



# The African Export-Import Statement of Approach

## Anti-Money Laundering and Countering Terrorist Financing

### 1. About the African Export-Import Bank

The African Export-Import Bank ("the Bank" or "Afreximbank") was established in Abuja, Nigeria in October 1993, by African Governments, African private and institutional investors as well as non-African financial institutions, and private investors for the purpose of stimulating, promoting, and expanding intra-African, and extra-African trade.

#### 1.1 Authorized Capital and Allocation of Shares

The authorized Common Stock share capital of the Bank is five billion United States Dollars (US\$5,000,000,000) divided into ordinary shares of ten thousand United States Dollars (US\$10,000) each. Shares of the Common Stock are divided into four classes:

CLASS "A" Shares, which shall be offered, allotted and issued to, and held by:

- (i) African States or their Designated Institutions;
- (ii) The African Development Bank;
- (iii) African continental, regional and sub-regional financial institutions and economic organizations; and
- (iv) Any entity or person who was a Class "B" Shareholder which is one hundred per cent (100%) owned by an African State pursuant to Article 14(3A) of the Bank's Charter;

CLASS "B" Shares, which shall be offered, allotted and issued to, and held by National Financial Institutions (as defined in the Bank's Charter) and African Private Investors;

CLASS "C" Shares, which shall be offered, allotted and issued to, and held by:

- (i) International financial institutions and economic organizations; and
- (ii) Non-regional financial institutions and Non-African Private Investors;

CLASS "D" Shares, which shall be offered, allotted and issued to, and held by any person.

**1.2 The Agreement establishing the Bank was registered with the United Nations on April 10, 1997, as an "International Agreement". The Bank is therefore recognized as a Multilateral Institution under Article 102 of the UN Charter. Afreximbank has full juridical personality under the laws of the State parties to the Establishment Agreement, pursuant to which the Bank is accorded associated immunities, privileges and concessions.**

**1.3 Whilst Afreximbank is not governed by the laws of any one country (i.e. it does not fall under any regulatory body), the Bank is committed to instituting rigorous measures, to prevent money laundering, terrorist financing, and other financial crimes in line with best practice.**



## **2. Afreximbank Approach to Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF)**

The Bank's approach to AML enables it to conform to its Charter, Financial Action Task Force (FATF) Recommendations on Anti-Money Laundering and Countering Terrorist Financing and Wolfsberg Principles.

### **2.1 AML Objectives:**

Afreximbank views the prevention of money laundering and other financial crimes in the context of the following four objectives namely:

- 2.1.1 Ethics - getting involved and supporting the global fight against financial crimes is the right thing to do and forms part of the Bank's voluntary ethical conduct for doing business;
- 2.1.2 Professionalism - ensuring that Afreximbank is not involved in facilitating the recycling of proceeds of crime. This involves avoiding being used as a conduit in terrorist financing that would call into question the Bank's international reputation, integrity and corporate image;
- 2.1.3 Compliance - complying with Afreximbank's laid-down principles and standards that impose specific obligations on its Management, Staff and different customers of the Bank. Since the establishment of the Bank's Compliance Department, care has been taken to adequately define, design and develop Afreximbank's AML Policy and related Procedures, which are contextualized to suit the Bank's activities and operating environment, in accordance with best practice and standards;
- 2.1.4 Risk Management - ensuring that, as a pan-African multilateral financial institution, Afreximbank implements a pro-active and holistic risk management approach, which includes managing reputational risk (i.e. risk arising from negative perception on the part of stakeholders that can adversely affect the Bank);
- 2.1.5 In this context, it is a violation of the Bank's AML Policy to:
  - a) Obtain, conceal, retain, manage, or invest money or other property into the Bank's system, if it is known or there are reasonable grounds to suspect it is derived directly or indirectly from unlawful activity;
  - b) Assist someone to engage in money laundering by aiding, abetting, concealing, procuring and conspiring to commit the offence;
  - c) Inform the suspects that an investigation into money laundering has been, is being, or is about to be conducted, thereby prejudicing the investigation;
  - d) Failure to report suspicious transactions;
  - e) Destroy relevant documentation or evidence/exhibit for the purpose of concealing information.
- 2.1.6 Afreximbank AML Policy framework is tailored along the lines of its operations and provides key instruments to guide its activities. Afreximbank administers Anti-Money Laundering (AML) instruments to financial institutions, corporates, investors, new recruits, customers, contractors and service providers. In addition to completing the relevant questionnaires, the Bank requests for supporting documentation, which are further verified to ensure authenticity.



### **3. Measures for Preventing Money Laundering and Terrorist Financing**

**3.1 Afreximbank Customer Due Diligence (CDD) measures and monitoring systems are key components for preventing money laundering and other financial crimes.**

**3.2 In this regard, the Bank has developed policies and procedures, which ensure that:**

- a) Adequate measures are in place to determine customers' clear identity and effective procedures to verify such information;
- b) Due diligence processes (including background checks), are conducted on all new and existing transactions for all customers of the Bank;
- c) Full identification of all parties to the Bank's relationships are obtained, verified and re-validated periodically, using relevant independent sources;
- d) Independent verification of customer's physical address information, and source of income/wealth is conducted;
- e) Verification of the source of funds used to establish a relationship with the Bank is obtained and corroborated (where applicable);
- f) Valid references for all customers are obtained as necessary;
- g) Verification of ownership structures in companies is performed to understand and establish the ultimate beneficial owners;
- h) Enhanced due diligence is performed on high-risk relationships by collecting additional information, and performing additional checks as pre-requisites for establishing a business relationship with the Bank;
- i) The Bank's Customer Due Diligence (CDD) measures will also be structured on an on-going manner. In this regard, the Bank will, on an annual or other periodic basis, refresh the information that it has on all its customers and relationships depending on the risk classification; and
- j) Afreximbank will screen all customers against all relevant global watch-lists and will also seek to provide the Bank employees and the Board of Directors, with intelligence regarding information about its customers and relationships, that could materially affect the interest of the Bank.

**3.3 It is in line with Afreximbank Anti-Money Laundering (AML) Policy to:**

- a) Decline prospective business where all the required information is not available without justifiable reason;
- b) Decline transactions that do not appear legitimate and where there are reasonable grounds to suspect money laundering and/or terrorist financing;
- c) Closely monitor receivables into any of Afreximbank accounts, to report any irregularity observed;
- d) Report any suspicious activities or transactions; and
- e) Retain proper records for audit trails and ensure adequate evidence to any required investigation.

**3.4 In recognizing and reporting suspicious transactions, the following are adhered to:**

- a) Full knowledge of transaction types and individuals involved;
- b) Full background knowledge of customers and their type of business activities, to be able to recognize unusual transaction patterns;
- c) Provide adequate and proper training to staff to instantly recognize suspicious transactions and unusual customer behaviour; and
- d) All staff should be vigilant to report suspicious transactions to the Bank's Management through the relevant channels as provided in the Policy.



**3.5 Afreximbank will take appropriate action, including terminating its relationships with customers involved in money laundering, financing of terrorism and other illicit financial crimes.**

**3.6 Afreximbank reserves the authority to source customers' information and understand the nature of the business that is being transacted. This applies to all types of customers regardless of profile and status, the individuals behind the business, or the type of account or service the transaction may require.**

#### **4. Customer Acceptance Policy**

**4.1 As part of its Customer Acceptance Policy (CAP), Afreximbank will verify the identity of a customer as laid down in Customer Identification and Verification (CIV) Procedures.**

**4.2 The Bank shall adhere to the following criteria when accepting a customer:**

- a) Not open accounts in the name of anonymous or fictitious person(s), or accounts on behalf of other persons whose identities have not been disclosed or cannot be verified. The Bank shall also not receive remittance/conduct transactions in respect of such persons;
- b) Not open accounts of person(s) whose identity matches that of any person with known criminal background or with banned entities, such as individual terrorist or terrorist organizations, including any names on the United Nations Security Council (UNSC) Resolutions' and African Union watch lists; and customers with adverse public reputations that are known or suspected of money laundering and terrorism;=
- c) Not open an account and shall close an existing account where the Bank is unable to apply appropriate Customer Due Diligence (CDD) measures that is, where the Bank is unable to verify the identity and/or obtain documents required as per the risk categorization due to non-cooperation of the customer, or non-reliability of the data/information furnished to the Bank;
- d) Ensure client profiling through appropriate classification of the risk perception of the customer, in terms of the nature of business, location of customer and his/her clients, customer type, product offered to customer and other risk factors as defined in the Bank's AML Policy; and
- e) Not make payment or process any remittance where the Bank is unable to apply appropriate CDD measures, i.e. where the Bank is unable to verify the identity and/or obtain required documents due to non-cooperation of the customer, or non-reliability of the data/information furnished.

#### **5. Maintaining Updated Records**

**5.1 Afreximbank maintains updated records of its customer database and provides information when required on customer's status.**

**5.2 Records of all concluded transactions shall be archived for a period of not less than five years after termination of the business relationship.**

#### **6. Knowing the Customer's Business**

**6.1 Afreximbank Customer Due Diligence (CDD) instruments seek information about the legal status of a company, what it does, its financial circumstances, and how it would utilize the facilities being offered to it.**



6.2 In this regard, the Bank will investigate whether the customers are in compliance with the regulations of the countries of registration and operations.

## 7. On-going Monitoring of Customers and Transactions

7.1 The on-going monitoring of Afreximbank customers and transactions shall broadly involve the following:

- a) Periodic reviews shall be conducted on a cycle of 1 year, 3 years and 5 years for high- risk, medium-risk, and low-risk categories, respectively; and
- b) Trigger-based reviews, which are based on trigger events/detection scenarios.

## 8. Politically Exposed Persons (PEPs)<sup>1</sup>

8.1 Afreximbank will implement the following measures when dealing with relationships where there are politically exposed parties:

- a) Appropriate risk-assessment systems to determine whether the customer or the beneficial owner is a politically exposed person;
- b) Obtain Senior Management approval for establishing or continuing (for existing customers) such business relationships;
- c) Take reasonable measures to establish the source of wealth and source of funds; and
- d) Conduct Enhanced Due Diligence (EDD) and on-going monitoring of the business relationship.

8.2 The requirements for all types of PEPs will also apply to family members or close associates of such PEPs.

## 9. Correspondent Banking Relationships

9.1 Afreximbank will gather sufficient information about its correspondent institutions, to fully understand the nature of the correspondent's business, and to determine the reputation of the institution and the quality of supervision, including whether it has been subjected to financial crime investigation, and regulatory enforcement action.

9.2 In conducting due diligence on any correspondent banking client, Afreximbank will take into account the following specific risk elements, including:

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↓ <sup>1</sup> Definitions of PEP:

- ↓ Current or former senior official in the executive, legislative, administrative, military, or judicial branch of a foreign or local government (elected or not);
- ↓ A senior official of a major foreign or local political party;
- ↓ A senior executive of a foreign government-owned commercial enterprise, being a corporation, business or other entity formed by or for the benefit of any such individual;
- ↓ An immediate family member of such individual, meaning spouse, parents, siblings, children, and spouse's parents or siblings; or
- ↓ Any individual publicly known (or known by the relevant financial institution) to be a close personal or professional associate.



- 9.2.1 The Correspondent Banking Client's Geographic Risk: The Bank shall review pronouncements from regulatory agencies, and applicable international bodies, such as the Financial Action Task Force (FATF), to evaluate the degree of risk presented by the jurisdiction in which the Correspondent Banking Client is based, jurisdiction in which its ultimate parent is domiciled, and jurisdictions of those with whom they conduct business;
- 9.2.2 Branches, Subsidiaries and Affiliates of Correspondent Banking Clients: The determination of the level and scope of due diligence that is required on a Correspondent Banking Client, shall be made after considering the relationship between the Correspondent Banking Client and its related institutions wherever there are located (if any);
- 9.2.3 The Correspondent Banking Client's Ownership and Management Structures: The ownership (including ultimate beneficiary owners) and management structure of the Correspondent Banking Client may present increased risks. These will be evaluated in the due diligence process;
- 9.2.4 The Correspondent Banking Client's Business: The types of financial products and services that the Correspondent Banking Client offers to its own customers, as well as the type of markets the Correspondent Banking Client serves, may present greater risks;
- 9.2.5 The Correspondent Banking Client's Customer Base: The types of businesses/clients serviced by the Correspondent Banking Client may be relevant, vis- a-vis the risk it poses to Afreximbank;
- 9.2.6 Products or Services Offered to the Correspondent Bank Client: The business purpose(s) for the relationship with the Correspondent Banking Client, including the products and services offered to that client;
- 9.2.7 Regulatory Status and History: Reasonable measures shall be taken to confirm that the Correspondent Banking Client is subject to regulatory oversight in the jurisdiction where it is incorporated and/or operates;
- 9.2.8 Anti-Money Laundering Controls: Using a risk-based approach, the Bank shall evaluate the quality of the Correspondent Banking Client's AML program;
- 9.2.9 No Business with 'Shell' Banks<sup>2</sup>: Afreximbank shall confirm that the Correspondent Banking Client is not a 'Shell' Bank, as Afreximbank will not provide products or services to Shell Institutions.

### **9.3 Wire Transfers**

- 9.3.1 As outlined in Financial Action Task Force (FATF) Recommendation 16<sup>3</sup>, Afreximbank shall undertake required and accurate originator information, and required beneficiary information, on wire transfers and related messages, and all information that remains with the wire transfer or related message throughout the payment chain.



9.3.2 Afreximbank will monitor wire transfers for the purpose of detecting those that lack required originator and/or beneficiary information and will take appropriate measures. In the context of processing wire transfers, the Bank will take freezing action and, will prohibit the conduct of transactions with designated persons and entities, vis-a-vis the obligations set out in the relevant United Nations Security Council (UNSC) Resolutions [such as Resolution 1267 (1999), and its successor resolutions, and Resolution 1373 (2001)] relating to the prevention and suppression of terrorism and terrorist financing.

## **10. Staff Training and Awareness Raising**

**10.1 Afreximbank will continue to educate and train all employees, board members and other relevant stakeholders as this form a necessary and important tool for creating awareness on issues of financial crimes.**

**10.2 Afreximbank will maintain Anti-Money Laundering (AML) literature, and put in place effective and efficient training programs, to ensure that staff members are fully aware of their obligations and responsibilities.**

## **11. Sanctions**

**11.1 As a Multilateral Institution, the Afreximbank's policy is to consider sanctions to the extent they are applicable to its operations and/or specific transactions, including those administered and enforced by the African Union (AU), United Nations Security Council Resolutions (UNSCR), and other relevant internationally recognized sanctions authorities, as the same are in force from time to time.**

**11.2 The Bank notes that, as a supranational organization, it generally corporates with the restrictions, although, it is not under any obligation to comply with territorial sanctions as imposed by specific jurisdictions.**

**11.3 As part of its approach to ensuring that its activities and business are carried out in compliance, and in general seek to observe international best practices, the Bank has put in place appropriate systems, processes and controls.**

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↓ <sup>2</sup> Shell organizations are organizations that operate only by name, that do not conduct business and have no physical presence anywhere in the world.

↓ <sup>3</sup> [http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF\\_Recommendations.pdf](http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf)



## Monitoring and review

The Afreximbank Internal Audit Department monitor the effectiveness and review the implementation of the AML Programme, considering its suitability, adequacy and effectiveness. Improvements identified will be implemented as soon as they are communicated.

## Responsibility for the Policy

The AML Policy is endorsed by the Board of Directors of Afreximbank. The Board has overall responsibility for ensuring the AML Programme complies with the Bank's legal and ethical obligations, and that all those under the control of the Bank comply with it.

This statement of Approach is distributed to all the Financial Institutions that have relationships with Afreximbank and is also available on the Bank's official website for public consumption.

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