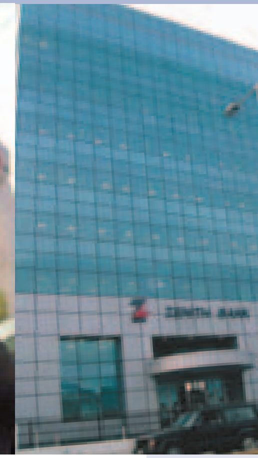
Nigeria

Part Two



Strength of four leads to rapid rise

One of the strongest of the new larger banks to emerge from the consolidation of the banking sector, First Inland Bank is the product of a merger between four Nigerian banks. Already ranked among the world's 1,000 leading banks by the Financial Times of London, and one of Nigeria's top 20 most capitalised companies, the bank aims to move into a top five position in the country within the next two years.

Each of the four merged banks has contributed to the strength and range of the new bank. The end result is the creation of a truly national banking institution with a network of 146 branches strategically spread across the country that is renowned for its e-banking and mobile banking services.

"We are an IT-driven bank with robust and innovative product offerings in e-banking," says Okey Nwosu, First Inland's Managing Director and CEO.

He says the bank is open to joint ventures with foreign financial institutions, to which it can contribute its in-depth understanding of Nigeria's economy and people. "We have been talking to a number of foreign institutions in various areas and sectors. What we have to offer is our knowledge of the market."

Banks are fastest growing in Africa

Confidence in Nigeria's banks has never been higher and with good reason for, after recent reforms, they are the strongest, most reliable and most profitable they have ever been

Just a few years ago Nigeria had 89 banks. Many of them were weak with a capital base of less than $10 million, and the system was tainted with uncertainty, high volatility and a high debt rate. Now the situation has been transformed, thanks to reforms initiated by the Central Bank of Nigeria (CBN).

The introduction of a capital base requirement of N25 billion ($203 million) has consolidated the sector, drastically reducing the number of banks. "Now we have 25 banks that are strong and reliable," says the Governor of the CBN, Chukwuma Soludo. "Stability is at its all-time highest and depositors are putting their money back in the banks. People have more confidence in the system."

NIGERIA The Heart of Africa

Nigerian banks now stand among the continental leaders

Twenty of the 25 remaining banks are among the top banking institutions in Africa, and four are among the top 10. Six are now capitalised at between $1-3 billion, and 10 banks are expected to reach $5billion this year. Profits have gone through the roof, with some forecasters predicting increases of more than 200% for 2007.

Nigeria now has the fastest growing banking industry in Africa. There are more bank branches than before the consolidation and the rate of expansion is more rapid – and not just at home. Nigerian banks are establishing branches in west and central Africa, and even South Africa.

The lines of credit from international financial institutions to Nigerian banks are growing in terms of hundreds of millions of dollars. "Some banks that have never received more than $20-25 million now get credit lines of more than $250 million," says Professor Soludo. The recent second consecutive BB minus rating for Nigeria from Fitch Ratings provides further credibility to the banks as they seek to access capital in international markets.

According to Professor Soludo, foreign banks are welcome to enter the system, but his primary goal is for Nigerian banks to go global. "I would like to see Nigerian brand names become international brand names."

Steps are being taken to address skills shortages and improve corporate governance. Meanwhile attention is also being paid to other parts of the financial system, with both the capital market and the insurance sectors undergoing a concentrated process of reform.

All this is being complemented with institution building. An Economic and Financial Crimes Commission has been set up to tackle activities such as advance-fee fraud, and the central bank is facilitating the establishment of the African Finance Corporation (AFC), which will provide credit for the development of infrastructure and accelerate the pace of growth across the continent. Nigerian banks have made a commitment to invest more than N90.3 billion ($700 million).

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WEMA BANK

Indigenous bank has emerged a winner from the consolidation process

Having commenced operations in 1945, Wema Bank can claim to be the longest surviving indigenous bank in the country. Today the bank is embracing the potential unleashed by banking sector reform

Adebisi Omoyeni, Group Managing Director and CEO of Wema Bank, is enthusiastic about the beneficial effects that the first phase of bank reform has had on the industry and its future prospects. "All the banks are opening new branches," he says. "They are now operating on a better platform. Hitherto, what was impossible to do they now have the capacity to do."

A universal bank with a business focus primarily in commercial and retail banking, Wema Bank has emerged from the consolidation process in a position of considerable strength, acquiring National Bank of Nigeria in December 2005. It was a natural marriage between the two oldest indigenous banks in the country – National Bank of Nigeria having been established in 1933 and Wema Bank in 1945.

Adebisi Omoyeni
Group MD/CEO of Wema Bank

Today, the enlarged Wema Bank has improved working capital, expanded reach in terms of its branch network and ATMs, improved IT infrastructure, increased capacity to undertake mega credit and increased offshore and onshore collaboration. Shareholders' funds are in excess of N8 billion ($65 million) and the asset base is more than N71 billion. Odu'a Investment Company holds a 40% stake in the bank, with the remaining 60% held by private individual investors and staff of the bank.

Before consolidation Wema Bank had about 110 branches. With the recent opening of 40 new premises, it is well on the way to achieving a network of 200 branches. "There never was a time when we grew our retail banking on such a scale, but we can do it now with the new capital base," says Mr. Omoyeni.

With enhanced capitalization, the bank is now able to provide mega credit to finance larger projects, a recent example being its injection of $150 million into the rehabilitation of the Josephdam sugar production plant. "In the past that would not have been possible," says the MD.

On the technology front, the recent installation of a state-of-the-art information technology Sub Fire E25K server has enabled the bank to connect all its branches on the wide area network and to significantly improve the quality of its customer service delivery nationwide.

In addition, a corporate restructuring process has been under way, aimed at positioning the bank to optimise opportunities in the marketplace. In January, financial results showed N6 billion profit for the first nine months of 2006.

Non-performing loans have been a serious problem in the banking sector, but Mr. Omoyeni expects them to reduce dramatically. Wema Bank's target for bad loans is no more than 2.5%. "It is easier to get back money on a non-performing asset than to book a new credit, so this is an area we are focusing on.

"In the past you could take a loan and even if you had the ability you might not pay, but with the Economic & Financial Crimes Commission and the commercial banks you know that when you owe the bank you must pay back. Gradually we are getting there and the bad loan will eventually be a thing of the past."

Enhanced capitalization has enabled the bank to provide the credit to finance projects on a larger scale

With more than 60 years of banking sector operations behind it and its current momentum of growth, Wema Bank is on the way to becoming one of the country's top five banks, Mr. Omoyeni believes. But the bank's ambitions extend even more widely in the financial sector.

"Before consolidation, Wema Bank was one of the top eight banks in the country, and today we are still within that bracket. We have the pedigree. We are one of the most respected banks in terms of liquidity, assets, etc.

"The focus of Wema Bank today is not just to be one of the top five banks in the country, but one of the top financial institutions," says Mr. Omoyeni. "We are not restricted to banking. We want to be one of the top five insurance companies. Recently one of our subsidiaries acquired Great Nigeria Insurance Company, one of the best insurance companies in the country."

Already among the top eight banks, Wema Bank is aiming to become one of Nigeria's top five financial institutions

In recognition of the bank's reputation for transparency and operational efficiency, Nigerian Telecommunications (NITEL) recently signed a new agreement with the bank to collect all fees and charges on the company's bills. The bank has also been appointed a US dollar collector Bank by the Nigerian Ports Authority (NPA).

The United States Export/Import Bank (US EXIM) recently announced a new relationship with Wema Bank, granting it a 15 million dollar credit facility for on-lending to its customers in Nigeria. In a statement the official credit agency of the US said the move would be beneficial to both banks and marked the beginning of more opportunities for Nigerian entrepreneurs and businesses that wish to trade with their US counterparts. Mr. Omoyeni says the partnership is a strong indication of the growing confidence in Wema Bank by global partners. "Our customers will certainly benefit from this and many other facilities and services being packaged by Wema," he added.

Mr. Omoyeni sees Nigerian banks expanding their activities beyond the country's borders. "Nigerian banks are going to be international banks. At present, you see them going to other African countries, acquiring banks and entering into collaborations, and this is because we have the means. It is a stepping stone."

He agrees with Chukwuma Soludo, Governor of the Central Bank of Nigeria, that Nigeria has a future role as the financial hub of Africa. "The population is there, the facility is there and we have the capacity. How many countries in Africa today have the kind of foreign reserve that we have?"

Fighting the fraudsters

The advent of the Internet was a revelation for financial institutions.

However, the digital age also invited elaborate fraud. One popular scam involves a bogus chairman of a non-existent bank inviting an email's recipient to make use of the funds of a phantom account - after the deposit of 'handling fees' in a very real account controlled by the fraudsters.

Wema Bank is leading the fight against money-laundering through the implementation of new software that surpasses the minimum requirements of the Nigerian Financial Intelligence Unit. The new software is XML compliant, giving Wema Bank the upper hand in tackling fraudulent transactions and greater protection for its clients and customers. Additionally, the bank is pioneering online staff payment and has recently acquired a state-of-the-art Sun E25K Server to augment its online capacity and increase the fluency of its services.

FEDERAL MORTGAGE BANK OF NIGERIA

Drive to ensure that Nigerians have access to affordable housing

In cities with rapidly growing populations, affordable housing is bound to be a crucial issue. The Federal Mortgage Bank of Nigeria is at the heart of the government's attempts to mitigate the problem

In addition to being the most populous country in Africa, Nigeria is also the most urbanised. Around 30% of the people live in cities, compared with around 10% fifty years ago. Abuja, the capital, built 30 years ago, partly to take the pressure off an overcrowded Lagos, is the fastest growing city in the world. Designed for around three million people, it currently has a population of around seven million.

Inevitably, there is an acute shortage of affordable housing, with the Federal Mortgage Bank of Nigeria (FMBN) estimating the national homes deficit to be up to 17 million. Yet the housing sector accounts for less than 1% of the country's gross domestic product.

A shortage of long-term financing is one of the major factors contributing to the underperformance of the industry. Reform of the sector has been under way since 2002. Government policy is intended to steer the mortgage industry towards sustainable delivery of affordable mass housing, with the active participation of the private sector.

Established in 1956 as the Nigerian Building Society, the FMBN has a long history of retail, supervisory, regulatory and wholesale activities in the mortgage industry. As a result of the Obasanjo administration's reforms, the bank has been restructured into a federal sponsored enterprise and now focuses mainly on secondary mortgage and capital market operations, channelling liquidity into the primary market so that more people can get mortgages. Ownership is now divided between the government, the Central Bank of Nigeria and the Nigeria Social Insurance Trust Fund.

Essentially, the FMBN's mandate is to link the capital market with the housing markets, promote the growth of primary mortgage lenders, mobilise domestic and foreign funds into the housing sector and collect and administer the National Housing Fund (NHF), a contributory saving scheme set up in 1992.

The purpose of the NHF is to provide long-term loans to primary mortgage institutions for on-lending to contributors, and to encourage property development investments through the capital market. Every Nigerian with annual earnings of N3,000 and above is required to contribute to the scheme, and the government, banks and insurance companies are also expected to chip in.

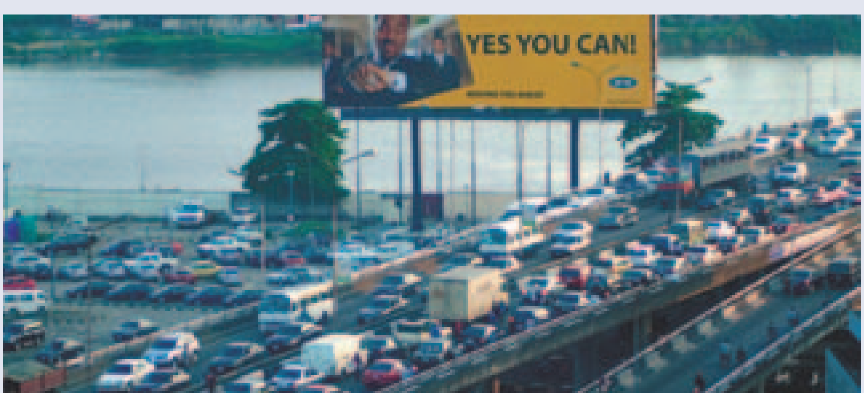
One of the FMBN's successes has been a significant increase in collections and loan disbursements. Since the commencement of the reform programme, there has been an increase of almost 800% in mortgage financing of home ownerships through the fund, according to Tanimu Yakubu, the FMBN's Managing Director.

Since reform started collections and disbursements from the national housing fund have increased considerably

One way in which the FMBN has recently addressed the need to raise capital to meet demand is through its recent successful flotation of a N100 billion ($814 million) mortgage bond. It subsequently signed a N100 billion home purchase agreement with 10 banks to finance the acquisition of 30,000 federal government houses in Abuja.

Between 2002 and 2006 more than N15 billion of the fund's total collection of N20 billion ($162.7 million) was disbursed as mortgage loans to contributors through primary mortgage institutions and as estate loans to developers for the construction of new housing.

In a recent development, the FMBN and the Federal housing Authority have reached an understanding to commence a pilot social housing scheme to provide homes for low-income earners. The bank has agreed to provide financial support for the scheme in each of the country's six geo-political zones. ●



SKYE BANK

Seamless merger of five banks creates a new institution that is aiming high

With a national network of more than 200 branches, and an impressive set of financial results, Skye Bank is on the way to achieving its ambition to emerge as an industry leader

When Akinsola Akinfemiwa first heard of the central bank's intention to demand minimum capitalization for Nigerian banks of N25 billion, he was not very happy. It took him just 48 hours to change his mind. At the time Mr. Akinfemiwa was Managing Director and CEO of the relatively small Prudent Bank. Now he occupies the same position at the head of Skye Bank, which is tipped to become one of the top five banks in the sector.

The outcome of the merger of five institutions – Prudent Bank, EIB International Bank, Bond bank, Reliance Bank and Cooperative Bank – Skye Bank commenced operations in January 2006 with a shareholder's fund of N34 billion and over 240,000 shareholders. Each of the original five banks has brought a particular strength to the new institution, and the seamless manner in which the merger was carried out has been recognised with an award from the Vanguard Banking Awards in Lagos.

According to Mr. Akinfemiwa, Prudent Bank had already started to consider the need for more capital – although with a much more modest target than the required N25 billion – when the new rules were introduced by the central bank.

"We were a small bank doing our own thing but it was beginning to be quite obvious that we needed to go out there and get more capital to make sure we moved away from the vagaries of the market. The way I could see going forward was via acquisition or merger. Actually, I was in the middle of a money raising exercise when the Governor of the central bank, Chukwuma Soludo, made his announcement.

Akinsola Akinfemiwa
MD/CEO of Skye Bank

"I wasn't happy, but I knew we had to do it. Very quickly we put five banks together and announced a memorandum of understanding that we were going to work together."

The new bank boasts a national network covering seven regional locations, with more than 200 branches dispersed around all the country's major commercial cities and business centers. "We have a history, and a recognisable face in some parts of the country. That gives us a natural advantage over some other banks," says Mr. Akinfemiwa.

Certainly Skye Bank's most recent financial results are highly impressive. The unaudited result for its third quarter, ended December 31, 2006, shows gross earnings of N8.7 billion ($70 million), a highly impressive 80.4% increase over the same period the previous year. Profit after tax rose by 55% to N817.65 million, compared with N527.34 million in 2005.

The bank also joined the exclusive group of financial institutions to have crossed the N100 billion mark in deposits, grossing almost N120 billion ($966 million), and is widely expected to number among Nigeria's top five by the end of 2007.

Skye Bank is a full service bank with a diversified product base and strong focus on retail banking. Through its strategic business units the bank has a hand in every facet of the Nigerian banking economy, with particular emphasis on corporate, commercial and retail and consumer banking. The Project Finance Group is concerned with developing investment incentives in line with Skye Bank's desire to position itself firmly among the top insurance providers in Nigeria. "We are focusing on retail operations mostly, growing the people, growing companies, growing ideas, saying yes to people's aspirations," says the MD.

The bank has invested heavily in technology to provide its customers with a convenient and innovative service. "Our ATM system is probably

Building on a firm foundation

First City Monument Bank (FCMB) unveiled a new corporate image last year as the culmination of a process that has seen it transformed from a privately held, niche merchant bank to a diverse financial services group. Today, FCMB is one of Nigeria's fastest growing banks, with interests in wholesale and retail banking, investment banking and capital market services.

Ladi Balogun, Managing Director and CEO, whose father founded the bank more than 25 years ago, emphasises that while FCMB has taken a new direction, invested heavily in technology and adopted a new vision as a world-class financial service institution, it still attaches enormous importance to its pedigree. "We are building on the foundation, aiming for a more exciting future but respecting our traditional values," he says.

FCMB boasts 120 branches and more than 1,000 ATMs. The bank is engaged in continued expansion into new areas of the country, funded with N20 billion ($162.7 million) in additional capital raised through private and public offerings. The bank is also turning its attention to other countries. "Within the next five years, you will definitely see our presence in at least one key international capital market and several other markets within the African continent," says Mr. Balogun. ●

New impetus for national mint

Privatised in 2005, the Nigerian Security Printing and Minting Company (NSPMC) – the national mint – has been transformed from a loss-making venture that was failing to meet demand to a profitable, self-financing operation with realistic ambitions to begin exporting its services within two years.

The mint is the only fully-fledged security printing organization in the whole of the African sub-region. Established in 1963, it produces currency notes and coins for Nigeria's central bank, and a wide range of security documents for government institutions, commercial banks and leading companies.

Now 77% owned by the central bank, with the Bureau of Public Enterprises holding just over 20% and De La Rue of the U.K. just under 3%, the mint has been given fresh impetus by a new management team that has applied a private sector approach, downsizing the formerly bloated workforce and renewing the focus on the needs of the customers.

The vision has been to transform the organization so that it operates as an effective business concern and has the potential to serve the west African sub-region. It is expected to meet the whole of the nation's demand for currency and coins by the end of this year. ●

Skye Bank's head office won the 2004 St. Moritz Style Award for its contemporary design

the most efficient in the country. We want to reach many more people using IT. Telephone banking is right up there." The bank is a pacesetter in e-banking, a recent notable success being the launch of its CampusCard for students in tertiary education. Recognition has been forthcoming from Nigeria's Marketing and Media Magazine, who awarded Skye Bank its Most Effective ATM Award last year. The bank's support for franchise enterprises has been made into a case study for students at Nigeria's distinguished Lagos Business School.

Skye Bank has also emerged as a leading player in financing strategic projects in major sectors of the economy, such as telecommunications, real estate, agriculture, oil and gas and manufacturing. It was one of five banks that invested in the formation of Transnational Corporation (TransCorp). In February, it secured a facility of $150 million to support development of Nigeria's telecom industry from the African Export-Import Bank (Afrexim Bank) and Standard Chartered Bank of London under the Global Telecommunications Services Receivables Financing Programme. The facility will provide quick and affordable access to funding for local telecom operators and providers.

Skye has joined the exclusive set of banks that has crossed the N100 billion deposit mark

The bank recently announced a strategic partnership with Germany's Deutsche Bank that, according to Mr. Akinfemiwa, will take Skye Bank to the next level in the banking industry. The two banks will work together in the area of foreign reserve management, private equity investment, risk management, funds administration and training.

Mr. Akinfemiwa's ambitions for Skye Bank extend beyond Nigeria's borders. Investigation of the potential for expansion along the oil-belt of San Tome and Angola is underway, and Skye Bank has already entered into partnership in France, and is negotiating a similar understanding with financial institutions in the U.K.

"We are currently talking to banks in Liberia, in Ghana, In Benin and Togo, and as far afield as Angloa. Nigeria is about 70% of the west coast of Africa, and taking a long-term view, maybe five to ten years from now, there will be a better understanding of the need for us to step out of Nigeria and see what we can do for the west coast as a whole. I would like us to be a pan-African bank. We want to be in the big league and ultimately on the international circuit."

He says the bank is preparing itself for the next stage and is very open to possible future mergers and acquisitions. He has total confidence that the future for the bank will be one of growth.

"There are so many opportunities here. Things are happening in the major parts of our economy – in telecommunications, oil and gas and power. Look at the population we have. There are so many things for a bank to do. What we must be thinking of is the future. We are planning for tomorrow." ●

AFRIBANK

A bright future for one of Nigeria's oldest banks

Established in 1959, Afribank has a history of facing challenges and overcoming difficulties that mirrors Nigeria's own remarkable progress

In over 46 years of banking, Afribank Nigeria Plc, one of Nigeria's oldest banks, has never lacked the key ingredients of competition: vision and drive. The bank's proactive approach to business has enabled it to face the challenges and obstacles within the Nigeria's banking industry

Operating from close to 250 branches across Nigeria, Afribank has succeeded in cementing its place as a neigborhood financial institution and a credible business ally to people and organizations of diverse interests. As a member of the top ranking financial institutions in Nigeria, over the years Afribank has garnered assets, reputation, opportunities and goodwill in equal measures, all of which have combined to make it a reference point for the nation.

The Afribank Group is an established financial conglomerate with a cogent presence in virtually all sectors of the economy, operating through six specialized subsidiaries. The bank also has a full-fledged subsidiary in Dublin, Eire. The operational model of the Afribank Group has enabled it to reap benefits from the complementary services of its subsidiaries.

The emergence of Afribank as a key player at the end the first phase of the nation's banking industry consolidation was predicted. But the bank is not resting on its laurels. Among the assets that have best positioned the bank to sustain its leadership in the industry are the credentials and profile of its management. Sebastian Adigwe, the Group Managing Director of Afribank, leads a team of technocrats with proven track records. The Adigwe-led executive team of Afribank has continued to take advantage of opportunities offered by consolidation, both locally and globally.

According to Mr. Adigwe, Afribank has implemented a five-year plan. "Our vision is to be in the top four banks in terms of total assets and profit before tax. We intend to do this by focusing sharply on commercial and investment banking. Our commercial banking arm will focus on corporate and retail businesses while in investment banking we will focus solely on the retail business."

"Our targets and projections in terms of figures are very ambitious, but achievable"

Afribank will also create an equity fund, which it will manage on its own, while expanding its network to cover the entirety of Nigeria.

"We have massive assets, opportunities and a vast branch network. We will optimize this huge potential for the benefit of our stakeholders," Mr. Adigwe states.

Afribank believes that to get a fair market share, an all-round approach is required. It has initiated a brand enhancement strategy aimed at improving its equity to consequently post superior returns to shareholders.

The bank's approach is to maintain a broad asset mix, generate liabilities and realize deposits that are commensurate to its size, and above its peers.

Mr. Adigwe attested that the bank is continuously re-engineering its operational processes, implementing new marketing models and empowering its staff.

Mr. Adigwe is optimistic that the dynamism already injected into the bank is capable of achieving a lot in a short time. "We are developing new markets and expanding our existing ones through an approach that brings out the best from everyone. The target we have set and the projections we have made in terms of figures are very ambitious, but achievable," he asserts.

To achieve its ambitious targets and compete effectively in the face of local and global challenges, Afribank's game plan is to raise N50 billion from the capital market. "We are also presently in talks with three foreign institutions, as well as three local banks. We will grow either organically or inorganically," Mr. Adigwe emphasized.

With an elaborate plan and a can-do-it attitude, Afribank's vision and ambition is on the path to reality. It is simply a welcome card to a brighter future for a bank that holds plaudits for its pioneering role in the Nigerian banking industry. ●

FIRST BANK OF NIGERIA

Going for modernization and growth to stay in pole position

The country's oldest commercial bank, First Bank of Nigeria is determined to remain the industry leader. Its plans for expansion are rooted in confidence in the future of the economy

Already Nigeria's most capitalised company, First Bank of Nigeria last month launched a hybrid capital offer as part of its drive to remain in pole position in the country's banking industry. According to Jacobs Ajekigbe, the bank's Managing Director and CEO, the ten-year N22.8 million ($175 million) bond – rated B by Standard & Poor's and priced by Merrill Lynch with yield of 9.75% – is "driven by our vision to remain first in the banking industry, as well as to aid the speedy deployment and modernization of our processes and operations."

The funds raised will be used to further expand and modernise the branch network, upgrade the bank's IT platform and accelerate areas of business growth. "We are equally going to recapitalise all our existing subsidiaries in order to meet up with our new vision and goal," says Mr. Ajekigbe.

And even bigger prospects lie ahead. A proposed merger between First Bank and Ecobank Transnational Incorporated (ETI) would create the largest financial conglomerate in the west African sub-region and the largest indigenous bank in Africa. The group would boast 546 branches, a capital base of more than N100 billion ($813 million) and an asset base of N850 billion ($700 million). It would also be one of the largest employers in sub-Saharan Africa with a workforce of more than 9,600 people.

First Bank of Nigeria recently opened its 400th branch as part of its ongoing expansion drive

Mr. Ajekigbe sees a bright future for both the country and the bank, noting that the economic prospects for Nigeria remain good in the short-to-medium term, with the country expected to receive at least $1.4 billion in foreign investments for a range of energy projects over the next two years, other major projects coming on stream and growth in real output likely to average 5% over the next three years.

This, plus growing business confidence in Nigeria, will "offer First Bank an opportunity to consolidate its leading position in the Nigerian financial services industry and make an appreciable inroad into the international market," says Mr. Ajekigbe.

He acknowledges that the future will be competitive. "The on-going industry reform initiatives and the ensuing contraction in the number of operating banks will task us to innovatively use our strength of size to advantage, as well as challenge us to improve on our risk asset quality."

There is also the challenge of reengineering the bank's work ethos and creating new products to meet the demands and expectations of the public. "We are poised more than ever before to reinvigorate our vision and customer service promise to be 'the bank of first choice'," says Mr. Ajekigbe. ●

INTERCONTINENTAL BANK

Steady progress towards establishing a strong presence in the global market

Following its highly successful merger with three other banks two years ago, Intercontinental Bank is well on the way towards realising the dream of its founders

A sure sign of restored confidence in the Nigerian economy in general, and the financial sector in particular, is the willingness of leading international institutions to enter into partnerships with Nigerian banks. A good example is the agreement announced at the start of this month by a consortium of five international financial institutions to invest $161 million (N20.25 billion) of convertible preferred equity in Intercontinental Bank.

Intercontinental Bank is one of Nigeria's largest, most diversified and most profitable financial services institutions. One of the top three banks in the country in terms of market capitalization, assets and shareholders' funds, it is ranked by the Financial Times of London as the 16th largest bank in Africa and among the top 1,000 banks in the world.

The capital inflow and operational and strategic assistance flowing from the deal will be used to bolster Intercontinental Bank's strategic growth plan, through which it aims to become the leading bank at home while extending its activities abroad. The highly reputable institutions investing include Vectis Capital, EMP Africa Fund II, AIG Global Emerging Markets Fund II, L.P., Rand Merchant Bank and RICO.

"These organizations will bring their global capacity and financial leadership to bear on the operations and performance of Intercontinental Bank in its drive to excel on the stage of global banking," says Group Chief Executive Erastus Akingbola.

Intercontinental Bank has also entered into a technical partnership with BNP Paribas, which Dr. Akingbola says will fast track the bank's process of evolution into a truly international bank. The partnership involves extensive cooperation in areas of trade finance, asset management, training and new product offerings.

Merger in 2005 is regarded as a model of the consolidation process

In October 2005, Intercontinental Bank merged with three other banks – Equity Bank of Nigeria, Global Bank and Gateway Bank – in what has been seen as a model of the consolidation process. Indeed, it became the first of Nigeria's merged banks to fully integrate its systems and commence online, real-time businesses in all its locations nationwide on the same day. Today, it boasts a branch network of approximately 280 premises. The Nigerian Stock Exchange declared Intercontinental Bank joint winner of its 29th Annual President's Merit Award for the 2005 Financial Year in the Banking/Investment Category.

Intercontinental Bank boasts of one of the highest returns on investment in the industry over the last 15 years; between 2004 and 2006 alone cumulative return on investments climbed to over 230%. Last November, the bank received its first rating by Fitch Rating, who assigned it an investor grade long term rating of "A".

Financial results posted recently show a staggering increase in gross revenue of 94% for the quarter ended November 30, 2006 – from N30.480 billion in 2005 to N59.106 billion in 2006. Profit after tax rose by 79% from N7.179 billion to N12.825. Total assets increased from N334 billion to N616 billion.

A recently concluded N60 billion public offer is expected to have pushed the bank's shareholders fund to more than N130 billion ($1billion), making it the highest shareholder fund in the country. According to Dr. Akingbola, the boost in funds will enable the bank to compete with leading banks in South Africa, US and Europe. It will finance further investment in technology and the opening of more branches in Nigeria, as well as expansion into the West Coast, Europe, Asia and the Americas.

A recent acquisition, CITI Savings and Loans in Ghana, has been transformed into Intercontinental Bank Ghana. "We are poised to be the number one bank in Africa," says Dr. Akingbola. ●

NIGERIAN PORTS AUTHORITY

Ports have potential to become hub of west and central Africa

Established more than half a century ago, the Nigerian Ports Authority is seeing its role changing as the sector undergoes reform and restructuring in a bid to boost international business

More than 65% of the total maritime trade in west Africa passes through Nigeria's seaports. With their highly developed infrastructure, modern equipment and efficient, professional cargo handling and freight management, the ports have great potential to exploit their strategic position for serving both the rapidly developing national economy and the wider west and central African sub-regions.

Eight major ports are strung along Nigeria's coastline and the estuaries of the main navigable rivers. According to figures released by the Nigerian Ports Authority (NPA), the ports handled 45 million tons of cargo in 2005, the highest volume recorded and a 12% increase on the previous year. Almost 3,700 vessels, with gross registered tonnage of 60 million tons, entered Nigeria's harbors. Imported cargo, which made up 29 million tons, or 64% of the total, came from 114 different countries – the main sources being the United States, Taiwan and Brazil.

The state-owned NPA, which has been organizing, regulating and developing the sector since it

was established in1954, has been adapting to changing times as the port system, along with other important sectors of the economy, has been undergoing a process of reform and restructuring.

Central to this has been the handing over of the management of the port terminals to private operators via concessions. The change is intended to reduce government involvement in ports management, maximize efficiency and reduce costs with the ultimate goal of making Nigeria the hub for maritime business in west and central Africa.

According to Chief Adebayo Sarumi, NPA's Managing Director, the concession has gone "beautifully well". Concessionaires have brought in fresh ideas, investment and modern operational techniques.

"We are now achieving international efficiency," he says. "Apart from concessionaires, there are international investors who put foreign direct investment into green fields development and created brand new terminals. These terminals are employing Nigerians using new equipment; Nigerians are learning new ways of operating in the maritime industry."

Old warehouses have been removed and are being turned into large container stacking areas. Perhaps most importantly, congestion has disappeared and the waiting time of vessels has gone down dramatically.

The NPA has a key role to play overseeing the business plans and investment of the private operators and ensuring they fulfill their obligations to the ports users. The streamlined, lower-cost authority continues to take responsibility for providing and maintaining common-user facilities such as roads, lighting and security, and for pollution control, bringing vessels into the harbor from the high seas and training master mariners. ●