

# DAILY AFRICAN FOOTPRINT

*Today's Breaking News Across the African Capital Markets*

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- SocGen targets Chinese investments in Africa

## Angola

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- Angola Negotiates \$500 Million Societe Generale Line of Credit

## Kenya

- Kenyan shilling seen weaker on dollar demand by energy sector

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- Malawi CPI slows to 18.2 pct in March y/y

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- Niger Mulls Nuclear Power Plant to Exploit Its Uranium Resources

## Nigeria

- Nigeria inflation edges higher to 8.5 pct yr/yr in March
- FCMB Assures Shareholders Higher Returns
- IMF Tasks Nigeria on Fiscal Reforms, Subsidy
- Access Bank, UBA Succeed with N64bn Rights Issues

## Tanzania

- Exim Bank profit for 2014 up 35pc
- Tanzanian mobile phone subscribers jump by 16 pct in 2014
- Tanzania's shilling at record low, corporate dollar demand weighs

## Zimbabwe

- NMBZ secures \$37m offshore credits
- Mwana Africa nickel sales up 49pct, gold output flat
- Banking sector profitability dips 17%

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## Africa

**French bank Societe Generale plans to expand its retail and commercial activities in West Africa to target increasing Chinese investments in the region, a bank executive said on Thursday.** SocGen, which is present in 18 African countries mostly in the French-speaking west of the continent, is playing catch-up with Barclays and Standard Chartered in the sector, said Alexandre Maymat, deputy head of international banking and financial services. "China has become the biggest investor in Africa. Chinese investments are growing," Maymat told Reuters, noting Chinese investments in Africa had reached \$69 billion in 2013. Socgen has put in place Chinese client advisers in Cameroon, Benin, Ghana and Paris, he said, and plans to further increase staff of Chinese origin to advise Chinese investors jostling in Africa's construction, mining and telecoms sectors. Maymat said the strategy was proving successful after telecoms equipment maker ZTE entrusted Soc Gen with management of the financial operations of subsidiaries in 15 African countries. "There are 38 active Chinese enterprises in Cameroon, thanks to our new strategy, 30 of those are our clients," Maymat added. *(Reuters)*

## Angola

**Angola, sub-Saharan Africa's third-largest economy, is negotiating a \$500 million line of credit with Paris-based Societe Generale SA as it struggles to cope with plunging oil revenue.** President Jose Eduardo dos Santos issued a decree April 8 approving a framework agreement for the Finance Ministry to secure the loan, according to the government gazette. The money will be used for public investment projects, state-run Jornal de Angola reported Thursday. The continent's second-largest crude producer is also negotiating loans with Goldman Sachs Group Inc. and London-based Gemcorp Capital LLP, each for \$250 million, and with Spain's Banco Bilbao Vizcaya Argentaria SA, for 500 million euros (\$537 million). The African Development Bank is funding water and sanitation works for \$124 million and the World Bank is due to supply \$500 million in May for agricultural projects. Angola, a member of the Organization of Petroleum Exporting Countries, cut this year's budget by a quarter last month and reduced investment spending by a third after crude lost about half its value since June. Dos Santos said last month that some infrastructure projects would be delayed. The kwanza has fallen to a record and analysts including Gareth Brickman at ETM Analytics have said the government will have to formally devalue the currency to attract interest in a planned \$1.5 billion Eurobond. Moody's Investors Service, Standard & Poor's and Fitch Ratings have cut their outlooks or ratings on the country in recent weeks. *(Bloomberg)*

**Angola's consumer inflation edged up to 7.87 percent year-on-year in March from 7.73 percent in February, data from the statistics office showed on Thursday.** On a month-on-month basis, prices rose 0.63 percent after a 0.76 percent increase previously, the agency said on its website. *(Reuters)*

## Kenya

**Kenya's shilling was flat at three-year lows on Friday but traders were anticipating a weakening bias for the local currency with energy companies seeking to buy dollars.** At 0830 GMT, commercial banks quoted the shilling at 93.40/50, unchanged from Thursday's close and stuck at levels last seen in November 2011. "We maintain a fairly negative shilling outlook on account of mid-month corporate demand," said Joshua Anene, a trader at Commercial Bank of Africa. "Also, inflows are subdued at the moment." The strength of the U.S. dollar globally has put pressure on the currency, while tourism and horticulture, Kenya's main foreign currency earners, have been floundering. Poor rains have hit the agriculture sector hard, leading to depressed tea and coffee earnings. A spate of Islamic attacks, including an assault on a northeastern university earlier this month where 148 people were killed, has scared off potential visitors to Kenya's sandy beaches and game reserves, hoteliers say. Sheikh Mehran, head of trading at I&M Bank, said he expected the shilling to stay rangebound at the 93.20-93.80 level. "The only thing that could slow down the shilling's slide is a central bank intervention," he said.

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On Tuesday, the bank said it was monitoring the foreign exchange market and had enough reserves "to cushion the exchange rate against these short-term shocks and volatility." *(Reuters)*

## Malawi

**Malawi's consumer inflation slowed to 18.2 percent year-on-year in March from 19.7 percent in February, data from the National Statistical Office showed on Thursday.** *(Reuters)*

## Niger

**Niger, one of the world's top producers of uranium, is considering the construction a nuclear power plant to exploit its own resources after export prices of the fuel fell following the 2011 Fukushima disaster in Japan.** "We have been exporting raw materials without realizing the expected benefits as prices dropped after Fukushima," Salamatou Djibo Gourouza, presidential adviser on energy and mining, said in an interview in Kwale, Kenya on Wednesday. "Nuclear plants are a better way of ensuring our country gets real benefit from the massive uranium deposits." Global uranium prices have fallen about 45 percent since the Fukushima meltdown four years ago prompted Japan to close reactors. Prices have risen since the second half of last year as the Asian nation prepared to restart some of its reactors. While Niger is one of the world's poorest nations, it accounted for 8 percent of global uranium output in 2011, ranking as the fourth-largest producer, according to the U.S. Geological Survey. In the largely desert-covered West African country, where only one in 10 people have access to grid power, the state is trying to improve the supply of electricity and seek investment in mining to boost the \$7.4 billion economy. It imports about 60 percent of the electricity that households and businesses consume from neighboring Nigeria, Gourouza said. Niger produces about 5,000 metric tons of uranium annually and holds 10 percent of world's reserves of the fuel, according to Djibo Takoubakoye Daouda, a director at the High Authority for Atomic Energy of Niger. A nuclear power plant in Niger with a capacity of 1,000 megawatts could raise gross domestic product by as much as a quarter, he said. The target is to build a facility by 2030. Some of the main miners of uranium in the country include Compagnie Miniere d'Akouta, or Cominak, and Societe des Mines de l'Air, also known as Somair. *(Bloomberg)*

## Nigeria

**Nigeria's consumer inflation hit 8.5 percent year-on-year in March, up slightly from 8.4 pct in February, the national statistics office said on Thursday.** Food inflation, the biggest contributor to the main consumer index was 9.4 percent in March, unchanged from the previous month, the statistics office said. *(Reuters)*

**The Managing Director of FCMB Group Plc, Mr. Peter Obaseki has said through operational efficiency and value creation, the company will ensure increased return on investment to all shareholders in 2015 financial year and beyond.** He gave this assurance while speaking at the company's 'facts behind the figures' at the Nigerian Stock Exchange (NSE) in Lagos on Wednesday. He said although 2015 financial year would be a difficult year one as result of naira depreciation and the drop in oil prices at the international markets, he added that FCMB Group would be committed to cost optimisation and efficiency to increase shareholders value. "In 20 years we have operated, we have seen economic cycle, the boom and the burst but we have demonstrated resilience which shows we can adapt to Nigerian financial environment," Obaseki said. He stated that the group would embrace new business opportunities and ensure reduction in cost of capital for value creation. According to him, FCMB Group was one of the only two financial institutions in the country permitted to have a pension fund administrator subsidiary by Central Bank of Nigeria (CBN). "With 28 per cent in a PFA, we are uniquely positioned to tap into the huge PFA opportunity, currently growing at 14 per cent per annum, with total asset under management of N4.6 trillion," he said. Speaking in the

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same vein, the Managing Director, First City Monument Bank Limited, Mr. Ladi Balogun, said that the bank would remain focused in maintaining its retail banking leadership. He said that the bank would emerge as one of the most relevant financial services brands in the country. According to Balogun, bank would acquire 50,000 new customers and as well dispense 20,000 new loans every month. The group posted a 32 per cent increase in a profit before tax (PBT) for the full-year ended December 31, 2014. FCMB Group posted an impressive performance in 2014, ending with growth of 32 per cent in profit. The retail banking divisions of FCMB Limited contributed a profit before tax of N4.1 billion or 18 per cent of FCMB Group profits, up from N1.8 billion for the previous year. Deposits received from individuals increased 14 per cent to N166 billion, representing 22 per cent, of the bank's deposits, while loans issued to individuals increased 32 per cent to N126 billion, representing 20 per cent of total bank credits. As FCMB Limited's franchise grew in acceptability in the retail market, the company acquired over 500,000 new customers in 2014 and supported over 278,518 borrowing customers during the year with consumer loan disbursements. *(This Day)*

**The International Monetary Fund (IMF) has advised the federal government to adopt a stringent approach on public spending to ameliorate the adverse effects of plummeting oil price on the citizens.** Fiscal prudence and removal of all forms of subsidies often funded with public resources, the IMF noted, should be among options left for Nigeria and other oil exporting countries to overcome the threats posed by dwindling crude prices at the international market. IMF Managing Director, Christine Lagarde, who fielded questions at the on-going spring meetings of the IMF/World Bank in Washington DC, United State, also noted that although the Nigerian government has been talking about economic diversification, the impact remained to be seen on the people and the economy as a whole, urging the government to take more concrete steps to stem the vulnerability that could arise in the face of the falling oil prices. Since mid-June of 2014, Nigeria and other Organisation of Petroleum Exporting Countries (OPEC) have suffered an over 50 per cent loss in crude oil prices, thereby affecting budget implementation and other obligations. In a bid to manage the development, the federal government late last year rolled out a cocktail of belt-tightening measures aimed at minimising the vulnerability arising from the attendant revenue losses from oil exports. Such belt tightening measures include surcharges on some luxury consumption, reduction in overseas trainings by government officials, voluntary cut in National Assembly budget, salaries of President Goodluck Jonathan and other top government functionaries as well as State House budget. About 70 per cent of Nigeria's revenue is derived from sale of crude petroleum products. *(This Day)*

**Strong indications have emerged that Access Bank Plc and United Bank for Africa Plc have succeeded with their rights issues despite the lull that prevailed in the capital market during the issues.** Both banks had early this year floated the rights issues. While UBA made a rights issue to raise N11.5 billion from existing shareholders, Access Bank made a rights issue to raise N52.6 billion from its shareholders. Both funding raising exercises took place at a time when the capital market was in lull with many investors trending cautiously due to apprehension over the then impending general elections among other factors. However, THISDAY checks have revealed that both financial institutions succeeded in raising the funds they requested. Although the banks are awaiting the Securities and Exchange Commission (SEC) to approval the offer results, sources close to the issuing houses said they were successful. "I can confirm to you that the rights issue was fully subscribed. We are only waiting for SEC to approve the offer results before making it public," the source said. Market operators said given the bearish state of the market during the issue period, the success of offers indicates the confidence shareholders have in the two financial institutions. The two banks had approached shareholders to raise a total of N64.1 billion, with Access Bank raising the highest of N52.6 billion.

UBA had initially made a rights issue of 3.3 billion shares at N4 per share raise N13.2 billion. But the bank had to reduce the offer price to N3.50 per share to raise N11.5 billion. According to UBA, the net proceeds of the rights issue would be used to finance its business development plan aimed at further entrenching itself as the leading bank in Africa. On the other hand, Access Bank Plc issued 7.627 billion shares to shareholders at N6.90 to raise N52.6 billion. The proceeds of the issue will be used to boost the bank's working capital, enhance its information technology and expand branch network, which is expected to ultimately lead to improved performance and returns. Commenting rights issue, the Group Managing Director of Access Bank, Mr. Herbert Wigwe, said, "We are going to give good returns on

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investment as our target is to be among top three banks in 2017." According to him, the capital raising falls in line with bank's five-year corporate strategy plan to be one of the top three banks in the country and the "world's most respected African bank". "This will be anchored on four critical pillars – capital, human capital, governance and risk management. It will also enable the Bank to be more competitive and meet the funding needs of its blue chip customers that meet its credit risk criteria. The funds raised would provide Access Bank with additional capacity to further consolidate its leading corporate banking business as well as additional capital headroom to support our increasing market share in the SME and retail segments," he said. (*This Day*)

## Tanzania

**EXIM Bank Group pretax profit for financial year 2014 increased by 35 per cent to 24.1bn/-, from 17.9bn/- in 2013, the firm said in its latest financial report.** The bank maintained its 1tr/- asset base and managed to increase shareholder's worth by 23 per cent to 190bn/- as compared to 154bn/- recorded in 2013. "We are pleased to report robust performance for the financial year ending December 2014," said Mr. Issa Hamisi, the bank's Ag Chief Finance Officer, told a news conference in Dar es Salaam. He said the net interest income, grew by 30 per cent to 57.3bn/- from 44.2bn/- recorded in 2013. The improvement was driven by an efficient balance sheet management, focusing on low cost deposits for growth. According to Mr. Issa, fees, commission and foreign exchange income increased by 25 per cent to 38bn/- from 30.4bn/- recorded in the previous year. The growth was significantly driven by volume growth on foreign exchange trading activities, trade finance products and fees from alternate delivery channels. The asset quality of the bank improved significantly with Gross NPA ratio dropping from 9.60 per cent in 2013 to 6.83 per cent as at the end of the reporting year. The bank had set a three years medium term strategy at the beginning of the year, aimed at increasing its market share in deposits and attaining the leadership position in payments. Mr. Issa further stated that the bank had laid sustained focus on further strengthening its foundation which is 'The People, The Processes & The Technology'. The bank had engaged some of the best global consultants to advice on the best practices on 'Enterprise wide Risk Management'. The bank also initiated the process of centralizing its back office operations during the year. (*Daily News*)

**The number of mobile phone subscribers in Tanzania rose by 16 percent in 2014 to 31.86 million, the telecoms regulator said, marking further growth in the communications sector already ranked as the fastest expanding in the economy.** Like in other African countries, mobile phone use has rocketed in Tanzania in the past decade. Analysts see further growth in the east African nation of over 45 million people, which now has a mobile phone penetration of 67 percent. The number of Internet users rose 22 percent to 11.35 million last year from 2013, the report by the Tanzania Communications Regulatory Authority (TCRA) said on Thursday. Tanzania's government granted a licence last year to Vietnam-based telecoms operator Viettel to build a 3G network in the country, and has said it plans to pass rules for the mandatory listing of shares in mobile phone operators this year. Operators include Vodacom Tanzania, a unit of South Africa's Vodacom; India's Bharti Airtel; Tigo, a unit of Sweden's Millicom International Cellular; and Zantel, part of United Arab Emirates telecoms operator Etisalat. (*Reuters*)

**Tanzania's shilling fell to a record low against the dollar of 1,890/1,900 on Thursday, weighed down by demand for the U.S. currency from energy firms and manufacturers, traders said.** "This is the weakest level the Tanzanian shilling has been in history," said Mohamed Laseko, a trader at CRDB Bank. Inflows of foreign exchange have been modest from agriculture exports and tourism, now in a low season for arrivals. In addition, a globally stronger dollar has hurt Tanzania's shilling and other regional currencies. (*Reuters*)

## Zimbabwe

**Dual-listed financial services group NMB Zimbabwe Holdings (NMBZ) is set to secure \$37 million in offshore credits earmarked for on-lending to industry and various sectors of the economy, a top company official has said.** Newly-appointed NMBZ chief executive Benefit

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Washaya told businessdaily in an interview yesterday that the Zimbabwe Stock Exchange and London Stock Exchange-listed group prioritises getting foreign lines of credit. "The local industry requires appropriately priced funding of a fairly longer tenor and this type of money is not available locally," he said adding that NMBZ started accessing lines of credit from as far back as 2010. "As we speak, our approved lines stand at \$56 million from six different funders, four of which are European development finance institutions (DFIs). "We are expecting to draw down an additional \$12 million in the next 30 days, the facilities have been approved and we are nearing the completion of the documentation execution stage to facilitate draw downs," said Washaya. This comes as three strategic foreign investors — Tunisia-based AfricInvest Capital Partners, Dutch Development Bank FMO and Norfund — injected \$16 million into NMBZ in 2013 in exchange for a 26,97 percent stake. In 2014, a French DFI Proparco also unveiled a \$10 million facility to NMBZ for on-lending to the country's small-to-medium enterprises (SMEs).

Market watchers say the stance by NMBZ to secure offshore credits would go a long way in addressing the liquidity crunch currently obtaining in the country. The experts warn that macro-economic challenges such as liquidity crises tend to choke up productivity sectors of the economy. Washaya, who targets to grow the financial services group by achieving tier one (1) status for NMB Bank through raising \$100 million capital, says plans are underway to secure more lines of credit before the end of the year. "We are also targeting an additional \$25 million in lines of credit for the remainder of 2015 which could push our approved lines to a figure nearer \$100 million," he said. In the full year to December 2014, NMBZ posted a \$1,6 million net profit compared to a loss of \$3,3 million reported in prior year, buoyed by cost cuts and a good loan book despite a slight decline in interest income. In the period under review, the financial services group went on an aggressive campaign to keep its non-performing loans under check resulting in impairments dropping to \$5 million from \$16,6 million in 2013. Interest income declined to \$31 million from \$33 million while interest expenses also dropped to \$12,6 million from \$13 million. The group's total deposits also surged to \$235 million from \$211 million and shareholders funds increased by four percent to \$45 million. No dividend was declared for the period. *(Daily News)*

**BINDURA Nickel Corporation's Trojan Nickel Mine recorded a quarterly 49 percent increase in nickel sales to 2.072 tonnes for the fourth quarter ending March, while mill head grade was 44 percent higher, buoyed by improved efficiencies, the company said on Thursday.** The group spent nearly \$7 million in the quarter on capital expenditure, which saw the delivery of new equipment which has since been commissioned and deployed resulting in the improved performance, the company said. "The past quarter has been a period of significant progress across all our existing operations and new projects," group chairman Kalaa Mpinga said in a statement. The average price received for nickel concentrates at \$9,489/t was softer than the \$10,313/t in the previous quarter. Gold production at Freda Rebecca was flat at 14,358 ounces but gold recoveries increased by five percent from 78 percent in the third quarter. Cash costs improved by four percent to \$1,076 oz from \$1,118 in the previous quarter. "At Freda Rebecca we have achieved steady production, although the need to work through low-grade zones as development moved towards new high-grade and main stopes persisted," said Mpinga.

"While gold prices declined progressively throughout the financial year, the company was able to achieve a four percent reduction in Freda Rebecca's cash costs. "The focus remains on further curtailing of costs and grade control as mining moves increasingly into the higher-grade stopes." Commenting on the Bindura Smelter, Mpinga said a \$20 million, 5-year bond to finance the smelter re-start closed on 27 February 2015 and was fully subscribed. The funds will be used to accelerate work on the smelter, with most of the major components expected to be delivered by end of June. The nine month commissioning period is still on track. "Work on the smelter re-start project progressed with major components either already delivered "or due to be delivered between April through to June 2015," he said. "Looking ahead, production for the first quarter in the upcoming financial year is expected to be lower than the quarter under review due to a planned month-long shutdown which will commence on 7th June 2015 and is projected to be completed on 6th July 2015 and will tie in with the Trojan re-deepening and other projects. *(New Zimbabwe)*

**The banking sector after-tax profit dipped 17% last year to \$78,69 million amid rising impairments, a reflection of the deteriorating economic activity, an analysis by a leading brokerage firm has shown.** In 2013, profit after tax for the industry was \$94 959 970. Whereas three banks (NMB, MetBank and POSB) had posted losses in 2013, the number swelled to five (ZB Bank, ZB Building Society, BancABC, FBC

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and MetBank) last year, a report by MMC Capital showed. MMC said a sample of the 2014 full-year results for banks attested to the fact that the deterioration in economic activity in Zimbabwe was leading to worsening non-performing loans (NPLs). According to the monetary policy, the average non-performing loans to total loans stood at 16% as at December 31 2014 after factoring out closed banks. "On the back of the NPLs, total banking sector profitability (PAT) for the sample lost 17% to \$78,69 million in the year 2014. The majority of banks recorded significant growth rates in impairment charges for the full-year period ended December 31 2014," MMC said. The banking industry had stood the economic headwinds since the introduction of the multi-currency regime in 2009 with sectors such as manufacturing taking a knock. Analysts fear rising impairments on the back of the harsh economic environment that has spawned a high NPL ratio would result in banks cutting on lending needed to oil the economy. But they are optimistic the establishment of a credit reference bureau would weed out multiple debtors that have over borrowed at a number of financial institutions. *(News Day)*

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