes allows the Bank to rely on the monitoring role of a local bank that has a closer relationship with the underlying borrower than the Bank does, and therefore helps the Bank to mitigate the risks in lending to new-generation private sector exporters that have replaced the market space left by the now-dismantled Commodity Boards that previously controlled all African commodity exports, and also to the broader emerging African private sector. DR Programmes also help to alleviate the impediments to extending financing to certain states due to the problems of high documentary taxes or where the Bank's special tax-exempt privileges do not apply by virtue of their being non-Participating States. By using DR structures, the Bank extends recourse to all the parties in a transaction, mitigating the risk of possible credit loss it may be subject to on such transactions. The Bank offers the following facilities as DR Programmes.

- **Note Purchase Programme**

This programme accounted for 12.3 per cent. of loans outstanding as at 31 December 2010 and 9.0 per cent. of the Bank's revenues for the year ended 31 December 2010. This is a programme under which Afreximbank provides financing to corporates by purchasing promissory notes or similar instruments issued by or drawn on them and accepted or avalised or guaranteed by an acceptable bank or other acceptable corporates. The purchase is done with recourse to the issuer and acceptor and/or avalor. This programme is used in financing a variety of transactions, including trade and services contracts (especially oil and mining services). As at 31 December 2010, total outstandings under this programme were US\$206.4 million, an increase from US\$133.8 million as at 31 December 2009 (please refer to the table displaying the Bank's loans outstanding by product category below).

- **Receivables Purchase/Discounting Programme**

This programme comprises several facilities involving the purchase of specific receivables of goods and services sold to foreign or domestic buyers, with or without recourse to the seller or presenter. Under this programme, Afreximbank discounts bills of exchange, promissory notes, irrevocable letters of credit and book debts, in each case normally guaranteed by an acceptable bank. There were no outstanding loans under this programme as at 31 December 2010. Loans outstanding under this programme totalled none as at 31 December 2009 and US\$15.6 million as at 31 December 2008.

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 28.8 per cent. (on a post-syndication basis) of loans outstanding as at 31 December 2010 and 35 per cent. of the Bank's revenues for the year ended 31 December 2010 (compared with 29.4 per cent. of Afreximbank's revenues for the year ended 31 December 2009). 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. 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 main beneficiaries of this programme are central banks, commercial banks, finance companies, export houses, and African and non-African corporates engaged in Eligible Transactions.

During the year ended 31 December 2010, the approval rate in respect of this programme increased by 54.02 per cent. compared to the year ended 31 December 2009, and total loan outstandings decreased from US\$406 million as at 31 December 2008 to US\$339 million as at 31 December 2009 although this increased to US\$483 million as at 31 December 2010. The decrease in 2009 was due to the adverse affect of the global economic crisis. Notwithstanding such adverse conditions, this programme remained a useful vehicle for leveraging international finance into Africa on the back of continued interest from International Finance Institutions ("IFIs") in using Afreximbank as their preferred partner in substantial African trade deals.

- **Line of Credit Programme**

This programme accounted for 27.3 per cent. of Afreximbank's outstanding loans as at 31 December 2010 and 39 per cent. of Afreximbank's revenues for the year ended 31 December 2010. This is a programme to assist small- and medium-sized African traders (exporters and importers with trade turnover of less than US\$10 million and a balance sheet size of no more than US\$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 Trade Finance Intermediaries ("TFIs"). The share of total loans made under this programme increased from

15.1 per cent. for the year ended 31 December 2008 to 46.7 per cent. for the year ended 31 December 2010, and the level of activity under this programme is expected by Afreximbank to remain relatively high.

Under the Line of Credit Programme, the Bank provides pre- and post-export financing facilities, letter of credit confirmations and refinancing facilities, export credit guarantee facilities, reimbursement guarantee facilities, and correspondent banking/African letter of credit facilities.

- **Direct Financing Programme**

This programme accounted for approximately 27.33 per cent. of loans outstanding as at 31 December 2010. 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 US\$2 million and an annual trade turnover of at least US\$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 financing, and 70 per cent. for import financing and letter of credit confirmations.

Loans outstanding under this programme totalled approximately US\$356.9 million as at 31 December 2010, representing a 186.9 per cent. increase compared with 31 December 2009, and totalled approximately US\$124.4 million as at 31 December 2009, representing a 17.3 per cent. increase compared with 31 December 2008.

- **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. Approvals in the year ended 31 December 2010 totalled US\$70 million, compared to US\$10 million in the year ended 31 December 2009. Two 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 December 2010, there were no outstanding loans under this Programme.

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

This programme accounted for 6.17 per cent. of loans outstanding as at 31 December 2010, compared to 12.45 per cent. as at 31 December 2009 and 3 per cent. of Afreximbank's revenues for the year ended 31 December 2010, compared with 6 per cent. of Afreximbank's revenues for the year ended 31 December 2009. 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. As at 31 December 2010, total loans outstanding under this programme stood at US\$103.6million, a 27.9 per cent. decrease as compared to 31 December 2009. Total loans outstanding under this programme amounted to US\$144.0 million as at 31 December 2009, a 289 per cent. increase as compared to 31 December 2008.

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 US 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 December 2010, there were no outstandings 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. Total loan outstandings under this programme as at 31 December 2010 were US\$54.5 million, an increase of 363.3 per cent. compared to 31 December 2009, when the figure was US\$11.8 million, which represented a decrease of 54 per cent. from US\$25.7 million at 31 December 2008.

- **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. There were outstanding loans under this programme totalling US\$15.08 million as at 31 December 2010, compared with no loans as at 31 December 2009 and loans totalling US\$37.5 million as at 31 December 2008.

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. Approvals under this programme amounted to US\$120 million in the year ended 31 December 2010, compared with US\$20 million in the year ended 31 December 2009 and US\$250 million in the year ended 31 December 2008. At present the main beneficiary under this programme is Zimbabwe.

Notably, in April 2011, the Bank issued a financial guarantee in favour of the holders of US\$50 million 8.5 per cent. bonds due 2014 issued by CBZ Bank Limited, a leading Zimbabwean bank ("CBZ") as part of a transaction supported by the Zimbabwean government and intended to provide CBZ with longer term funding for financing essential infrastructure projects in Zimbabwe.

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, but the Bank plans to execute transactions under this programme 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 US 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. This programme is not currently operational, but the Bank plans to execute transactions under this programme 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 2010, no mandates were signed in relation to arranged or co-arranged deals under this Programme. The Bank's income recognised under this Programme was US\$27.2 million in the year ended 31 December 2010, US\$15.01 million in the year ended 31 December 2009 and US\$8.73 million in the year ended 31 December 2008. The Bank has provided advice relating to implementation of government policies, project financings and structuring of transactions.

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. This programme is not currently operational, but the Bank plans to execute transactions under this programme 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.

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.

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 December 2010, 31 December 2009, 31 December 2008.

<i>Industry Sector</i>	<i>Amount outstanding</i>					
	<i>As at 31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
Agriculture.....	56,200	3	22,392	2	29,720	3
Energy.....	190,440	11	111,236	9	109,757	12
Services	128,940	8	157,849	14	171,683	18
Metals and minerals	75,810	5	6,145	1	—	0
Transportation.....	156,660	9	54,117	5	80,394	9
Manufacturing	142,850	8	169,636	15	110,396	12
Telecommunications	363,120	22	152,875	13	115,803	12
Government	—	—	—	—	—	—
Financial Institutions.....	564,829	34	479,900	41	320,417	34
Total	1,678,849	100	1,154,065	100	938,170	100

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.

<i>Region</i>	<i>Loans outstanding</i>					
	<i>As at 31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
West Africa.....	1,173,781	69.9	918,377	79	832,091	89
North Africa.....	25,528	1.5	—	—	2,992	—
East Africa.....	52,130	3.1	—	—	—	—
Central Africa.....	59,680	3.6	14,864	1	16,600	2
Southern Africa	298,444	17.8	191,787	17	74,884	8
Europe	50,000	3	—	—	—	—
Regional ⁽¹⁾	19,286	1.1	29,500	3	11,603	1
Total	1,678,849	100	1,154,528	100	938,170	100

Note:

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

The majority of Afreximbank’s loans are to entities located in West Africa, principally Nigeria. 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 geographical concentration on Nigeria, the Bank has sought to diversify the geographical spread of its loan portfolio, for example, by focussing on countries such as Mali and Mauritius.

The following table shows the distribution of Afreximbank's loans outstanding by product category as at 31 December 2010, 31 December 2009 and 31 December 2008.

<i>Type of Programme</i>	<i>Loans outstanding as at</i>					
	<i>31 December 2010</i>		<i>31 December 2009</i>		<i>31 December 2008</i>	
	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>
(1) African Trade Expansion and Diversification Scheme						
(a) Dual Recourse Programmes						
Note Purchase Programme	206.39	12.29	133.82	11.59	121.30	12.93
Receivables Purchase/Discounting Programme.....	—	—	—	—	15.60	1.66
(b) Non-Dual Recourse Programmes						
Syndication Programme ⁽¹⁾	483.40	28.80	339.48	29.41	405.80	43.25
Line of Credit Programme	458.98	27.33	401.32	34.76	189.32	20.18
Direct Financing Programme.....	356.86	21.26	124.39	10.77	106.09	11.31
Special Risks Programme ⁽²⁾	—	—	—	—	—	—
Future-Flow Pre-Financing Programme.....	103.60	6.17	143.72	12.45	36.86	3.93
(2) Export Development Scheme						
Project-Related Financing Programme	54.53	3.25	11.77	1.02	25.70	2.74
Asset-Backed Lending Programme	15.08	0.90	—	—	37.50	4.00
Country Programme.....	—	—	—	—	—	—
Total	1678.84	100	1,154.53	100	938.17	100

1 Includes co-financing and sub-participation

2 Contingent liabilities

Loans by Type of Borrower

The following table shows the distribution of approvals of loans by type of beneficiary institution as at 31 December 2010, 31 December 2009 and 31 December 2008.

<i>Type of beneficiary Institution</i>	<i>Loan approvals as at</i>					
	<i>31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>
Corporate/Government Agency/ Government owned body	1,284.13	47.82	671.35	38.54	575.40	36.55
Banks.....	1,401.40	52.18	1,070.75	61.46	998.90	63.45
Government.....	0.00	0.00	0.00	0.00	0.00	0.00
Total	2,685.53	100	1,742.10	100	1,574.30	100

The following table shows Afreximbank's outstanding loans by beneficiary institution as at 31 December 2010, 31 December 2009 and 31 December 2008.

<i>Type of beneficiary Institution</i>	<i>Loans outstanding as at</i>					
	<i>31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>	<i>(US\$ million)</i>	<i>(%)</i>
Corporate/Government/Agency/						
Parastatals.....	1,114.00	66.35	359.51	31.14	333.35	35.53
Banks.....	564.84	33.65	795.02	68.86	604.82	64.47
Government.....	0.00	0.00	0.00	0.00	0.00	0.00
Total.....	1,678.84	100	1,154.53	100	938.17	100

The following table shows Afreximbank's 20 largest borrowers as at 31 December 2010.

<i>Position</i>	<i>Country</i>	<i>Client</i>	<i>Gross Authorised Limit</i>	<i>Gross Exposure</i>	<i>Mitigation Factor⁽¹⁾</i>	<i>Net Exposure</i>
			<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>
1	Nigeria	UBA	100,000	90,000	100	49,000
2	Nigeria	Swap Technologies	83,000	83,000	75	20,750
3	Cote d'Ivoire	SIR	80,000	80,000	87.5	12,500
4	Nigeria	Arik BRG	76,500	76,500	87.5	13,750
5	Cote d'Ivoire	BIAO-CI	25,487	73,585	75	18,396
6	Zimbabwe	Econet	75,000	66,143	85	9,921
7	Cote d'Ivoire	SMB-SYN	66,998	64,219	75	16,055
8	Nigeria	Zenith Bank	63,000	63,000	0	63,000
9	Nigeria	Diamond Bank	75,000	56,818	0	56,818
10	Zimbabwe	MOF Zimbabwe	55,519	55,519	0	55,519
11	Nigeria	FCMB (Synd)	50,000	50,000	75	12,500
12	UK	FBNUK	50,000	50,000	0	50,000
13	Nigeria	Lonestar	34,000	49,354	37.5	18,338
14	Nigeria	Platinum	45,000	39,872	75	9,968
15	Kenya	Essar Telecom				
		Syndication	40,000	36,491	75	9,123
16	Nigeria	Skye Bank	37,500	35,313	0	35,313
17	Zimbabwe	Cottco	35,000	34,600	37.5	16,150
18	Nigeria	FIB	45,000	30,000	75	7,500
19	Zimbabwe	CBZ	35,000	30,000	85	4,500
20	Ghana	Merchant Bank				
		Syn (Ghana) MBG	45,000	29,118	75	7,279
Total			1,117,004	1,093,532	—	486,380

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

<i>Item</i>	<i>Weighting</i>
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	75
5. Unconditional bank guarantees/undertakings issued by banks with at least a BBB- rating by Standard and Poor's ("S&P") or equivalent rating by other acceptable rating agencies or as may be internally assessed by Afreximbank and approved by Afreximbank's Board	100
6. All other guarantees and undertakings not falling within 1-5 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 December 2010. The net exposure takes into consideration the mitigation factors set out in 5.2 above.

<i>Country</i>	<i>Gross exposure outstanding</i>	<i>Net exposure outstanding</i>
	<i>(US\$'000)</i>	
Cote d'Ivoire	230,165	50,041
Ghana	54,803	15,785
Malawi.....	40,370	17,592
Mali	45,730	25,601
Benin	10,986	2,747
Sierra Leone	2,718	679
Mauritania.....	21,302	13,547
Nigeria.....	788,912	368,162
Uganda	557	—
Senegal.....	10,703	2,274
Regional ⁽¹⁾	19,286	4,822
Sudan.....	25,528	16,621
Kenya	36,491	9,123
Zimbabwe.....	298,444	118,786
Cameroon.....	13,379	3,345
Liberia	8,462	2,115
Zambia	5,931	5,931
Mauritius	15,082	5,279
UK.....	50,000	50,000
Total	1,678,849	712,450

Note:

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

Collateral

As at 31 December 2010, of Afreximbank's gross total loans outstanding of US\$ 1,679 million, approximately 91.1 per cent. was secured by collateral in the form of assignments of receivables, approximately 8.7 per cent. was secured by collateral in the form of bank guarantees, and approximately 0.2 per cent. was secured by cash collateral.

The majority of Afreximbank's loans are structured trade financings of which approximately 60 per cent. are secured by collateral located outside of the obligor's country.

The following table sets forth the amount and location of collateral supporting outstanding loans due to Afreximbank as at 31 December 2010.

<i>Country of borrower</i>	<i>Country of payment risk</i>	<i>Amount of collateral</i> <i>(US\$'000)</i>	<i>Type of collateral</i>	<i>Average loan grade⁽¹⁾</i>
Cote d'Ivoire	France Italy Netherlands Switzerland	165,503	Receivables	1.2
Ghana	Spain USA	28,881	Receivables	1.5
Kenya	France UK USA	31,017	Receivables	2.0
Liberia	France UK USA	7,846	Receivables	2.0
Malawi	China Greece Germany USA	—	Receivables	2.0
Mali	EU UK USA	11,864	Receivables	2.0
Mauritania	France Netherlands	9,317	Receivables	2.0
Nigeria	China France Italy Netherlands Switzerland UK USA EU	382,895	Cash Interconnect Charges Receivables Remittances	2.25
Zambia	USA Spain	4,352	Receivables	2.0
Zimbabwe	France Italy Malta Spain Switzerland UK USA	155,517	Cash Receivables	2.0

(1) Based on Afreximbank's internal loan grading system explained under "Risk management and asset quality – Loan grading system".

Risk Management and Asset Quality

Although Afreximbank is not regulated by any monetary and/or financial authority, the Bank strives to comply with all international risk management standards and to operate in accordance with the best practices in its industry.

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.

To conduct its operations in a manner consistent with its Charter and the aims, objectives and expectations of its stakeholders, the Board approved the Risk Management Policies and Procedures (the "**RMPP**") in September 2008. This document incorporates various risk management policies that were operating as stand-alone policies into an integrated document.

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 ("CPP")

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 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 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 70 per cent. of the applicant's total exposure. Tenor related to tenor of financing, but should not exceed one year;
- **Forfaiting:** The Bank provides financing of up to 100 per cent. of the value of receivables; and
- **Factoring:** The Bank provides financing of up to 90 per cent. of the value of receivables.

Lending limits and exposures

Each year the Board approves an annual Country Limit Pool (the "**CLP**"). The CLP is derived from the Bank's approved budget for the year. A maximum of 85 per cent. of the CLP 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 CLP 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 December 2010, the top ten country limits in respect of all outstanding facilities at the end of the financial year (disregarding associated collateral granted to the Bank) are set forth in the table below.

<i>Country</i>	<i>Country limit (US\$ million)</i>
Nigeria	553
Egypt.....	502
Angola.....	473
Tunisia	409
Zimbabwe	550
Sudan	364
Kenya.....	322
Cameroon	236
Cote d'Ivoire.....	214
Tanzania	313
Total	3,936

In addition to the country limit, individual transactions shall 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 shall not exceed 8.3 times the Bank's paid-up capital. The maximum level of the Bank's maximum gross commitments shall be 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, and such other persons as may be designated from time to time by the Board.

The following table sets forth the credit limit each person or committee may approve.

	<i>Credit approval discretion limit</i>	<i>Quorum</i>	<i>Approval by</i>
Credit committee	No credit approval, but recommendation powers	Three members including the Chairman	Majority
Executive committee	15 per cent. of unimpaired capital (60 per cent. for underwriting)	Three members including the Chairman	Majority
Board of Directors	Exceeding 15 per cent. of unimpaired capital (60 per cent. for underwriting)	Majority of total number of Directors elected by at least 66.66 per cent. of the issued shares ⁽¹⁾	Majority
President	Up to US\$1 million ⁽²⁾	—	—

1 At least two Directors elected by Class A Shareholders, two from Class B and one from Class C.

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 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 1-7 classification (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

Afreximbank applies a loan grading system to its loans and requires for management control purposes that all facilities have to be allocated to one of the seven categories of the loan grading system. New facilities will not be approved unless they fall within the first two grades as set forth in the table below.

The following table sets forth the Bank's loan grading system:

<i>Bank's rating grade</i>	<i>Description of rating</i>	<i>Interpretation</i>
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 banks with investment grade ratings from acceptable international credit rating agencies (or similar institutions) 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 Afreximbank.
6	Doubtful and Bad	Full repayment considered unlikely. The company is in, or is likely to enter into, some form of statutory administration or liquidation and/or Afreximbank may find it necessary to enforce security to obtain repayment of debt. A full or partial provision of principal, interest or both may be

<i>Bank's rating grade</i>	<i>Description of rating</i>	<i>Interpretation</i>
7	Loss	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. Little prospect of any recovery. Full write-off of remaining principal and interest will be required in due course.

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 16 years of operations, which allows it to continue to further enhance its risk management processes.

Impaired Assets and Contingencies

The Bank's impaired assets consist principally of impaired loans. Loans are identified as impaired when any principal or interest payment is over 90 days past due, there is evidence of a breach of covenant, any bankruptcy proceeding is initiated against the borrower, there is a significant deterioration in the value of collateral, or otherwise if the Bank's management determines that the ultimate collection of principal or interest is doubtful.

Loans are written off when they are deemed uncollectable, after considering factors such as the customer's financial condition and underlying collateral and guarantees, as well as general and industry economic conditions. Once a default is established in relation to any loan, the Chairman of the Credit Committee from time to time convenes a meeting of the committee to discuss the problem and determine a strategy and action plan. The Bank's management periodically reviews a report of all loan delinquencies. The Bank's collection policies include rapid internal notification of any delinquency and prompt initiation of collection efforts, usually involving senior management. In a challenging macroeconomic environment as at both 31 December 2009 and 31 December 2010, Afreximbank's impaired loans were approximately 0.93 per cent. and 0.61 per cent. of total loans outstanding, respectively.

The following table shows Afreximbank's loan impairment provision as at 31 December 2010, 31 December 2009 and 31 December 2008.

	<i>31 December 2010</i>			<i>31 December 2009</i>			<i>31 December 2008</i>		
	<i>Loans and advances</i>	<i>Impairment provision</i>		<i>Loans And advances</i>	<i>Impairment provision</i>		<i>Loans and advances</i>	<i>Impairment provision</i>	
	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
Grade 1 ...	3.7	299	1.7	14.8	848	8.6	10	472	3.7
Grade 2 ...	88.2	7,392	42	68.4	3,946	40	83	3,875	30
Grade 3 ...	6.9	581	3.3	14.4	829	8.4	5	263	2
Grade 4 ...	0.4	53	0.3	1.5	89	0.9	1	31	0.3
Grade 5 ...	—	—	—	—	—	—	—	—	—
Grade 6 ...	0.6	9,275	52.7	0.9	4,153	42.1	1	8,265	64
Grade 7 ...	—	—	—	—	—	—	—	—	—
Total	100	17,600	100	100	9,865	100	100	12,906	100

Allowance for loan losses

The Bank assesses at each balance sheet 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 that occurred after the initial recognition of the loan (a loss event) and that loss event 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.

Provisioning

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. Assets graded six or seven 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 contractually past due by 90 days, the breach of loan covenants, the initiation of bankruptcy proceedings or the deterioration of the value of collateral. 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 are written off after all the necessary procedures have been completed. Loans graded seven are potential write-offs. The write-offs have to be approved by the Board, on the recommendation of the Executive Committee.

The following table sets forth information regarding the Bank's impaired loans for the years ended 31 December 2010, 2009 and 2008.

	31 December		
	2010	2009	2008
	<i>(US\$'000, except percentages)</i>		
Impaired loans.....	10,074	10,698	9,886
Allocation from the allowance for loan losses ⁽¹⁾	5,110	1,931	5,615
Impaired loans as a percentage of total loans.....	0.60%	0.93%	1.05%
Impaired loans as a percentage of total assets.....	0.53%	0.74%	0.92%

Note:

(1) This represents the individually impaired loans. The collective impairment provision was US\$2.6 million for the year ended 31 December 2010, US\$1.2 million for the year ended 31 December 2009 and US\$4.6 million for the year ended 31 December 2008.

The following table sets forth information regarding the components of the Bank's allowance for loan losses for the years ended 31 December 2010, 2009 and 2008.

	31 December		
	2010	2009	2008
	<i>(US\$'000)</i>		
Components of the allowance for loan losses			
Allowance for loan losses:			
Balance at beginning of year/half year.....	9,865	12,906	8,119
Impairment charge for the year/half year.....	7,735	3,229	5,110
Loans written off during the year as uncollectable.....	—	(6,146)	(131)
Repayment of impaired loans during the year.....	—	(124)	(192)
Balance at the end of the year/half year.....	17,600	9,865	12,906

The following table sets forth information regarding the Bank's loans charged-off against the allowance for loans losses, for the years ended 31 December 2010, 2009 and 2008.

Region	Per region distribution of loans charged-off against allowances for loan losses 31 December					
	2010		2009		2008	
	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
Central Africa.....	298	2	74	1	82	1
East Africa.....	261	1	—	—	—	—
North Africa.....	128	1	—	—	15	0
Regional.....	96	1	147	1	5,824	45
Southern Africa.....	1,492	8	959	10	371	3
West Africa.....	15,075	86	8,684	88	6,614	51
UK.....	250	1	—	—	—	—
Total	17,600	100	9,865	100	12,906	100

The following table sets forth information regarding the Bank's allowance for loan losses allocated by country of exposure as at 31 December 2010, 2009 and 2008.

<i>Region</i>	<i>Allowances for loan losses per region 31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
Region						
Central Africa.....	222	3	9	0.4	83	1
East Africa.....	261	3	—	—	1,806	27
North Africa.....	128	2	15	0.6	15	0
Regional.....	(51)	(1)	5,644	182	3,459	51
Southern Africa	533	7	(585)	19	(428)	(6)
West Africa.....	6,392	83	(1,980)	64	1,827	27
UK.....	250	3	—	—	—	—
Total	7,735	100	3,103	100	6,762	100

The following table sets forth information regarding the Bank's allowance for loan losses by industry sector as at 31 December 2010, 2009 and 2008.

<i>Industry sector</i>	<i>Allowances for loan losses per industry sector 31 December</i>					
	<i>2010</i>		<i>2009</i>		<i>2008</i>	
	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>	<i>(US\$'000)</i>	<i>(%)</i>
Agriculture.....	281	1	112	1.1	147	1
Energy.....	7,937	45	556	5.6	543	4
Services	645	4	789	8	1,352	10
Metals and minerals	379	2	31	0.3	—	—
Transportation.....	2,730	16	2,218	22.6	8,160	65
Manufacturing.....	714	4	848	8.6	566	4
Telecommunication.....	1,816	10	764	7.7	553	4
Government.....	—	—	—	—	—	—
Financial institutions	3,098	18	4,547	46.1	1,585	12
Total	17,600	100	9,865	100	12,906	100

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 US\$5 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 US 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 of about 9 per cent. per annum. 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 such as potentially the USA.

As part of this strategy, on 20 August 2010 the Bank established a BWP1.5 billion medium term note programme listed on the Botswana Stock Exchange for the purpose of providing the Bank with a supply of local currency in Botswana (the "**Pula Programme**"). As at the date of this Base Prospectus, no bonds have yet been issued under this Pula Programme.

Currency Exposure Management

The Bank's working currency is the US dollar. In cases where a loan disbursement is not US 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 foreign 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 December 2010, Afreximbank's held no forward foreign exchange contracts, compared to 31 December 2009 when it held US\$26.8 million.

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 is the risk that unexpected losses may occur as a result of inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. The Bank identifies and controls the various operational risks 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 is being implemented as part of the Bank's implementation of new risk management systems (see below "New "Enterprise Risk Management" systems").

New "Enterprise Risk Management" systems

Given the growth of the Bank's operations, loan portfolio and staff numbers over the last three years, the Bank is currently implementing updates to its risk management systems, in order to focus more on an enterprise approach to risk management. While the Bank's risk management practices have always been driven by consideration of business opportunities and threats (as evidenced by the Bank's consistent use of strategic planning), the new approach integrates risk management into strategic planning and takes a holistic view of risks across the Bank's business units. Specific elements of the new approach are:

- the Bank has created a new Risk and Strategy Committee ("RISTRAC");
- additional risk management reporting by RISTRAC to the Board and its committees;
- establishing a specific Risk Management Department to be headed by a senior officer of the Bank;
- the Bank is in the process of hiring a new Head of Risk Management.

Funding

As at 31 December 2010, Afreximbank funded its total assets with capital funds (24 per cent.), customer accounts and deposits (7 per cent.), bank lines of credit (53 per cent.) and debt securities in issue (16 per cent.). Afreximbank estimates that future growth in loan assets will require a projected overall increase in borrowing volumes of 64 per cent. on average in the next three years, reaching approximately US\$3.66 billion in 2014.

A number of the Bank's debt obligations are due to mature in 2011 (totalling US\$174.31 million) and 2012 (US\$365.22 million) and will need to be refinanced. These include US\$100 million credit line from the IFC due to mature on 11 November 2011 (the "IFC Line") and a US\$256.67 million tranche due to mature on 12 March 2012 as part of the March 2010 Syndicated Loan (the "Second 2010 Tranche"). The IFC Line includes a one year extension option which the Bank intends to exercise and the Bank intends to refinance the Second 2010 Tranche from general liquidity and a new syndication.

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 2010, 31 December 2009 and 31 December 2008.

	<i>Amount received for the period 1 January to 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
		<i>(US\$'000)</i>	
Syndicated loans	984,016	633,189	463,988
Bilateral loans	40,000	72,079	89,841
Bonds	296,395	300,000	—

The following table outlines the residual maturity of Afreximbank's bank loans for the years ended 31 December 2010, 31 December 2009 and 31 December 2008.

	<i>Amount outstanding as at 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>(US\$'000)</i>		
Syndicated loans			
Up to one year	699,314	613,189	355,712
Between one and three years	284,702	—	108,276
Bilateral loans			
Up to one year	40,000	5,000	89,841
Total	<u>1,024,016</u>	<u>618,189</u>	<u>553,829</u>

Afreximbank's average cost of borrowing for the last 5 years was 3.76 per cent. (fees and spread over LIBOR), and excluding bonds, the same figure was 2.95 per cent.

Syndicated Loans

The Bank first entered the loan market with a one year facility in 2000. Since that time, 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 US\$3 billion. As at the date of this Base Prospectus, 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. In October 2008, the Bank signed a dual-tranche syndicated term loan of US\$65 million and a revolving credit facility of €31 million involving a syndicate of eight IFIs for 18 months with a 12 month extension option. Subsequently, in July 2009, the Bank successfully signed a dual-tranche syndicated loan facility amounting in aggregate to US\$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 March 2010, the Bank raised US\$436.7 million and €219 million through a dual-tranche syndicated facility (the “**March 2010 Syndicated Loan**”) which was oversubscribed by nearly three times. The March 2010 Syndicated Loan attracted 48 banks from Europe, the Middle East and Asia. The facility was partly used in funding recurring trade transactions, and partly to prepay another loan facility made to the Bank that was due to mature in November 2010. The first year tranches of US\$175 million and €75 million (the “**First Year Tranches**”) matured and were repaid on 17 May 2011.
- In December 2010, the Bank signed a new club facility amounting to US\$140 million and €74.5 million.
- In May 2011, the Bank signed a new two year syndicated loan facility. As at the date of this Base Prospectus, the Bank had raised US\$307.5 million and €119.25 million. This latest facility was partly used to pay the First Year Tranches on 17 May 2011. The balance is intended to be used for general corporate purposes.

Bilateral Loans

The Bank has been actively engaging its core relationship banks and sought to secure increases of any bilateral credit lines in the Bank's favour.

As at the date of this Base Prospectus, the Bank had outstanding bilateral facilities of US\$75 million from Bank of Tokyo Mitsubishi UFJ (“**BTMU**”) and OFID. The Bank also has outstanding funding lines with DFIs and ECAs. As at the date of this Base Prospectus, these included:

- US Department of Agriculture (GSM 102 programme) – US\$61.1 million;
- Development Bank of Southern Africa (“**DBSA**”) – US\$50 million;

- International Finance Corporation – US\$100 million;
- EKN – US\$ 150 million drawn and US\$12 million outstanding; and
- SACE Italy and COFACE France – US\$32 million, drawn amounts – US\$ 14.5 million.

In addition to the above, AfDB approved a facility in the amount of US\$150 million for the Bank in June 2011.

Issuance of debt securities

On 27 October 2009, Afreximbank established the US\$1.5 billion Euro Medium Term Note programme to which this Base Prospectus relates (the “**Programme**”). As at the date of this Base Prospectus, the following issues under the Programme are outstanding:

- the Series 2009-1 US\$300 million 8.750 per cent. bonds due 13 November 2014, which were issued in November 2009 and are listed on the Euro MTF market of the Luxembourg Stock Exchange; and
- the Series 2010-1 EUR34 million floating rate bonds due 20 August 2012, which were issued in February 2011 and are not listed.

Deposits

As at 31 December 2010, Afreximbank’s deposit base accounted for approximately 7 per cent. of Afreximbank’s total liabilities, (compared with 6 per cent. and 15 per cent. respectively as at 31 December 2009 and 31 December 2008) of which Afreximbank’s ten largest depositors accounted for approximately 3 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 December 2010, 31 December 2009 and 31 December 2008.

	<i>31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
		<i>(US\$’000)</i>	
Shareholders’ deposit for shares	5,909	5,882	4,228
Deposit accounts	9,313	21,441	8,358
Customer accounts	78,170	29,347	89,482
	<u>93,392</u>	<u>56,670</u>	<u>102,068</u>

The table below sets forth the ten largest deposit accounts held with the Bank as at 31 December 2010.

<i>Country</i>	<i>Customer</i>	<i>Amount (US\$’000)</i>	<i>Sector</i>
1 Zimbabwe	Cottco	23,413	Agriculture
2 Nigeria	Ile-Oluji	14,700	Agriculture
3 Nigeria	Fidelity	9,044	Energy
4 Zimbabwe	CBZ	8,602	Financial institution
5 Zimbabwe	Econet – Zimb	7,421	Telecom Services
6 Zimbabwe	RTG	7,125	Telecom Services
7 Cote d’Ivoire	SMB USD	2,439	Energy
8 Regional	PTA	1,834	Financial institution
9 Nigeria	UBA	1,801	Financial institution
10 Nigeria	Diamond Bank SYN	1,500	Financial institution
	Total	<u>77,879</u>	

Liquidity

The Bank has a highly liquid portfolio of assets due to its business being primarily short-term trade financing. The share of liquid assets (i.e. those with a residual maturity of less than three months) of the Bank's total assets decreased from 81 per cent. as at 31 December 2008 to 59 per cent. as at 31 December 2009 and, as at 31 December 2010, was 40 per cent. Over the same period the share of liquid assets as a percentage of the Bank's wholesale funding remained relatively stable at 134 per cent. as at 31 December 2008, 135 per cent. as at 31 December 2009 and 129 per cent. as at 31 December 2010.

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 December 2010, Afreximbank's loan portfolio had an average maturity of 10 months, with 39.88 per cent. of loans having a maturity of three months or less and 18.84 per cent. having a maturity of between three and six months. Of those loans, 80 per cent. were linked to actual export trades, with about 60 per cent. secured with collateral outside of the obligor's country.

As at 31 December 2009, the Bank's loan portfolio had an average maturity of 3 months, with 58.73 per cent. of loans having a maturity of three months or less and 11.13 per cent. having a maturity of between three to six months. These figures, and the figures presented as at 31 December 2010 are based on the distribution of loans outstanding by reference to their maturity.

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 2010 was one year, compared with one year in the year ended 31 December 2009 and 7.11 months in the year ended 31 December 2008. The average maturity of lending lines to the Bank was one year for bilateral loans and one to two 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 December 2010, together with residual maturity.

	<i>As at 31 December 2010</i>
	<i>(US\$'000)</i>
Up to one month.....	311,995
One month to three months.....	345,558
Three months to 12 months.....	705,705
One year to five years.....	252,531
Over five years.....	63,060
Gross loans and advances (principal amount).....	1,678,849
Allowance for impairment of loans and advances.....	(17,600)
Net loans and advances	1,661,249

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 December 2010.

	<i>Up to one month</i>	<i>1-3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>Over 5 years</i>	<i>2010 Total</i>
	<i>(US\$'000)</i>					
Assets						
Cash and due from banks ⁽¹⁾	81,002	—	—	—	—	81,002
Deposits with other banks	100,000	—	—	—	—	100,000
Loans and advances ⁽²⁾	324,622	352,362	714,859	258,733	46,638	1,697,214
Total assets	<u>505,624</u>	<u>352,362</u>	<u>714,859</u>	<u>258,733</u>	<u>46,638</u>	<u>1,878,216</u>
Liabilities						
Due to Banks	1,234	3,541	739,914	270,201	14,501	1,029,391
Debt securities in issue	—	5,081	1,320	300,000	—	306,401
Deposits and customer accounts	93,292	—	100	—	—	93,392
Total liabilities	<u>94,526</u>	<u>8,622</u>	<u>741,334</u>	<u>570,201</u>	<u>14,501</u>	<u>1,429,184</u>
Net liquidity gap	<u>411,098</u>	<u>343,740</u>	<u>(26,475)</u>	<u>(311,468)</u>	<u>32,137</u>	<u>449,032</u>
Cumulative liquidity gap	<u>411,098</u>	<u>754,838</u>	<u>728,362</u>	<u>416,895</u>	<u>449,032</u>	

(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 2009.

	<i>Up to one month</i>	<i>1-3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>2009 Total</i>
	<i>(US\$'000)</i>				
Assets					
Cash and due from banks ⁽¹⁾	94,886	—	—	—	94,886
Deposits with other banks	126,281	—	—	—	126,281
Loans and advances to customers ⁽²⁾	210,554	474,162	266,319	214,773	1,165,808
Total assets (excluding non-cash items)	<u>431,721</u>	<u>474,162</u>	<u>266,319</u>	<u>214,773</u>	<u>1,386,975</u>
Liabilities					
Due to banks	5,558	349,855	266,636	—	622,049
Debt securities in issue	—	5,128	1,320	300,000	306,448
Deposits and customer accounts	41,356	15,443	—	—	56,799
Total liabilities	<u>46,914</u>	<u>370,426</u>	<u>267,956</u>	<u>300,000</u>	<u>985,296</u>
Net liquidity gap	<u>384,807</u>	<u>103,736</u>	<u>(1,637)</u>	<u>(85,227)</u>	<u>401,679</u>
Cumulative liquidity gap	<u>384,807</u>	<u>488,543</u>	<u>486,906</u>	<u>401,679</u>	

(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 2008.

	<i>Up to one month</i>	<i>1-3 months</i>	<i>3-12 months</i>	<i>1-5 years</i>	<i>2008 Total</i>
			<i>(US\$'000)</i>		
Assets					
Cash and due from banks ⁽¹⁾	72,303	—	—	—	72,303
Deposits with other banks	45,118	—	—	—	45,118
Loans and advances ⁽²⁾	413,114	345,574	159,499	23,225	941,412 ⁽³⁾
Total assets	530,535	345,574	159,499	23,225	1,058,833
Liabilities					
Due to banks	30,019	54,963	365,886	108,276	559,144
Deposits and customer accounts	102,068	—	—	—	102,068
Total liabilities	132,087	54,963	365,886	108,276	661,212
Net liquidity gap	398,448	290,611	(206,387)	(85,051)	397,621
Cumulative liquidity gap	398,448	689,059	482,672	397,621	

(1) Petty cash and cash held in banks.

(2) Principal plus interest.

The net liquidity gap for the year ended 31 December 2010 is more pronounced for liabilities having a term of between one and five years. This was also the case for the year ended 31 December 2009, although the negative net liquidity gap was less pronounced at negative US\$85.23 million compared with negative US\$311.47 million for the year ended 31 December 2010, whereas for the year ended 31 December 2008, a negative net liquidity gap also arose for liabilities with maturities of between three and twelve months. The shift of the liquidity risk from medium towards longer term arose due to an increase in liabilities with a maturity of over one year and an increase in the positive cumulative position in short term net liquidity gap. This is primarily due to the addition of a new two year syndicated loan facility, and also prevailing market conditions favouring longer maturities.

Foreign Exchange Exposure

The Bank's lead currency is the US dollar. At least 85 per cent. of its assets and approximately 81 per cent. of its liabilities are denominated in US dollars and payment of shareholder capital contributions are made in US dollars. As at 31 December 2010, the Bank had no amounts outstanding under foreign exchange derivative contracts as compared to US\$26,800 as at 31 December 2009. The Bank considers its foreign currency mismatch to be minimal.

Interest Rate Exposure

The following table shows the Bank's exposure to interest rate risks as at 31 December 2010.

	<i>Up to three Months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Non-interest bearing</i>	<i>2009 Total</i>
			(US\$'000)		
Financial Assets					
Cash and due from banks'	80,976	—	—	26	81,002
Deposits with other banks	100,000	—	—	—	100,000
Loans and advances to customers	1,353,143	154,140	29,500	—	1,536,783
Prepayment and accrued income	—	—	—	48,584	48,584
Other assets	—	—	—	1,296	1,296
Total Financial Assets	1,534,119	154,140	29,500	49,906	1,767,665
Financial Liabilities					
Due to banks	938,633	70,882	—	—	1,009,515
Debt securities in issue	270,000	—	—	—	270,000
Deposits and customer accounts	93,392	—	—	—	93,392
Other liabilities	—	—	—	34,941	34,941
Total Financial Liabilities	1,302,025	70,882	—	34,941	1,407,848
Total interest repricing gap	232,094	83,258	29,500		

The following table shows Afreximbank's exposure to interest rate risks as at 31 December 2009.

	<i>Up to three Months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Non-interest bearing</i>	<i>2009 Total</i>
			(US\$'000)		
Financial Assets					
Cash and due from banks'	94,864	—	—	22	94,886
Deposits with other banks	126,281	—	—	—	126,281
Loans and advances to customers	986,157	127,213	31,293	—	1,144,663
Prepayment and accrued income	—	—	—	36,774	36,774
Other assets	—	—	—	1,462	1,462
Total Financial Assets	1,207,302	127,213	31,293	38,258	1,404,066
Financial Liabilities					
Due to banks	618,189	—	—	—	618,189
Deposits and customer accounts.	56,670	—	—	—	56,670
Other liabilities	—	—	—	26,752	26,752
Total Financial Liabilities	944,859	—	—	26,752	971,611
Total interest repricing gap	262,443	127,213	31,293		

The following table shows Afreximbank's exposure to interest rate risks as at 31 December 2008.

	<i>Up to three Months</i>	<i>3-6 months</i>	<i>6-12 months</i>	<i>Non-interest bearing</i>	<i>2008 Total</i>
	<i>(US\$'000)</i>				
Assets					
Cash and due from banks'	72,282	—	—	21	72,303
Deposits with other banks	45,118	—	—	—	45,118
Loans and advances to customers	789,850	124,320	11,094	—	925,264
Prepayment and accrued income	—	—	—	14,813	14,813
Other assets	—	—	—	1,864	1,864
Total assets.....	907,250	124,320	11,094	16,698	1,059,362
Liabilities					
Due to banks	543,829	10,000	—	—	553,829
Deposits and customer accounts.	102,068	—	—	—	102,068
Other liabilities.....	—	—	—	32,591	32,591
Total financial liabilities	645,897	10,000	—	32,591	688,488
Total interest sensitivity gap	261,353	114,320	11,094		

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 2010 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 The Export-Import Bank of the United States (US\$50 million), GSM 102 programme (US\$100 million), Euler Hermes (€75 million) and Proparco (US\$50 million)

Undrawn lines. Afreximbank had uncommitted, and committed but undrawn, lines of US\$483 million as at 31 December 2010.

Syndicated borrowing. Afreximbank also seeks to maintain an active syndicated borrowing programme despite the challenging market conditions in the international loan markets. In May 2011, the Bank agreed a new dual-tranche two year syndicated term loan in the amounts of US\$307.5 million and €119.25 million. The syndicate involved more than 27 international financial institutions.

Bilateral borrowing. See above under “*Description of the Issuer – Funding*”. The Bank has continued to increase the amount of its bilateral borrowing. The bilateral lines outstanding as at the date of this Base Prospectus were US\$70 million, which is expected to increase to US\$90 million by July 2011.

Short-term assets. Afreximbank's loans to borrowers have an average maturity of 10 months.

Asset sales. The Bank has put its asset sell down programme on hold, in line with liquidity requirements. However, the Bank may reconsider the status of this programme in the future.

Liquid assets. According to the Bank's liquidity policy, the liquid funds⁽²⁾ that must be held were US\$176 million and US\$221 million as at 31 December 2010 and 31 December 2009, respectively. The actual cash held was US\$181 million and US\$221 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 US\$184.4 million (including share premium) out of five instalments of overall subscribed capital of

(2) Liquid funds are defined as per Afreximbank's Risk Management Policies and Procedures as loan commitments with a disbursement schedule of less than one week's notice period, plus loan commitments approved but with a still unclear disbursement schedule, plus capital expenditures in the next two months according to budget, plus repayment of debt and/or charges falling due, plus a prudent margin to cover underestimates of the above. A prudent margin is currently set at US\$5 million.

US\$413.1 million. The shareholders are obliged by the Charter to pay an additional US\$246.7 million in the event of need when called by the Board. The Bank's Board has not, as at the date of this Base Prospectus 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 which are either controlled by the shareholder governments or over which they have significant influence.

Loans to related parties are made at market interest rates and subject to commercial negotiations as to terms.

The table below shows loans and advances by Afreximbank to related parties as at 31 December 2010, 31 December 2009 and 31 December 2008.

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>(US\$'000)</i>		
Outstanding loans at 1 January.....	49,038	27,619	65,732
Loans disbursed during this year	1,770	64,980	33,319
Loan repayments during the year.....	(40,658)	(43,561)	(71,432)
Outstanding loans at 31 December	10,150	49,038	27,619
Interest income earned during year.....	3,399	3,295	3,243
Fees and commission earned during year.....	281	2,564	659

The table below shows the deposits received and repaid by Afreximbank from related parties as at 31 December 2010, 31 December 2009 and 31 December 2008.

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
Deposits at 1 January.....	—	7,139	13,209
Deposits received during the year	2,657	4,953	113,265
Deposits repaid during the year	(2,657)	(12,092)	(119,335)
Deposits at 31 December	—	—	7,139
Interest expense on deposits⁽¹⁾	—	1	257

The table below shows the compensation paid to Afreximbank's management and Directors during the years ending 31 December 2010, 31 December 2009 and 31 December 2008.

	<i>Year ended 31 December</i>		
	<i>2010</i>	<i>2009</i>	<i>2008</i>
	<i>(US\$'000)</i>		
Salaries and short term employee benefits	3,695	2,866	1,956
Post employment benefits.....	149	128	113
Termination benefits.....	268	138	89
Total	4,112	3,132	2,158

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. The staff loans and advances are interest bearing and are granted in accordance with the Bank's Rules and Regulations. As at 31 December 2010, outstanding balances on loans and advances

to management staff amounted to US\$252,000, compared to US\$188,000 as at 31 December 2009 and US\$154,000 as at 31 December 2008. Other benefits include meeting allowances for Directors and staff allowances for children’s education, dependency, home leave and housing.

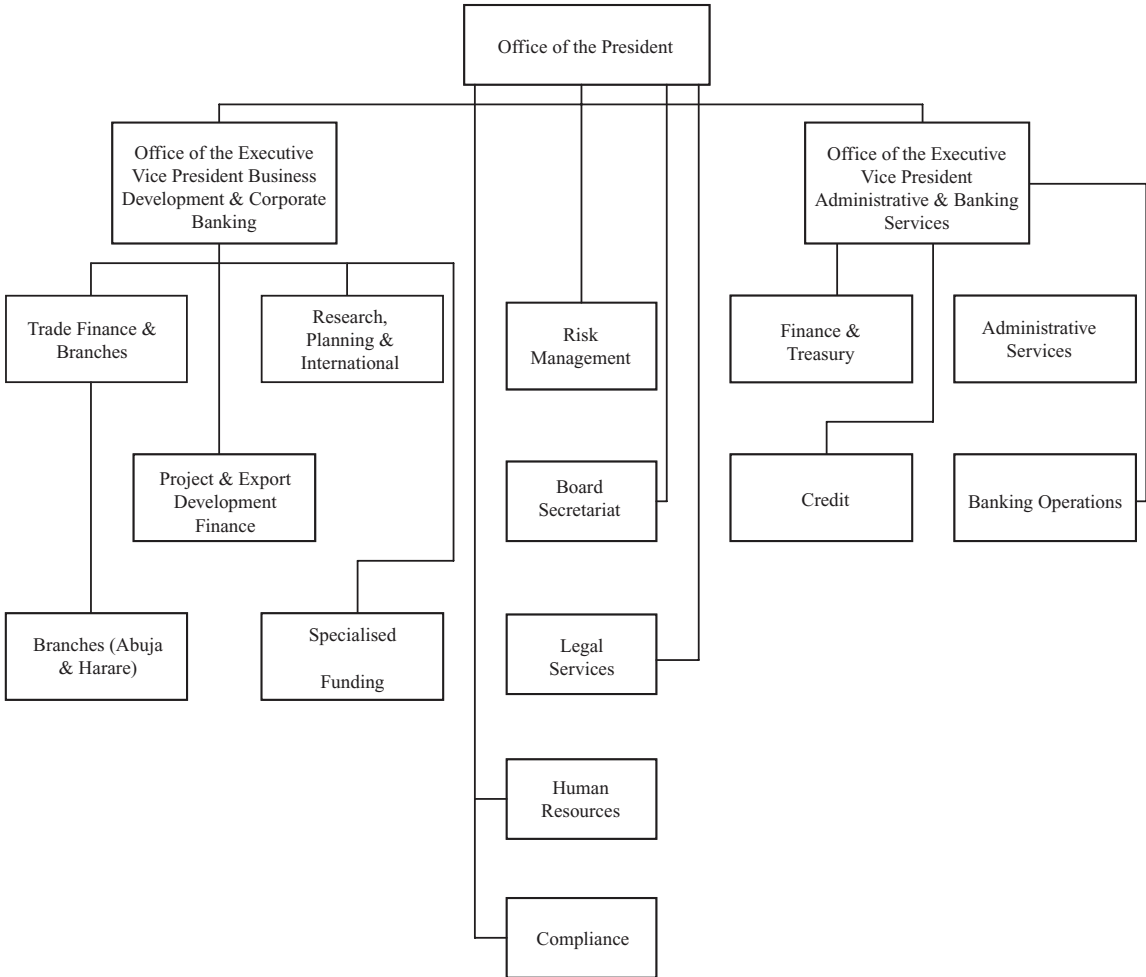
No loans to related parties were written-off in the financial years ending 31 December 2008, 31 December 2009 and 31 December 2010.

Details of Afreximbank’s related party transactions are also disclosed in the notes to Afreximbank’s financial statements.

Organisational Structure

As at the date of this Base Prospectus, Afreximbank has a total of 84 full-time employees (compared with 77 as at 31 December 2010 and 75 as at 31 December 2009), who are divided into the following constituencies: Presidency (5 employees), Vice Presidency (6 employees), Board Secretariat & Legal Services (8 employees), Banking Operations (6 employees), Administration (18 employees), Credit (5 employees), Compliance (2 employees), Finance & Treasury (7 employees), Human Resources (2 employees), Internal Audit (2 employees), Research, Planning and International Cooperation (4 employees), Trade Finance and Branches (9 employees), Specialised Funding Unit (4 employees), Risk (3 employees) and Project and Export Development (3 employees). These employees are based in three locations with 74 employees located in the Cairo Headquarters, 5 employees based in the Harare Branch Office and 5 employees based in the Abuja Branch Office.

The chart below shows the organisational structure of the Bank as at the date of this Base Prospectus:



Branch offices

The Bank has historically had three branch offices and currently operates two (Harare Branch Office and Abuja Branch Office). In accordance with the Bank's branch policy, each branch is expected to be self-sustaining by operating as a commercially viable entity.

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 Bank is in the process of formulating a new strategic plan covering the period from 2012 to 2016 and, as at the date of this Base Prospectus, it is anticipated that this plan will include plans for opening two further new branch offices.

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

Harare Branch Office ("HBO")

The total volume of credit applications received by the HBO increased 37 per cent. year on year to US\$1.1 billion in 2010. The Executive Committee of the Board of Directors approved transactions amounting to US\$520 million, representing a decline of about 3.2 per cent. from the level of US\$537 million in 2009. The HBO also continued to effectively monitor ongoing transactions in its area of coverage.

Abuja Branch Office ("ABO")

The volume of new business generated by ABO during 2010 amounted to US\$384 million, reflecting a 58 per cent. increase over the level generated of US\$243 million during 2009. This was due to the ABO intensifying its marketing activities during that period.

Tunis Branch Office ("TBO")

In 2008, operations at the TBO were suspended by the Board of the Bank on account of low business volumes. Operations at the TBO will be resumed when the Board determines that the TBO can be self-sustaining by operating as a commercially viable entity.

Properties, Plant and Equipment

Since November 2010, the Bank's new headquarters have been 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. For accounting purposes the building is stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment in value.

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 21 on page 41 of the Bank's audited consolidated financial statements for the year ended 31 December 2011.

Regulation

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. The following examples from specific African states are considered by the Bank's management as evidence of unique privileges enjoyed by the Bank in connection with its preferred creditor status:

Cote d'Ivoire (2001). Afreximbank was involved with a number of other lenders (the “**Lenders**”) in providing cocoa pre-export financing to a private company. The quality of the cocoa deteriorated in storage, which resulted in the buyer/off-taker whose payment risk the lenders were taking rejecting the cocoa. In response, the lenders negotiated a new contract with another buyer willing to take the cocoa. The cocoa beans were exported but the lenders could not recover the full amount lent plus interest as cocoa export tax had to be paid to the Ivorian authorities. After the completion of the sale, Afreximbank approached the Ivorian authorities and demanded a refund of its portion of the export tax, citing the Treaty obligations of the Government of Cote d'Ivoire to the Bank. The Ivorian government honoured their obligation and refunded the tax.

Nigeria (2000). Afreximbank provided a facility to the Nigerian telecom government owned body. Some months after the deal was concluded, the Nigerian government announced that it would be privatising that government owned body. Afreximbank demanded that its loan be repaid and this was honoured. The government owned body still owes other creditors.

Senegal (2007). Afreximbank was involved in the financing of the Senegalese State Oil refinery in parallel with a number of leading European banks. The government owned body went into financial difficulty due to funding shortfalls from the Senegalese government. The government owned body repaid Afreximbank but entered into a restructuring arrangement with other creditors.

Zimbabwe (ongoing). Afreximbank had for several years been providing funding to Zimbabwean entities, including import financing facilities to the Reserve Bank of Zimbabwe for essential imports, and to the state oil company, Noczim. All obligations to the Bank have consistently been met by such entities, while Zimbabwe is in arrears on other facilities from the AfDB, World Bank and International Monetary Fund.

Kenya (2008). Afreximbank 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 approached the Kenyan government to press its case and the promissory notes held by the Bank were redeemed, while others were not.

Money Laundering and “Know-Your-Customer” Checks

In the aftermath of the 11 September attacks and the subsequent international legal framework that developed, including the Anti-Money Laundering Guidelines, the USA PATRIOT Act of 2001, the Sarbanes-Oxley Act of 2002, and amendments in 2002, 2006 and 2009 to the Wolfsberg Group Principles established in 1989 by leading international financial institutions, Afreximbank joined the global effort directed at fighting money laundering and terrorist financing by establishing a Compliance Unit. The Compliance Unit's responsibilities include monitoring developments in international financial crimes, being the Bank's watchdog on Anti-Money Laundering (“**AML**”) and Know-Your-Customer (“**KYC**”) matters, and handling AML/KYC issues relating to the Bank's lending and other operations. The rationale supporting the Compliance Unit is to ensure that all transactions involving the Bank fully comply with its AML/KYC policies and procedures, which are based on international best practices in the global financial industry. The Compliance Unit is staffed by a Compliance Manager and has the final say whether transactions are entered into.

The Bank's AML/KYC policy document describes its objectives in tackling money laundering, terrorist financing and other forms of financial crimes. Implementation of the policy is carried out through the administration of a set of questionnaires, which the Bank uses to create awareness among its numerous customers as well as to prevent the use of the Bank's infrastructure to commit international financial crimes. The questionnaires assist the Bank to obtain detailed information about first time clients, especially financial institutions, and request information regarding how such institutions perceive and address money laundering and terrorism issues.

The Bank's AML/KYC evaluation of financial institutions relates to various issues, including clients' compliance with the Bank's stipulated AML/KYC guidelines. The Bank's KYC form for financial institutions must be completed and returned to the Bank with the required supporting documents, including the entity's certificate of incorporation; the approved mandate/board resolution to engage in transactions with Afreximbank; a list and brief profile of the institution's board of directors and key management personnel; the institution's Memorandum and Articles of Association; details of politically exposed persons (“**PEPs**”)⁽³⁾ (if any) on its board/management; annual reports covering the activities of borrowers/clients during the last five years; information on any director/management

(3) PEPs are persons involved in governments either by the nature of their jobs or through affiliation with government authorities/officials.

owning more than 25 per cent. of the equity in the institution; and the physical and operating address of the institution (in order to confirm that the prospective client or borrower entity is not a shell organisation⁽⁴⁾). Information on sub-borrowers is also requested to enable the Bank to further investigate the authenticity of the organisation's identity and ascertain whether they intend to use the facilities for what is claimed. In addition to the questionnaire, the Bank uses a KYC form for corporates/individuals to obtain further information on, for example, the identity of directors (including residential addresses, utility bills and/or relevant pages of international passport of key board/management personnel).

The information gathered by the above means assists the Bank in the categorisation of clients and conduct of credible KYC due diligence assessment on individuals and institutions. Where the Bank is in doubt as to the authenticity of the information received, it approaches the central bank and/or government agencies, such as the sector regulatory agencies and registrar of companies in the country of the client, for more information. The Bank usually reviews and updates its customer database every two years. Occasionally site visits are arranged to obtain information about the Bank's customers directly.

Additional information is also, where necessary, sought using other search engines, such as the Bankers' Almanac/Wolfsberg Group Due Diligence Repository, which also allows the Bank to access information on developments in the global financial industry, including institutional changes in management, mergers/acquisitions, and other global information on financial crime.

In furtherance of its stipulated AML/KYC policies and procedures, the Bank has put in place other AML/KYC mechanisms to internally communicate and convey information to relevant departments, such as the checklist and individual evaluation report forms. These mechanisms provide detailed information on every customer of the Bank and are used as the basis for periodic reports to, and for responding to queries from, the Bank's Executive Committee ("EXCO"), which is charged with the responsibility of approving all transactions involving the Bank.

The Bank's Board has recently approved an updated Credit Policy and Procedures Manual (the "CPP Manual"), now forming part of the Risk Management Policies and Procedures. The CPP Manual provides information on the Bank's customer due diligence policies and procedures that the Bank has put in place to mitigate risks as they relate to money laundering and terrorism, and the different AML/KYC instruments the Bank uses to obtain, monitor and review customer information. In addition, the Bank provides regular training to its employees on AML/KYC matters for the purpose of ensuring that employees continue to conduct the Bank's business in line with international best practices on AML/KYC matters. The Bank intends to continue to refine and strengthen its AML/KYC policies and programmes in order to ensure that it reduces the risk posed by proliferating financial crimes and terrorist activities.

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 certain capital adequacy ratios in line with the recommendations of the paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 and prepared by the Basel Committee on Banking Supervision (the "Basel Committee") as amended from time to time (the "Basel Paper") and the paper entitled "International Convergence of Capital Measurement and Capital Standards: A Revised Framework" dated June 2004 and prepared by the Basel Committee, as amended from time to time (the "Basel II Paper").

Tier 1 capital includes share capital, share premium, retained earnings and reserves created by appropriations of retained earnings. Tier 2 capital consists of collective impairment allowances. The objective of Afreximbank's CMP is to maintain a set minimum ratio of total capital to risk-weighted assets of 30 per cent. until 31 December 2011. For the purposes of calculating this ratio, the risk weight of balance sheet assets is set to 100 per cent. for all loans and fixed assets, to 20 per cent. for deposits and to zero per cent. for cash. For off-balance sheet assets the risk weight is set to 100 per cent. for guarantees, 50 per cent. for commitments to lend for more than one year, 20 per cent. for Letters of Credit and foreign exchange contracts.

(4) Shell organisations are organisations that operate only by name, that do not conduct business and have no physical presence anywhere in the world.

A summary of the Bank's statutory capital and the total risk-weighted assets is set forth in the table below.

	31 December		
	2010	2009	2008
	(US\$'000)		
Tier 1 Capital			
Share capital	166,372	166,300	165,082
Share premium	18,039	18,002	16,605
General reserve	131,649	114,448	97,641
Retained earnings	140,619	122,417	104,611
Total Tier 1 Capital	456,679	421,167	383,939
Tier 2 Capital			
Collective impairment allowance	8,344	5,719	5,719
Total Tier 2 Capital	8,344	5,719	5,719
Total statutory capital	465,023	426,886	426,886
Risk-weighted assets			
On-balance sheet	1,767,698	1,240,957	976,936
Off-balance sheet	139,560	119,900	62,416
Total risk-weighted assets	1,907,258	1,360,857	1,039,352
Basel ratio	24%	31%	37%

The ratio of statutory capital to risk-weighted assets decreased continuously from 37 per cent. as at 31 December 2008, to 31 per cent. as at 31 December 2009 to 24 per cent. as at 31 December 2010. This was primarily due to an increase in loans made by Afreximbank during the period.

Afreximbank's management believes that the current paid-up capital of US\$166.4 million, plus retained earnings and reserves, makes Afreximbank a well capitalised bank with a robust total capital ratio of 24 per cent. Afreximbank project that the capital adequacy ratio is likely to remain at around 25 per cent. for the next five years.

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 December 2010, Afreximbank's general reserve totalled US\$132 million, compared with US\$114 million as at 31 December 2009.

Technology

Afreximbank recognises the importance of information and communications technology ("ICT") systems and continually improves its facilities and procedures. In the year ending 31 December 2010, Afreximbank invested around US\$1.5 million on ICT systems and enterprise resource planning software. These measures should enable Afreximbank to fully automate the business processes in loan administration, treasury activities, financial reporting under IFRS and general administration. The automated processes should also aid the planning and development in research, policy analysis, investment banking and syndication and business development.

Afreximbank's ICT consists of data and technology infrastructure, and management and organisation structures that support the delivery of ICT services. To this end, Afreximbank has installed Swift Server, which is deemed a secure network that acts as a secure link within the financial community to exchange confidential messages about banking transactions. Afreximbank has recently upgraded the Swift Server software to version 7.0 and has also updated and automated its business processes using SAP enterprise resource planning ("ERP") software. The upgrade to the Swift Server will allow the application to integrate with the SAP ERP, enabling automatic reconciliation of Swift payments with the finance module of the SAP software. A Reuters terminal is also installed to be used by Afreximbank's Treasury department to conduct research and establish market data.

Data storage and contingency measures have been implemented using secure systems. All business data is securely stored and only authorised personnel have access to the data. All data is backed up on a daily basis over a secure internet connection to a server located in the United States. A secure VPN connection has been introduced for Afreximbank staff, allowing them remote access to the file servers and SAP software, whilst working from home.

Afreximbank has a disaster recovery plan that recognises the risks that Afreximbank is exposed to and how to deal with those risks in case of a disaster. This is extensively covered in Afreximbank's ICT policies and guidelines. Afreximbank has installed extra servers at the disaster recovery site, based in Abuja. These extra servers allow for business continuity in the event of the failure of the main servers in Cairo. Afreximbank has established an Emergency Management Committee with responsibility for the implementation of Afreximbank's Business Continuity Contingency Plan (the "BCCP"). The BCCP addresses recovery of hardware, data (including software), telecommunications systems, and network data. Afreximbank has made a budgetary provision of around US\$1.7 million should the BCCP need to be implemented.

Strategic Planning

General

Afreximbank uses strategic planning as a way of advancing its medium-term corporate goals. 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.

The Third (and current) Strategic Plan (the "**Plan**"), referred to as Project ASPIRE, was launched in January 2007 and covers the period 2007-2011. ASPIRE stands for "Focussing 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." The Plan was reviewed in February 2009 after its first two years of implementation. There are currently no plans for any overall change in the strategy of Afreximbank. However, Afreximbank is currently working on a new five year strategy plan which is expected to be published in December 2011 and which is intended to cover the period from 2012 to 2016.

The Bank's macro/sectoral objectives are as follows:

- raise Africa's share of world trade from 2.7 per cent. to 3.7 per cent. by 31 December 2011;
- improve Africa's international competitiveness by helping to raise its export/GDP level from 30 per cent. to 35 per cent. by 31 December 2011;
- promote intra-African trade;
- promote infrastructure development in support of African exports;
- improve credit risk perception of African counterparties; and
- promote diversification of Africa's export products and markets.

The Bank has adopted broad strategies to assist in achieving the above objectives, which include creating and supporting commodity exchanges that bring transparency to commodity trading by promoting wider participation in the markets and reduce the risk of financing commodities; proactively encouraging African governments to adopt financial policies that support the promotion and financing of projects, for example, the introduction of BOT schemes; and supporting African governments to obtain credit ratings.

The Bank's corporate goals include the following:

- loan asset growth of 15 per cent. per annum to at least US\$1 billion by 31 December 2011 (achieved). To achieve this Afreximbank diversified its funding sources, leveraged private capital by more intensive use of the syndicated loan market, and forged more alliances with governments, ECAs, commercial banks and other multilateral development institutions;
- maintaining a cost-income ratio of no more than 27 per cent. until 31 December 2011. To achieve this Afreximbank aims to maintain efficient operations despite an increase in employee numbers, and to introduce necessary equipment to improve technical efficiency;
- maintaining a capital adequacy ratio in the range of 20 to 30 per cent. until 31 December 2011. To achieve this Afreximbank's aims are principally the same as those in relation to growth of loan assets above;

- increasing the coverage of Afreximbank's operations. To achieve this aim Afreximbank aims to do business in 90 per cent. of Eligible Countries, to finance exports to new markets in at least 15 African countries, and to finance the new exports of at least 15 countries; and
- achieving fee income of at least 40 per cent. of total income. To achieve this aim Afreximbank aims to continue to emphasise earnings diversity by giving attention to fee earning business, such as investment banking and advisory services, and correspondent banking.

Strategic Partnerships

The Alliance of African International Financial Institutions

The adverse effects of the global economic crisis impacted African trade, including by way of lower 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. However, the total value of Africa's merchandise exports and imports rose by 26.4 per cent. and 12 per cent. respectively year-on-year in 2010, resulting in an 18.5 per cent. increase in the total value of African trade to US\$949.64 billion in 2010, 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 efficiently met through constructive partnerships that can facilitate a more efficient use of resources, especially between African 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 US 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 of forming an Alliance of African IFIs, to be called "AAIFI" or "Allied Africa" (the "AAIFI"), in the belief that it would enable the above 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 emerging 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;
- pooling of resources for tackling common problems, including training, co-branding of financial products, and certain kinds of procurements;
- presenting 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;

- 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;
- 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;
- 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
- 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 the African Development Bank

In April 2009, Afreximbank implemented a Trade Finance Programme with the African Development Bank, 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 aggressively 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.

On 13 May 2009, the Bank signed a US\$100 million Trade and Project Financing Facility with Export-Import Bank of China. Under the facility, US\$20 million was to be used by Afreximbank to fund short-term trade finance activities and US\$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.

Other avenues of co-operation

As at 31 December 2010, Afreximbank had business relationships with 71 TFIs, spread across 28 countries, the same amount of TFIs and spread of countries as at 31 December 2009.

The Bank has increased its focus on business development. During the year ended 31 December 2010, 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 2010, the Bank received 138 visits from delegations at its headquarters in Cairo, compared to 73 in the year ended 31 December 2009.

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 18.5 per cent. year-on-year to US\$949.64 billion in 2010, according to the International Monetary Fund and the Economist Intelligence Unit, 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 current 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, 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 a country’s ECAs to support their exports into Africa. This form of bilateral financing is a necessary complement to Afreximbank’s activities. Further, the Bank has designed an ECA Loans Facilitation programme (see above in “*Schemes operated by the Bank*”) 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, Cote 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 the African Development Bank (“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 Cote d’Ivoire, Morocco, Nigeria and Swaziland.

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.

Legal Proceedings

As of the date of this Base Prospectus, 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 US\$750 million divided into 75,000 ordinary shares with a par value of US\$10,000 each. As at 31 December 2010, 122 Shareholders had subscribed for 41,610 ordinary shares (55 per cent. of the Bank's authorised share capital) with a nominal value of US\$416.10 million, of which paid-up capital amounted to US\$166.37 million and callable capital amounted to US\$249.73 million. As at 31 December 2009, the nominal amount of subscribed ordinary shares was US\$416.04 million. One of the goals of the Bank is to broaden the shareholder base by increasing subscription to the Bank's equity to reach the authorised capital of US\$750 million.

Since 1995, capital contributions to the Bank have included a premium paid on each share purchased (in addition to the nominal value of US\$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 Prospectus, the Bank's subscribed share capital amounted to US\$184.41 million including share premium.

The following table shows the authorised and paid-up share capital of Afreximbank as at 31 December 2008, 31 December 2009 and 31 December 2010.

	31 December		
	2010 ⁽¹⁾	2009	2008
	(US\$'000)		
Authorised capital			
75,000 ordinary share of US\$10,000 each	750,000	750,000	750,000
Paid-up share capital			
Paid up capital – Class A	105,495	105,442	104,881
Paid up capital – Class B	43,685	43,677	43,029
Paid up capital – Class C	17,192	17,182	17,172
	<u>166,372</u>	<u>166,301</u>	<u>165,082</u>

(1) The figure for paid-up share capital as at 31 March 2011 is presented in the section concerning recent developments of the Bank below.

Members

A general meeting (“**General Meeting**”) of the Shareholders of Afreximbank has the power to determine the conditions governing eligibility for membership of Afreximbank. Membership of Afreximbank is open to the following:

- African states (either directly or indirectly through their central banks or any other agency or institution designated by the government of an African state), the AfDB, and African regional and sub-regional institutions (“**Class A Shareholders**”);
- African public and private commercial banks, financial institutions and African public and private investors (“**Class B Shareholders**”); and
- IFIs and economic organisations, non-African or foreign owned banks and financial institutions, and non-African public and private investors (“**Class C Shareholders**”, and collectively with the Class A Shareholders and the Class B Shareholders, the “**Shareholders**”).

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.

As at the date of this Base Prospectus, there were 39 Class A Shareholders constituting 63.4 per cent. of Afreximbank's paid-up share capital; 68 Class B Shareholders constituting 26.3 per cent. of Afreximbank's paid-up share capital, comprising 51 commercial banks in 15 countries, three insurance companies and 14 public and private companies; and 15 Class C Shareholders constituting 10.3 per cent. of Afreximbank's paid-up share capital, comprising IFIs, economic organisations and non-African financial institutions and public and private investors.

According to the Charter, Afreximbank's authorised capital when fully subscribed should be distributed proportionally among the three categories of Shareholders as follows: 35 per cent. for

Class A Shareholders, 40 per cent. for Class B Shareholders and 25 per cent. for Class C Shareholders. As at the date of this Base Prospectus, Afreximbank plans to raise additional funding by increasing the percentage of Class B Shareholders and Class C Shareholders from their existing levels to their respective limits of 40 per cent. and 25 per cent. Afreximbank expects this capital raising exercise to be completed by 31 December 2011.

The Charter also provides for a transitional measure (being in force at any time throughout the existence of Afreximbank when the evolution of shareholding and/or the actual position of shareholdings in Afreximbank is other than in accordance with the above proportions), Afreximbank's authorised share capital is to be allotted for subscription in such proportions that the aggregate of Class A and Class B shares would collectively represent not more than 75 per cent. of the authorised share capital of Afreximbank, and Class A shares would represent not more than 35 per cent. of the authorised capital of Afreximbank. During any Transitional Period, Class A and Class B shares may only be transferred among holders of Class A and Class B shares, or to a third party who is eligible, and may not be transferred to holders of Class C shares, while Class C shares can only be transferred to another holder of Class C shares or to a third party who is eligible.

Increases to share capital

Over the last six years, Afreximbank has benefited from several increases to its subscribed capital. In 2004, the Government of Cote d'Ivoire subscribed to a paid-up capital increase of US\$1.6 million. In 2004, a further four new Shareholders subscribed for shares, corresponding to an increase of US\$449,000 in paid-up capital.

In 2007, Standard Chartered Bank subscribed to a paid-up capital increase of US\$5.6 million, and the Government of Cameroon subscribed to a paid-up capital increase of US\$3.6 million. In 2007, a further 11 new and existing Shareholders subscribed to an aggregate increase of US\$2.6 million in paid-up capital.

In 2008, the Export-Import Bank of China subscribed to a paid-up capital increase of US\$2.8 million, and Landesbank Baden-Wuerttemberg (LBBW) subscribed to a paid-up capital increase of US\$0.200 million. During 2008, a further three new and existing Shareholders subscribed to an aggregate increase of US\$0.665 million in paid-up capital.

The Government of the Kingdom of Lesotho became a Class A Shareholder of Afreximbank in July 2009. In April 2009, United Bank of Africa acquired 20 Class B Shares from Standard Trust Bank and 100 Class B Shares from Liberty Bank. In addition, Banque Centrale de Guinee (Class A), Banque Centrale de Mauritanie (Class A), Central Bank of Sudan (Class A), RBZ (Class A), Bank of Sierra Leone (Class A), Banco Nacional de Angola (Class A), and Calag Capital (Class B) all increased their shareholdings by subscribing for additional shares, partly using their dividend entitlement.

As at 31 December 2010, Afreximbank's top 20 Shareholders by nominal amount were as follows

<i>Position</i>	<i>Share Class</i>	<i>Shareholder</i>	<i>Country</i>	<i>Subscribed Amount</i>	<i>Number of Shares</i>	<i>Percentage of shareholding</i>
<i>(US\$'000)</i>						
1	A	Federal Republic of Nigeria	Nigeria	50,000	5,000	12.0
2	A	Central Bank of Egypt	Egypt	40,000	4,000	9.7
3	A	Reserve Bank of Zimbabwe	Zimbabwe	27,430	2,743	6.6
4	A	African Development Bank	Regional	25,000	2,500	6.0
5	A	Banque Central de Tunisia	Tunisia	25,000	2,500	6.0
6	B	National Bank of Egypt	Egypt	25,000	2,500	6.0
7	A	Government of Cote d'Ivoire	Cote d'Ivoire	19,000	1,900	4.6
8	B	Banque du Caire	Egypt	15,700	1,570	3.8
9	B	Bank MISR	Egypt	15,000	1,500	3.6
10	C	Standard Chartered Bank	UK	15,000	1,500	3.6
11	B	Bank of Alexandria	Egypt	10,000	1,000	2.4
12	B	Nigerian Export-Import Bank	Nigeria	10,000	1,000	2.4
13	C	BADEA	Regional	10,000	1,000	2.4
14	C	Eximbank of China	China	10,000	1,000	2.4
15	A	Republique du Cameroun	Cameroun	9,070	907	2.2
16	A	Bank of Ghana	Ghana	5,060	506	1.2
17	A	Government of Kenya	Kenya	5,050	505	1.2
18	A	Government of Ethiopia	Ethiopia	5,000	500	1.2
19	B	Brawal Shipping Lines Ltd	Nigeria	5,000	500	1.2
20	A	Government of Senegal	Senegal	4,790	479	1.2
Total Top 20				331,100	33,110	79.58
Subtotal Class A				264,710	26,471	63.72
Subtotal Class B				107,720	10,772	25.93
Subtotal Class C				43,000	4,300	10.35
Total				415,430	41,543	100.0

As at 31 December 2010, the total number of Shareholders was 122, as follows:

Class A

Government of Nigeria, Central Bank of Egypt, Reserve Bank of Zimbabwe, African Development Bank, Central Bank of Tunisia, Government of Cote d'Ivoire, Government of Cameroon, Bank of Ghana, Government of Kenya, Government of Ethiopia, Government of Senegal, Central Bank of Angola, BCEAO, Government of Namibia, Bank of Tanzania, National Bank of Ethiopia, Central Bank of Guinea, Government of Guinea, Bank of Zambia, Bank of Sierra Leone, Preferential Trade Area Bank, Bank of Mauritius, Government of Niger, Central Bank of Seychelles, Central Bank of Mauritania, Bank of Sudan, Government of Malawi, Government of Mali, Bank of Gambia, Government of Burkina Faso, Government of Gabon, Government of Benin, Central Bank of Mozambique, Bank of Uganda, Government of Botswana, Central Bank of Cape Verde, Government of Rwanda, Africa Re, Government of Lesotho.

Class B

National Bank of Egypt, Banque du Caire, Bank Misr, Bank of Alexandria, NEXIM Nigeria, Brawal Shipping Lines, Banque Nationale D'Investissement ("BNI"), United Bank of Africa ("UBA"), Finbank, Skye Bank, Odugwu Group, SBM Global Investment, Sefou Fagbouhoun, Export Development Bank Egypt, Société Nat. D'Invest, du Gabon ("SONADIG"), Union Bank of Nigeria ("UBN"), First Bank Nigeria, Commercial Bank of Ethiopia ("CBE"), Ethiopian Insurance Corporation, Afribank, Banque Centrale Populaire, Ecobank Nigeria, EKO Intl Bank of Nigeria, Sterling Bank, Banque Mauritanienne Pour le Commerce International ("BMCI"). Caisse Nationale de Credit Agricole ("CNCA") Morocco, Unity Bank, Arab Investment Bank, Banque Marocaine du Commerce Extérieure, Stanbic Bank Uganda, Zenith Bank, Chinguity Bank, Development Bank Mauritius, State Investment Corporation, Mauritius Commercial Bank, Ets MCK, Alpha Amadou Diallo, Dara Salam Group, Intercontinental Bank, Summa Holding Nigeria, Allied Bank, National Insurance Corporation, Interfin Merchant Bank Zimbabwe, Calag Capital, Babajide Rogers, Indian Ocean International Bank, Bramer Banking Corporation, State Trading Corporation, Ecobank Benin, Ecobank Ghana, Banque Gabonaise de Developpement, Achille Zogo Andela, Ghana Reinsurance Organisation, Vansco Air Freight, The People's Bank of Zanzibar, Oceanic Bank, Ecobank Togo, Greenland Bank, National Bank of Kenya, Industrial Development Bank, Genesis Investment Bank,

First Banking Corporation, Fidelity Bank, Zimbabwe Allied Banking Group, Gulf Bank, Guaranty Trust Bank, Kingdom Bank, Meridian Management and Investment.

Class C

Standard Chartered Bank, the Arab Bank for Economic Development in Africa, Export Import Bank of China, Citibank, HSBC Bank plc, KBC Bank NV, Export Import Bank of India, Meridian BIAO, Banco do Brasil, Sumitomo Mitsui Banking Co, Pryor, McLendon, Count & Co, Orleans Invest Holding Ltd, Landesbank Baden-Württemberg (“**LBBW**”).

Calls on shares

Under the Charter, the Bank’s Board may from time to time make calls upon Shareholders in respect of all moneys unpaid on their shares. Absent such a call, the share capital of the Bank is payable in five equal instalments, of which the first two instalments totalling US\$166.37 million have been called up. The remaining three instalments in respect of callable capital of US\$249.73 million may be called on dates to be determined by the Bank’s Board. As at the date of this Base Prospectus, all Shareholders had met their obligations under the first instalment and the obligation to pay the second instalment has been met by all except four Shareholders, with arrears amounting to US\$67,630, approximately 0.08 per cent. of the total amount due. 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 Bank may withhold a dividend from any Shareholder which has not fully paid up its capital called by the Bank.

The Bank 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.

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.

Given the Bank’s current equity ratio, 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 each Class 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 of the Charter (such eligibility as set out under “*Description of the Issuer – Share capital and ownership – Members*”). 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.

Afreximbank paid a dividend of US\$8 million in 2008 and US\$9 million in 2009. In 2010, Afreximbank’s Board recommended a dividend of US\$10 million. The dividend payout ratio, i.e. the proportion of net income paid out as dividends to Shareholders, is thus intended to be maintained at about 22.72 per cent. for 2010, in line with 2009 and 2008. Afreximbank aims to maintain dividends despite the current challenging economic environment. Consistent with the tradition of Afreximbank, Shareholders were offered the option of receiving either the dividend payment or using their dividend entitlement to acquire new shares in Afreximbank. 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 payout 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.

Board of Directors

Afreximbank's Board consists of 12 members and meets once every three months, and additionally as often as the business of Afreximbank may require, at the headquarters of Afreximbank or at any other place specified in the convening notice. In accordance with the Charter, Class A Shareholders (other than the AfDB) shall elect three directors; one director shall be designated by the AfDB; Class B Shareholders shall appoint four directors; and Class C Shareholders shall elect two directors. The President of Afreximbank is an ex-officio member and Chairman of the Board. The constitution of Afreximbank's Board reflects its broad constituency, ownership and mandate. In relation to the election of the three Class A directors, the Charter states that the representatives of Class A Shareholders (other than the AfDB) shall group themselves into three country groupings, each grouping to elect one of the Class A directors.

The quorum for any meeting of Afreximbank's Board is a minimum of four directors representing the share classes A and B and one director representing share class C. 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.

Subject to the provisions of the Charter, Afreximbank's Board shall have responsibility for the general conduct of the business of Afreximbank, and may exercise all such powers conducive to the attainment of the purpose of Afreximbank 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, Afreximbank's 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 Afreximbank 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 Afreximbank;
- 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 Afreximbank;
- 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 Afreximbank and prescribing staff regulations.

The Board forms sub-committees, which include:

- the Executive Committee, chaired by the President and composed of three board members representing the three classes of Shareholders. The Executive Committee meets once a month, or more often, to make decisions on matters delegated to it by Afreximbank's Board, such as those relating to investment, guarantee and financing operations. At the branch level, Afreximbank's Board appoints and determines the powers and composition of the Branch Management Committee;

- the Audit Committee is composed of three Directors representing the three classes of Shareholders and is empowered by Afreximbank's Board to review, examine and verify the proper application of the financial, operational and administrative policies and procedures of Afreximbank. The Audit Committee meets at least once a year or as often as its business may require; and
- the Remuneration Committee, which exists for the purposes of developing a framework and policy for the remuneration of officers and other employees of Afreximbank, including the President and Vice-President.

As at the date of this Base Prospectus, the membership of the Board of the Bank was as follows:

<i>Name</i>	<i>Nationality</i>	<i>Position</i>	<i>Year in which Term expires</i>	<i>Age</i>
Class A				
Charles Boamah	Ghana	Director	N/A (Nominee of AfDB)	52
Dr. Caleb Fundanga	Zambia	Director	24 July 2013	57
Hajia Yabawa Wabi	Nigeria	Director	24 July 2013	49
Dr. Mahmoud Abd El-Aziz Mahmoud Saad	Egypt	Director	24 July 2013	38
Class B				
Victor Nembelessini-Silue	Cote d'Ivoire	Director	24 July 2013	54
Dr. Gideon Gono	Zimbabwe	Director	24 July 2013	51
Aomar Yidar	Morocco	Director	24 July 2013	59
Jean-Marie Benoit Mani	Cameroon	Director	24 July 2013	52
Class C				
Liu Liange	China	Director	24 July 2013	49
Anil Dua	United Kingdom	Director	24 July 2013	59
Independent Directors				
Franklin Kennedy	Canada	Director	24 July 2013	64
Ronnie S. Ntuli	South Africa	Director	24 July 2013	41
Other				
Jean-Louis Ekra	Cote d'Ivoire	Chairman	July 2015	59
Dr. George Elombi	Cameroon	Secretary	<i>Ex officio</i>	45

Chairman of Afreximbank's Board

Jean-Louis Ekra

Jean-Louis Ekra holds an MBA degree from the New York University Stern School of Business and has extensive international banking experience. He held many senior positions at Citibank including Vice-President in charge of IFIs. He also served as the Managing Director of the Post Office of Cote d'Ivoire before joining Afreximbank as Executive Vice President in 1996. He was appointed Senior Executive Vice President of Afreximbank in December 2003, a position he held until his appointment as President in March 2005. His appointment as President was extended for a further five years at the AGM of Afreximbank held in Yaounde, Cameroon on 24 July 2010.

Directors representing Class A shareholders

Mr. Charles Boamah

Mr. Charles Boamah was appointed to Afreximbank's Board by the AfDB. He is a Certified Public Accountant and currently the Director in charge of the Financial Control Department of the AfDB. He joined Afreximbank's Board in July 2004.

Dr. Caleb Fundanga

Dr. Caleb Fundanga is Governor at the Bank of Zambia. He has considerable experience in development banking. He was an Executive Director at, and later an Advisor to, the President of the AfDB. Dr. Fundanga was elected to Afreximbank's Board in May 2003.

Hajia Yabawa Wabi

Mrs. Hajia Yabawa Wabi is the current Finance Minister of the State of the Federal Republic of Nigeria and Chairperson of the Federation Account Allocation Committee (FAAC). She was also the Accountant General of Borno State between 2003 and 2007.

Dr. Mahmoud Abd El-Aziz Mahmoud Saad

Dr. Mahmoud is the Senior Advisor to the Governor of the Central Bank of Egypt. He was elected to Afreximbank's Board in July 2010.

Directors representing Class B shareholders

Victor Nembelissini-Silué

Victor Nembelissini-Silué is Chairman and Chief Executive Officer at Banque Nationale d'Investissement in Côte d'Ivoire. He holds an MBA (Finance) from the University of Hartford, Connecticut, USA. He was elected to Afreximbank's Board in August 2004.

Dr. Gideon Gono

Dr. Gideon Gono is the Governor of the RBZ. Prior to his appointment as Governor at the RBZ, he was the Managing Director of CBZB. Dr. Gono joined Afreximbank's Board in August 2004.

Aomar Yidar

Aomar Yidar is Director General at the Office of the President of Banque Centrale Populaire, Morocco. Prior to this appointment, Mr. Yidar held various senior positions in the financial sector, including that of a Vice President at the Stock Exchange in Casablanca, Morocco. He was elected to Afreximbank's Board in September 2007.

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.

Directors representing Class C shareholders

Liu Liange

Liu Liange holds an MA degree in Economics. He has extensive accounting and banking experience and is currently Vice President at the Export-Import Bank of China ("Exim China"). Prior to joining Exim China, Mr. Liange was Director General in charge of the Anti-Money Laundering Bureau at the Peoples' Bank of China. Mr. Liange was elected to Afreximbank's Board in September 2007.

Anil Dua

Anil Dua is the CEO-designate of Standard Chartered Bank, West Africa. He started his career at Standard Charter 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 Afreximbank's Board in July 2010.

Independent Directors

Franklin 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 Afreximbank's Board in May 2003.

Mr Ronnie S. Ntuli

Ronnie Ntuli is the founder and Chairman of Thelo Group, an independent investment group with interests in the aviation, infrastructure and resources sector. He holds an LLB from the University of Edinburgh and joined Afreximbank's Board in July 2010.

Dr. George Elombi, Secretary to the Board

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 Afreximbank 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 Secretary Department.

The Office of President of Afreximbank

The President of Afreximbank is appointed by the Shareholders in a general meeting, on the recommendation of Afreximbank's Board. According to the Charter, the President must be a national of an African state and a person of the highest competence in matters pertaining to the operations, management and administration of Afreximbank. The term of office of the President is five years, renewable once for a second term of five years. The President is the Chief Executive and legal representative of Afreximbank and conducts, under the general control and direction of Afreximbank's Board, the day-to-day business of Afreximbank. The President is responsible for the appointment and release of officers and staff of Afreximbank in accordance with regulations adopted by Afreximbank's Board, and fixes the terms of their employment in accordance with universally recognised principals of sound management and financial policy.

Senior Management of Afreximbank

<i>Name</i>	<i>Nationality</i>	<i>Position</i>	<i>Age</i>
Mr. Jean-Louis Ekra.....	Cote d'Ivoire	President	59
Dr. Benedict O Oramah.....	Nigeria	Executive Vice President – Business Development and Corporate Banking	50
Mr. Denys Denya	Zimbabwe	Executive Vice President – Administrative and Banking Services	45
Dr. George Elombi	Cameroon	Executive Secretary	45
Mr. Philip Kamau.....	Kenya	Senior Director (Finance)	51
Dr. Francis Mbroh	Ghana	Director (Research, Planning & International Co- operation)	46
Mr. Samuel Loum.....	Uganda	Director (Credit)	49
Mrs. Kanayo Awani	Nigeria	Director (Trade Finance & Branches)	45
Mr. Kofi Adomakoh.....	Ghana	Director, Project & Export Development Finance	45
Mr. James Mwangi	Kenya	Director, Risk Management	46
Mr. Robert Tomusange	Uganda	Director, Administrative Services	38
Mr. Amr Kamel.....	Egypt	Director, Banking Operations	47
Mr. Samuel Mugoya.....	Uganda	Senior Manager, Specialised Funding	44
Mr. Stephen T Kauma.....	Uganda	Senior Manager, Human Resource	38

Mr. Jean-Louis Ekra

For details see section “Board of Directors” above.

Dr. Benedict O Oramah, Executive Vice President – Business Development and Corporate Banking

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 Afreximbank 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 Afreximbank in October 2008. He 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.

Mr. Denys Denya, Executive Vice President – Administrative 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 Afreximbank.

Dr. George Elombi, Executive Secretary and Head of Legal Services

For details see section “Board of Directors” above.

Mr. Philip Kamau, Senior Director, Finance & Treasury

Mr. Philip Kamau is a Senior Director of Finance of Afreximbank. He holds a 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 Afreximbank, 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 Afreximbank’s facilities spread amongst various economic sectors in several African countries.

Dr. Francis Mbroh, Director (Research, Planning & International Co-operation)

Dr. Francis Mbroh holds an MSc (Economics) and PhD (Economics) from Birkbeck College and the School of Oriental and African Studies of the University of London. He worked as a Lecturer at the Centre for Financial Management Studies (then known as Centre for International Education in Economics), University of London, and as Senior Consultant with FM Consult Limited in Ghana before he joined Afreximbank as Economic Analyst in January 1999. He rose through the ranks to the position of Assistant Director, Planning & Development in January 2008, and has been Director, Research Planning and International Cooperation since January 2010.

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 Afreximbank in 1998 as a credit analyst in the credit unit of Afreximbank. Mr. Loum was later promoted to, and currently heads, the credit department of Afreximbank.

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 Afreximbank was as Head of Industrial and Commercial Corporates in Nigeria. She joined Afreximbank 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 Afreximbank in November 2009.

Mr. James Mwangi, Director, Risk Management

Mr. James Mwangi holds a Bachelor of Philosophy degree from the Pontifical Urbanian University in Rome and a Diploma in Business Administration and MBA from the Cardiff Business School, University of Wales. He is also a member of the Chartered Institute of Marketing. Mr. Mwangi worked with Giro Commercial Bank Kenya Limited as Marketing, PR and HR Executive from 1992 before moving to Nestle Foods Kenya Limited as Product Manager in 1994, and then to McCann Erickson Kenya as Media Manager, Planning, Account Manager and then Media Group Manager from 1994 to 1999. Between 1999 and 2004, he worked with Standard Chartered Bank, Kenya, as Relationship Manager-Corporates and Institutions, before moving to Cooperative Bank of Kenya as Head of Structured Finance-Corporates & Institutions. He was Head of Corporate Banking & Trade Finance in Cooperative Bank Kenya between 2004 and 2007, Senior Manager (Industrial Area Branch) in 2007, before being made Head of Risk Management in March 2008. Mr Mwangi joined Afreximbank in December 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 Afreximbank, 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 Afreximbank 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 Afreximbank as a Senior Operations Associate and rose through the ranks to the position of Director, Banking Operations in January 2011.

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. Stephen T Kauma, Senior Manager, 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 Afreximbank in November 2008 as a Human Resource Officer and became Senior Manager, Human Resources in April 2010.

Directors' Interests

None of the directors of Afreximbank have any beneficial interests in any transactions that were unusual in their nature or material to the business of the issuer during the immediately preceding financial year or any other financial year where the transaction remains outstanding or unperformed. Details of related party transactions are disclosed in the notes to Afreximbank's financial statements.

Directors' Addresses

The business addresses of each of the directors of Afreximbank are as follows:

- *Charles Boamah*: his business address is African Development Bank 15 Avenue du Ghana, B.P. 323 – 1002 Tunis Belvedere, Tunisia.
- *Dr. Caleb Fundanga*: his business address is Bank of Zambia, P.O. Box 30080, Bank Square, Cairo Road, Lusaka 10101, Zambia.
- *Hajia Yabawa Wabi*: her business address is Federal Ministry of Finance, Africa and Bilateral Economics Department, P MB 14, Cadestral Zone A3 Garki, Abuja, Nigeria.
- *Dr. Mahmoud Abd El-Aziz Mahmoud Saad*: his business address is 54 El Gomhorya Street, Down Town, Cairo, Egypt.
- *Victor Nembessini-Silue*: his business address is Banque Nationale d'Investissement, IMM.SCIAM – Avenue Marchand, Plateau-01 BP 670, Abidjan, Cote D'Ivoire.
- *Dr. Gideon Gono*: his business address is 80 Samora Machel Avenue. P.O. Box 1283 Harare, Zimbabwe.
- *Aomar Yidar*: his business address is 101, Bd Mohamed el Zarketouni, BP 10.622, 20100 Casablanca, Morocco.
- *Jean-Marie Benoit Mani*: his business address is P.O. Box 1747, Douala, Cameroon.
- *Liu Liange*: his business address is No.30 Fuxingmennei St. Xicheng District, 100031, Beijing, China.
- *Anil Dua*: his business address is Standard Chartered Bank, 2/Floor, 1 Basinghall Avenue, London EC2V 5DD.
- *Franklin Kennedy*: his business address is 14 Robkins Road, Avon, Connecticut 06001 USA.
- *Ronnie S. 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.

MATERIAL DEVELOPMENTS IN THE BANK'S BUSINESS AND PROSPECTS ARISING SINCE 31 DECEMBER 2010 AND KEY TRENDS ARISING FROM THE BANK'S REVIEWED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2011

This section addresses material developments in the Bank's business and prospects arising since 31 December 2010 and also summarises key trends arising from the Bank's reviewed interim financial statements for the three months ended 31 March 2011 (the "March 2011 Financial Statements").

CAPITALISATION

The following table sets forth the Bank's capitalisation and indebtedness as at 31 March 2011.

	<i>US\$'000</i>
Short-term debt ⁽¹⁾	457,873
Long-term debt	1,014,916
Shareholders' equity capital	
Authorised capital (750,000 Ordinary shares)	750,000
Paid-up capital	166,400
Share premium	18,076
	184,476
Reserves	
General reserve	131,649
Retained earnings	158,440
	290,089
Total shareholder's equity	474,565

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

Capital adequacy

The Bank's capital adequacy as at 31 March 2011 calculated in accordance with the Basel Capital Accord dated 1988 and based on the March 2011 Financial Statements, is set out below:

	<i>As at 31 March 2011</i>
	<i>(US\$ '000s – except percentages)</i>
Tier 1 Capital	
Share capital	166,400
Share premium	18,076
General reserve	131,649
Retained earnings	158,440
Total Tier 1 Capital	474,565
Tier 2 Capital	
Collective impairment allowance	8,344
Total Tier 2 Capital	8,344
Total statutory capital	482,909

As at
31 March 2011

*(US\$ '000s –
except
percentages)*

Risk-weighted assets

On-balance sheet	1,831,906
Off-balance sheet	243,522
Total risk-weighted assets	2,075,428
Basel ratio	22.87%

FINANCIAL REVIEW

Key trends arising out of the March 2011 Financial Statements

● *Assets and Liabilities*

In the first quarter of 2011, based on the March 2011 Financial Statements, the Bank continued to post balance sheet growth. The total assets of the Bank increased by 2.2 per cent. compared with the total assets of the Bank as at 31 December 2010, to US\$1,947 million. This is mainly attributable to continued growth in the volume of loans and advances made by the Bank. The Bank's gross loan portfolio grew by around 3.9 per cent. to US\$1,727 million, compared to US\$1,661 million as at 31 December 2010.

The Bank's total liabilities also rose during the three months ended 31 March 2011 to US\$1,473 million compared to US\$1,449 million as at 31 December 2010. However, at 1.7 per cent., the rate of growth is lower than the percentage increase seen in the Bank's total assets. A large proportion of the increase in total liabilities can be attributed to an increase in amounts due to banks which constitute 71 per cent. of the total liabilities of the Bank as at 31 March 2011.

● *Income, expense and profit*

Overall, the Bank's net income, operating profit and operating income all increased in the first three months of 2011. Net income for the three months ended 31 March 2011 was US\$17.82 million compared with US\$7.08 million for the three months ended 31 March 2010, an increase of 152 per cent. Operating income increased to US\$21.61 million for the three months ended 31 March 2011, compared with US\$10.44 million for the three months ended 31 March 2010, an increase of 109 per cent. Similarly, operating profit (before impairment allowances and provisions) rose to US\$17.82 million for the three months ended 31 March 2011, compared to US\$7.08 million for the three months ended 31 March 2010, an increase of 151.9 per cent.

The main driver behind the increase in operating profit was a marked increase in net fee and commission income, which amounted to US\$8.93 million for the three months ended 31 March 2011 as compared with negative US\$0.13 million for the three months ended 31 March 2010. This came about as a result of (i) a 104 per cent. increase in fee and commission income to US\$11.80 million as at 31 March 2011 as compared with US\$5.80 million as at 31 March 2010, and (ii) a 52 per cent. decrease in fee and commission expenses to US\$2.87 million as at 31 March 2011 as compared with US\$5.93 million as at 31 March 2010. This is reflective of both the Bank's increased focus on fees and commission income as a strategy to maximise returns from its existing customer base, and the Bank's success in managing its fee and commission expense.

Net interest income increased by 20 per cent. to US\$12.16 million for the three months ended 31 March 2011 from US\$10.12 million for the three months ended 31 March 2010. Within that, the Bank's interest on loans and advances was US\$24.08 million as at 31 March 2011, representing an increase of US\$4.71 million, or 24 per cent, compared to the period ended 31 March 2010. This was due principally to the 96 per cent increase in loans and advances made during the period. For the period ended 31 March 2011, the Bank's interest expense was US\$11.92 million, representing an increase of US\$2.67 million, or 29 per cent, compared to the Bank's interest expense of US\$9.25 million for the period ended 31 March 2010. This increase resulted from the increase in amounts due to dues and an increase in the debt securities. Net interest margin decreased to 0.79 per cent for the period ended 31 March 2011 compared to 0.90 per cent for the period ended 31 March 2010.

For the three months ended 31 March 2011, operating expenses increase by US\$0.49 million, or 14 per cent. as a result of increase in personnel cost, which was due to increase in staff numbers and other staff related expenses.

The Bank's basic earnings per share rose to US\$427 per share for the three months ended 31 March 2011, representing a 151 per cent. increase on basic earnings per share of US\$170 for the three months ended 31 March 2010.

BUSINESS AND OPERATIONAL DEVELOPMENTS

Operating environment, including recent macroeconomic and political developments

Recent Events

The effect of the global financial crisis on the Bank

The deterioration in the global economy caused by the global financial crisis that started in 2007 affected Africa's and Afreximbank's performance. Events during the global financial crisis indicated that the economic environment in Africa may be adversely affected by a number of factors, including declining export/commodity prices, a decline in foreign investment, exchange rate volatility, higher interest rates, a decline in migrant remittances, and declining aid.

The global financial crisis had the following specific consequences for the Bank:

- restrictions in, or increases to the costs of, credit from the syndicated loan markets;
- a significant increase in demand for Afreximbank's products and services (in particular, the Letter of Credit Confirmation and Refinancing Facility) from across Africa, and a consequent increase in the transaction pipeline. Afreximbank has made significant progress using its various programmes. Cumulative approvals as at 31 December 2010 amounted to approximately US\$ 17.6 billion. For 2010, approvals increased by 18 per cent. to reach US\$2.7 billion, distributed across various programmes;
- some African governments and central banks have requested global support for their local banks in the area of trade finance;
- significant interest from multilateral and bilateral development finance institutions in supporting African trade finance using Afreximbank as a vehicle; and
- increased interest from ECAs in working with the Bank.

The increase in demand for the Bank's products and services has allowed the Bank to diversify its loan portfolio by establishing relationships with new clients in new markets, thus furthering the policy objectives of the Bank in expanding and diversifying African trade. However, despite the recent increase in demand for the Bank's services, the Bank has not weakened its criteria with respect to credit quality or return on equity in selecting new clients and expanding its portfolio.

Egypt

The Bank is headquartered in Cairo in Egypt. However, as at both 31 December 2010 and the date of this Base Prospectus, the Bank had no credit exposure in Egypt.

During the popular uprising in Egypt in January and February of 2011 which saw the former Egyptian President Hosni Mubarak ousted from power (the "**Egyptian Revolution**"), the Bank acted swiftly to put into motion its tested and proven Business Continuity and Contingency Plan ("**BCCP**") (see "*Description of the African Export-Import Bank – Technology*"), which enabled the Bank to continue operations without material disruption. The BCCP included evacuating staff to the Bank's Abuja office which had already been prepared as an alternative headquarters from which to conduct the Bank's operations in the event of the Cairo headquarters becoming unavailable.

There were no Capex costs incurred by the Bank in implementing the BCCP plan in relation to the Egyptian Revolution as these have already been incurred and borne in previous financial years.

The estimated overall costs of relocating the Bank's operations to Abuja is expected not to exceed US\$1.7 million and the Bank does not expect these to have a material impact on the Bank's 2011 financial performance. Accordingly, the Bank has no plans for a downwards revision of its 2011 financial targets. Furthermore, since the period of unrest in Cairo associated with the Egyptian Revolution ended, the Bank has resumed normal operations at its Cairo headquarters and so far has not experienced any further disruption to its Cairo-based operations.

Côte d'Ivoire

As at both 31 December 2010 and the date of this Base Prospectus, the Bank has credit exposures in Côte d'Ivoire. As at the date of this Base Prospectus, these credit exposures amounted to US\$192.7. Despite the challenging circumstances created by the serious armed conflict in Côte d'Ivoire between the rival factions of former President Laurent Gbagbo and President Alassane Ouattara over the disputed results of the country's November 2010 presidential election, which lasted until Mr Gbagbo's arrest in April 2011, as at the date of this Base Prospectus the Bank's loan portfolio in Côte d'Ivoire has continued to perform well. Because the Bank's exposure consists mainly of structured trade finance facilities that are self-liquidating, the Bank's expectation is that in the near to medium term, these facilities will continue to operate reasonably well to generate sufficient inflows to enable the obligations to be repaid and retired as they fall due.

However, due to the ongoing uncertainties in the country following President Ouattara's inauguration, the Bank has adopted a policy of withholding all new disbursements in Côte d'Ivoire for the immediate future. Furthermore, the Bank took the decision not to release any funds already held in its collection accounts to customers in Côte d'Ivoire and will use such funds to retire such customer's loans as they mature.

Libya

As at both 31 December 2010 and the date of this Base Prospectus, the Bank had no credit exposure or operations in Libya. As a consequence the Bank's business and prospects have not, as at the date of this Base Prospectus, been materially affected by the current armed conflict in Libya, and the Bank does not currently anticipate any material negative impact to its business and prospects as a result of events in Libya.

TAXATION

Each Series of Notes and the interest thereon will not be exempt from taxation generally.

The Establishing Agreement

Under Article XIV (Exemption from Taxation) of the Establishing Agreement, the Bank, its property, assets, income, operations and transactions is exempt from all taxation and custom duties, and is also (together with its receiving, fiscal and paying agents) exempt from any obligation relating to the payment, withholding or collection of any tax or duty out of funds owned by, or otherwise appertaining to, the Bank.

Article XIV further states that each Participating State shall take all necessary action to ensure that the property and assets of the Bank, its capital, reserves and dividends, loans, credits, guarantees, securities, and other investments and transactions, interest, commissions, fees, profits, gains, proceeds of realisation and other income, return and moneys of any kind, accruing, appertaining or payable to the Bank from any source shall be exempt from all forms of taxes, duties, charges, levies, and imposts of any kind, including stamp duty and other documentary taxes, levied or imposed in its territory.

The Headquarters Agreement

Under Article XII of Part IV (Freedom from Taxation) of the Headquarters Agreement, the Bank, its property, assets, income, operations and transactions are exempt from all forms of direct and indirect taxes, including value added tax and from all customs duties (other than charges for public utility services and which are payable by other international organisations and diplomatic missions accredited to Egypt).

Article XII further states that the appropriate authorities of Egypt shall take all necessary action to ensure that the property and assets of the Bank, its capital, reserves and dividends, loans, credits, guarantees, securities, and other investments and transactions, interest, commissions, fees, profits, gains, proceeds of realisation and other income, return and moneys of any kind, accruing, appertaining or payable to the Bank from any source shall be exempt from all forms of taxes, duties, charges, levies, and imposts of any kind, including stamp duty and other documentary taxes, levied or imposed in the territory of Egypt.

EU Directive on the Taxation of Savings Income

The EU has adopted a Directive regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual or to certain other persons in another Member State, except that Austria and Luxembourg may instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 5 July 2011 (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 are jointly and severally 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 commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

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, US 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.

Notes in bearer form having a maturity of more than one year are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and 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, US persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period 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, US persons.

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.

US 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 US 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 US Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) or US Treas. Reg. §1.163-5(c)(2)(i)(C) (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; and
- (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;

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 US 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 Internal Revenue Code of 1986, as amended, and the US 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 or is 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 Prospectus as completed by the final terms 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 100 or, in the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73EU.

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 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 Prospectus 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 or Professional High Net Worth 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. In addition, an Egyptian QIB should also have at least five years experience in capital markets and stock exchanges locally or internationally.

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. In addition, a Professional High Net Worth Investor should also have at least five years experience in capital markets and stock exchanges locally or internationally.

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 Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

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 Prospectus or any other offering material or any Final Terms, 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 Prospectus, any other offering material or any Final Terms in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

The African Export-Import Bank

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the US\$1,500,000,000

Euro Medium Term Note Programme

This document constitutes the Final Terms 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 Prospectus dated 5 July 2011 [and the supplemental Base Prospectus dated [●]]. This Final Terms contains the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus 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 Prospectus dated [original date]. These Final Terms contains the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 5 July 2011 [and the supplemental Base Prospectus dated [●]], save in respect of the Conditions which are extracted from the Base Prospectus 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 Final Terms.]

- | | | |
|---|---|---|
| 1 | Issuer: | The African Export-Import Bank |
| 2 | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number: | [●] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> | |
| 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 [●]. No Notes in definitive form will be issued with a denomination above [●] (Not to be less than euro 100,000 or its equivalent in other currencies)] |
| | (ii) Calculation Amount: | [●] |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [Specify/Issue Date/Not Applicable] |
| 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] +/- ● per cent. Floating Rate] |

- [Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[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 Luxembourg Stock Exchange and to trading on the Euro MTF 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] [●]
- (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)*)]
- (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 (<i>give details</i>)]
(v) Business Centre(s): (Condition 6(k))	[●]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (<i>give details</i>)]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
(viii) Screen Rate Determination:	
— Reference Rate:	[●]
— Interest Determination Date(s)	[●]
— Relevant Screen Page:	[●]
(ix) ISDA Determination:	
— Floating Rate Option:	[●]
— Designated Maturity:	[●]
— Reset Date:	[●]
— [ISDA Definitions:	[2000/2006]]
(x) Margin(s):	[+/-][●] per cent. per annum
(xi) Minimum Rate of Interest:	[●] per cent. per annum
(xii) Maximum Rate of Interest:	[●] per cent. per annum
(xiii) Day Count Fraction:	[●]
(xiv) 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] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Amortisation Yield:	[●] per cent. per annum
(ii) Any other formula/basis of determining amount payable:	[●]
19 Index-Linked Interest Note Provisions	[Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i) Index/Formula:	[give or annex details]
(ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]
(iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[●]
(iv) Interest Period(s):	[●]
(v) Specified Interest Payment Dates:	[●]
(vi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (<i>give details</i>)]

	(vii) Business Centre(s): (Condition 6(k))	[●]
	(viii) Minimum Rate of Interest:	[●] per cent. per annum
	(ix) Maximum Rate of Interest:	[●] per cent. per annum
	(x) Day Count Fraction:	[●]
20	Dual Currency Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate of Exchange/method of calculating Rate of Exchange:	[give details]
	(ii) Calculation Agent if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●] <i>[Include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]</i>
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]
PROVISIONS RELATING TO REDEMPTION		
21	Call Option	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[●] 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	[●]
22	Put Option (in addition to the Conditional Put Event described at Condition 11.2)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(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	[●]
23	Final Redemption Amount of each Note	[●] per Calculation Amount
24	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

25	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]*
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		[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] <i>*(In relation to any issue of Notes exchangeable for definitive Notes in accordance with this option, such Notes may only be issued in denominations equal to, or greater than, euro 100,000 (or equivalent) and integral multiples thereafter)</i>
26	New Global Note:	[Yes][No]*
27	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]
28	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]
29	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]
30	Details relating to Instalment Notes, amount of each instalment, date on which each payment is to be made:	[Not Applicable/give details]
31	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/give details]
32	Consolidation provisions:	[Not Applicable/give details]
33	Other terms or special conditions:	[Not Applicable/give details]
DISTRIBUTION		
34	(i) If syndicated, names of Managers:	[Not Applicable/give names]
	(ii) Stabilising Manager (if any):	[Not Applicable/give name]
35	If non-syndicated, name of Dealer:	[Not Applicable/give name]
36	Additional selling restrictions:	[Not Applicable/give details] [TEFRA D/TEFRA C/TEFRA Not Applicable]
OPERATIONAL INFORMATION		
37	ISIN Code:	[●]
38	Common Code:	[●]
39	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
40	Delivery:	Delivery [against/free of] payment
41	Additional Paying Agent(s) (if any):	[●]

42 Intended to be held in a manner which [Yes] [No]
would allow Eurosystem eligibility

[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.]

RATINGS

43 Ratings:

The Notes to be issued have
been rated:

[S & P: []]

[Moody's: []]

[[Fitch: []]

[[Other]: []]

[and endorsed by *[insert details]*]

(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 FINAL TERMS

These Final Terms comprise the details required to list the issue of Notes described herein [on the Luxembourg Stock Exchange and to trade the Notes on the Euro MTF market]/[other (*specify*)] pursuant to the US\$1,500,000,000 Euro Medium Term Note Programme of the African Export-Import Bank.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms, which, when read together with the Base Prospectus [and the Supplemental Base Prospectus] 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 to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Euro MTF market.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in Egypt in connection with the establishment and update of the Programme and with the issue and performance of Notes under the Programme. The establishment and the update of the Programme and the issue and performance of Notes under the Programme is authorised pursuant to the Charter, the Agreement Establishing the African Export-Import Bank and a resolution of the Board of Directors of the Issuer (Resolution AFRXIMB/00/61/2005/2002) dated 1 December 2005.
- (3) There has been no significant change in the financial or trading position of the Issuer since 31 December 2010 and no material adverse change in the prospects of the Issuer since 31 December 2010.
- (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 Prospectus 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 Final Terms.

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 Final Terms.

- (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 Prospectus 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 Final Terms 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 Prospectus, the following documents will be available, 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:
 - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Agency Agreement;
 - (iii) the Agreement for the Establishment of the African Export-Import Bank, the Charter of the African Export-Import Bank and the Headquarters Agreement;
 - (iv) the published annual report and audited accounts of the Issuer for the three financial years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the unaudited financial statements for the quarter ended 31 March 2011;

- (v) each Final Terms (save that Final Terms 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);
- (vi) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and
- (vii) 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 Prospectus.

This Base Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Euro MTF will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

- (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) 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 Ragiti Road, P.O. Box 44286, 00100 Nairobi GPO, Kenya (certified Public Accountants) (“**Ernst & Young**”) have audited, and rendered an unqualified audit report on, the accounts of the Issuer for the three years ended 31 December 2008, 31 December 2009 and 31 December 2010.

As at the date of this Base Prospectus, the auditors of the Issuer are Deloitte & Touche and Ernst & Young.

Registered Office of the Issuer

African Export-Import Bank
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72 (B) El Maahad El Eshteraky St.
Heliopolis
Cairo 11341
Egypt

Arrangers and Dealers

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60311 Frankfurt am Main
Federal Republic of Germany

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8 Canada Square
London E14 5HQ
United Kingdom

Mitsubishi UFJ Securities International plc
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25 Ropemaker Street
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United Kingdom

Standard Bank Plc
20 Gresham Street
London EC2V 7JE
United Kingdom

Trustee

HSBC Corporate Trustee Company (UK) Limited
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London E14 5HQ
United Kingdom

Luxembourg Listing Agent

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L-1470 Luxembourg

Issuing and Paying Agent, Registrar, Transfer Agent and Calculation Agent

HSBC Bank plc
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London E14 5HQ
United Kingdom

Auditors of the Issuer

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Accra
Ghana

Ernst & Young
Kenya-Re Towers
Upperhill, off Ragati Road
P.O. Box 44286
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Kenya

Legal Advisers

To the Issuer in respect of English law

To the Issuer in respect of the laws of the Arab Republic of Egypt

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Ramlet Beaulac
12221 Cairo
Egypt

To the Dealers and the Trustee in respect of English law

To the Dealers in respect of the laws of the Arab Republic of Egypt

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