AFREXIMBANK

INVESTOR UPDATE

NINE MONTHS 2018

RESULTS PRESENTATION

23 NOVEMBER 2018

African Export-Import Bank
Banque Africaine D’Import-Export

Transforming Africa’s Trade

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Update on Strategy and Market Developments

Prof. Benedict Oramah – President and Chairman of the Board

Afreximbank’s response to recent market developments

Market developments	Afreximbank’s reactions and visible opportunities
Increasing interest rates in the USA, now 2.25%, has led to depressed valuations of emerging market equities including those listed in Mauritius and Afreximbank DRs	The Bank plans a secondary listing in more advanced jurisdictions to improve liquidity and access to diversified investor base.
Rising cost of funding	Explored cheaper alternative source of funding the balance sheet, like the Central Bank Deposit (CENDEP) program, and the deployment of cash holdings to loans with better interest margins
Rise of protectionist policies across the globe, including the ongoing trade war between the USA and China	Promoting trade among African countries, as well as boosting industrialization and export development. Maiden IATF would hold in December 2018, while other impact projects in line with the Bank’s mandate continue
Low access to international foreign exchange	The development of the African payment platform to facilitate Intra-African Trade would help to mitigate this challenge
Increasing compliance and due diligence requirements from regulators and international trading counterparties	Launch of Mansa, a pan-African customer due diligence platform will facilitate African trade by providing a trusted source of primary data required to conduct due diligence checks on counterparties in Africa

Status update on Afreximbank's 5th Strategic Plan

Performance Metric	Strategic Objective under IMPACT 2021	Actual Results as at 9M-2018
Capital	Attain an equity base of US$3.5bn by Dec. 2021	Shareholders' equity stood at US$2.36bn, 48% away from the 2021 target
	Achieve capital adequacy ratio above 20%	Capital adequacy ratio was 23%
	Mobilise US$1bn fresh equity by 2021	New equity of US$505mn raised so far
Income	Achieve a net income of US$230mn in 2018	Target would be met with net income of US$172.4mn recorded in nine months
	Maintain a net interest margin above 3%	Net interest margin was 3.1% in Sept. 2018
	Keep cost to income ratio below 30%	Bank maintained a ratio less than 20%
Business impact due to the Bank's mandate	Aggressively promote Intra-African Trade (IAT), coordinate key players and increase share of loan portfolio to 13% in 2018.	Maiden Intra-African Trade Fair would hold in December 2018, and IAT represents 33% of Afreximbank's loans as at September 2018
	Increase financing to manufactured exports by 10% annually. Target financing for 2018 is US$600mn	Afreximbank has committed a total of US$1.8bn to manufactured exports so far
	Disburse a total of US$2.36bn to support trade finance activities in 2018	Total value of trade finance deals executed so far, in 2018, amounts to US$2.44bn

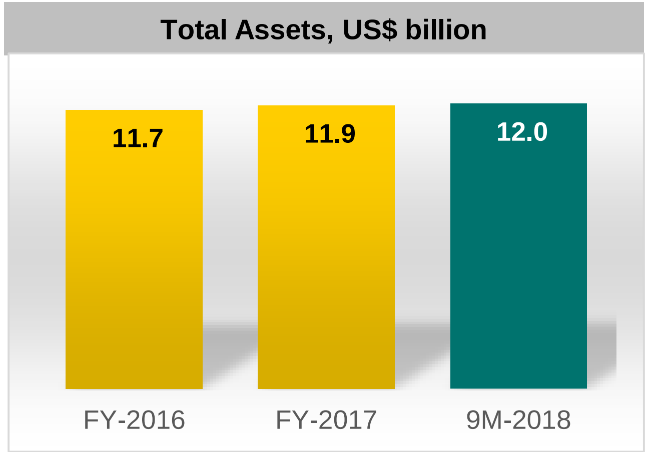
Review of Financial Performance

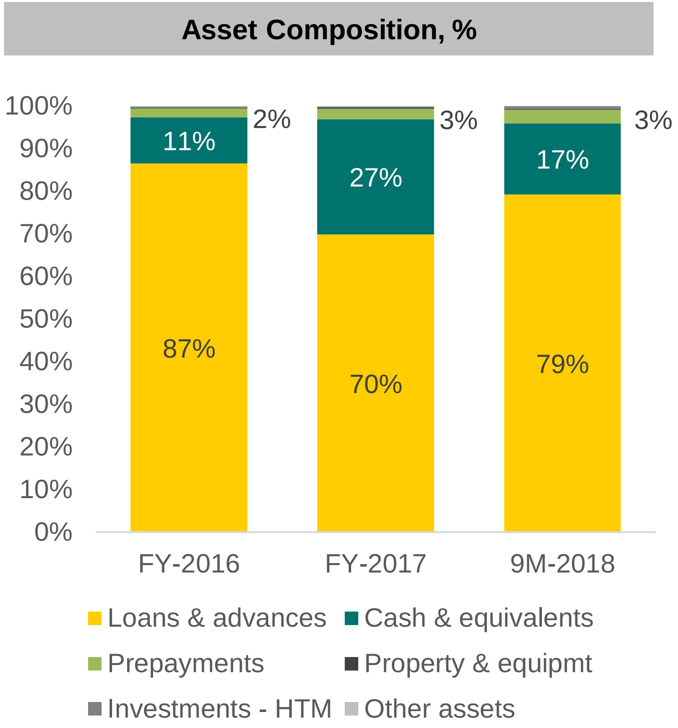
Mr. Denys Denya – EVP Finance, Admin and Banking Services

Income and balance sheet highlights

B/Sheet Metrics, US$ million	FY-2017	9M-2018	% Chg
Net Loans	8,330	9,510	+14.2%
Total Assets	11,913	11,995	+0.7%
Total Liabilities	9,789	9,638	-1.5%
Shareholders' Funds	2,124	2,357	+11.0%
Income Metrics, US$ million	**9M-2017**	**9M-2018**	**% Chg**
Gross Income	478.1	546.6	+14.3%
Operating Income	275.0	323.6	+17.7%
Net Income	154.0	172.4	+11.9%

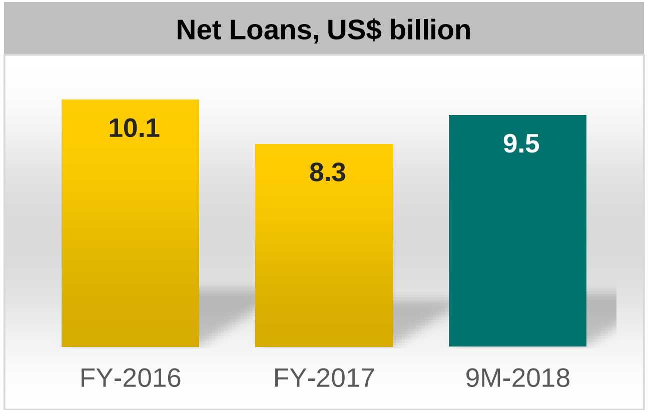
Robust and diversified balance sheet



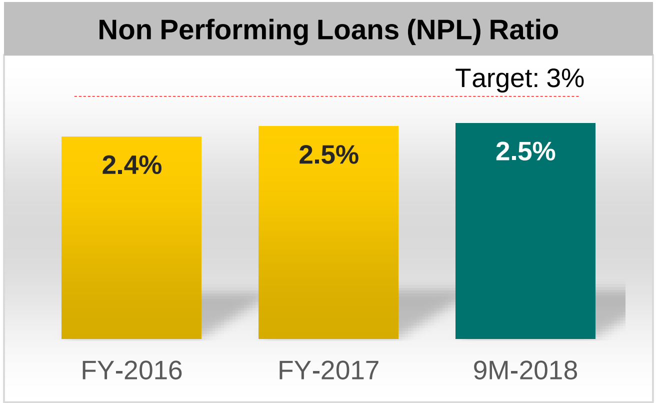


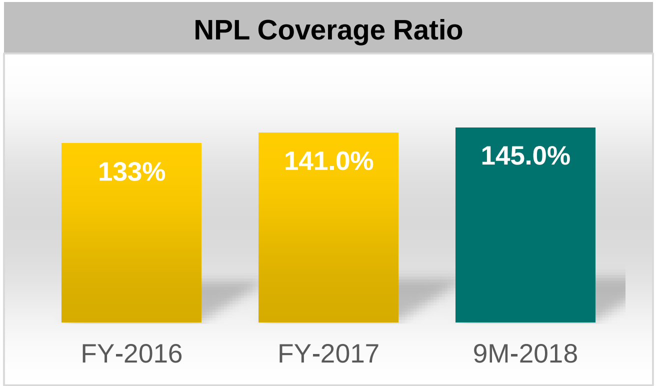
- Total assets remained strong at US$12 billion (FY2017: $11.9 billion). Slight recovery from December 2017 reflects the recovery in risk asset growth having wound down the Bank's 2-year COTRALF programme.
- Loans now 79% of assets (FY2017: 70%), as cash component reduced to 17% (FY2017: 27%).
- The Bank still has ample liquidity to fund the planned disbursements in Q4.

Driven by high quality loan portfolio



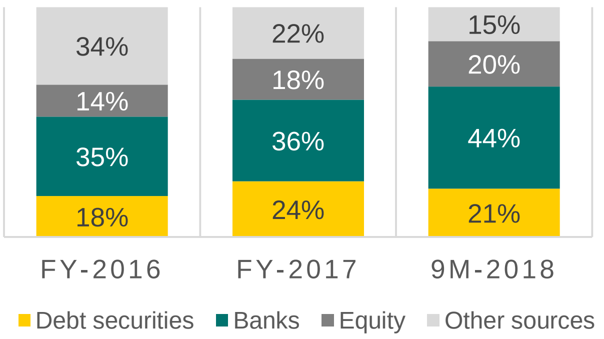
- Following the repayment of a large portion of COTRALF, net loans grew by 14% from FY-2017 position.
- The Bank expects to sustain growth in loan book during the year in line with its strategic business plans and based on the good pipeline of deals awaiting approval.
- Asset quality remained satisfactory and within strategic plan tolerance level with a NPL ratio of 2.5%, thereby affirming the effectiveness of the Bank's credit risk management practices.
- Likewise, we are comfortable with a NPL coverage ratio of 145%.



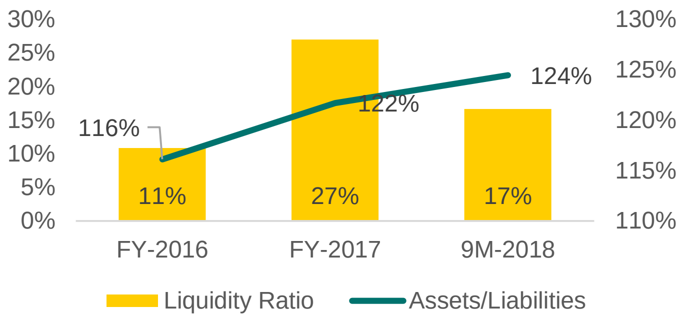


Funded by healthy liquidity and capital position

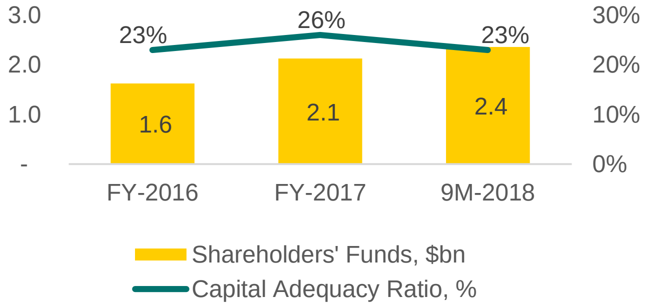
Funding Mix



Asset/Liability and Liquidity Ratios



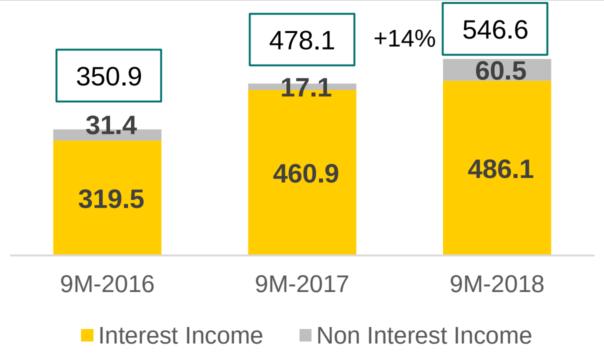
Equity Base and Capital Adequacy



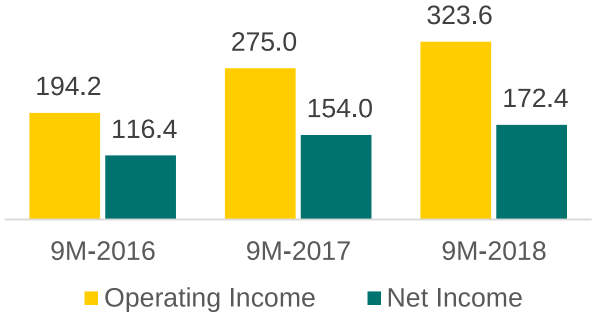
- The Bank's funding pool remains diversified and robust with increasing proportion of equity and other Banks' funding in the mix.
- Higher assets to liabilities ratio of 124% (FY-2017: 122%) is due to optimal use of core capital to drive assets growth.
- Shareholders' funds rose to US$2.36 billion (FY2017: US$2.1 billion) due to internal capital generation and new equity investments.
- Capital adequacy ratio of 23% is strong and within strategic plan target range. In addition, it provides adequate buffer to support further asset growth.
- The Bank raised fresh equity of US$137.7mn in nine months

Sustaining growth in income and profitability

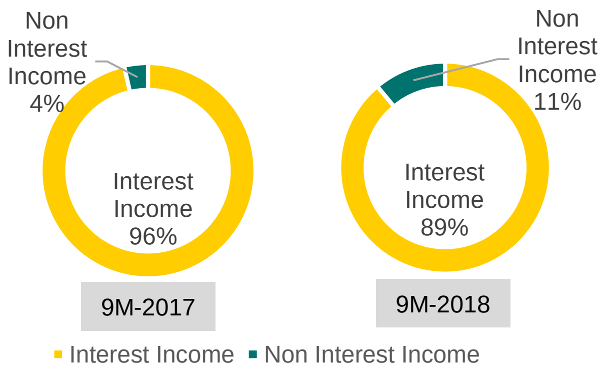
Gross Income, US$ million



Growing Profits, US$ million



Gross Income Distribution, %



- The Bank reported good profit levels with operating income rising by 18% to reach US$324 million (9M-2017: US$275 million), while net income rose by 12% to US$172.4 million (9M-2017: US$154 million).
- Reported profits were driven by higher gross revenue, which rose by 14.4% to US$547 million (9M-2017: US$478 million).
- Revenue was more diversified with non-interest income representing 11% of gross income compared to 4% in 9M-2017.
- Non-interest income was driven by higher volumes of advisory transactions.

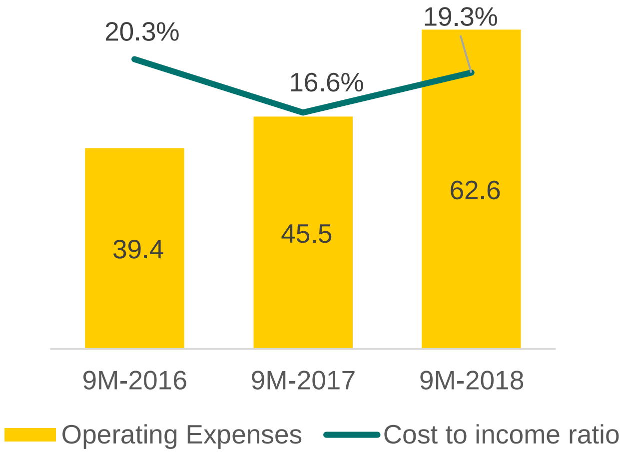
Due to high operating efficiency

Net Interest Margin

	9M-2016	9M-2017	9M-2018
Net interest Margin, %	2.5%	2.8%	3.1%
Average interest earning assets, US$ billion	10.8	13.6	11.6
Net Interest Income, US$ million	166.5	264.1	270.2

- Efficient pricing on new disbursements continue to make net interest margins high at 3.1% (9M-2017: 2.8%), following the repayment of a large proportion of low-priced COTRALF, as reflected in decline in year-on-year average interest earning assets.

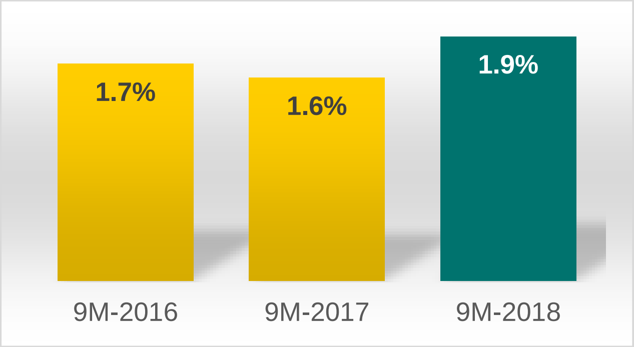
Cost to income ratio



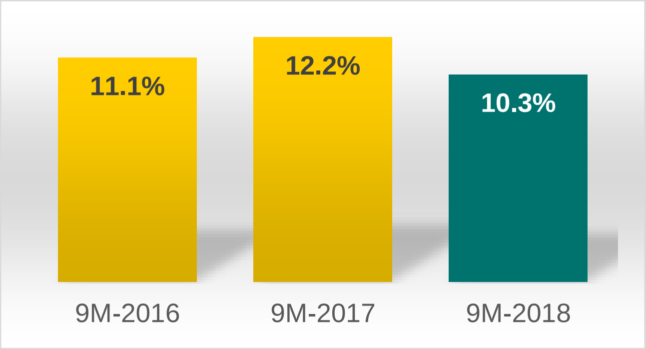
- Operating expenses rose during the period to US$63 million (driven by higher staff costs) due to internal capacity building required to drive strategy.
- However, cost to income ratio of 19% remained satisfactory and low compared to industry standards.

Resulting in good returns to shareholders

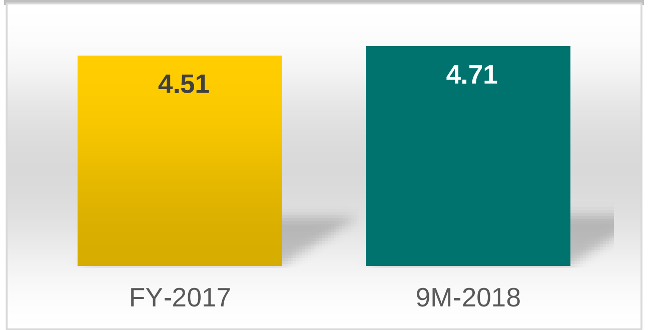
Return on Average Assets



Return on Average Equity



Net Asset Value Per Depository Receipt, $



- Return on Average Assets of 1.9% (9M-2017: 1.6%) and Return on Average Equity of 10.3% (9M-2017: 12.2%) remain in tandem with increased capitalization and strategic plan targets.
- With increased capitalization, Net Asset Value (NAV) rose by 4.4% since December 2017 despite a 6.2% increase in the number of outstanding shares.
- NAV per depository receipt reached US$4.71 (FY-2017: US$4.51).

Trend in key financial metrics

	9M-2017	9M-2018
NPL Coverage Ratio	141.0%	145.0%
NPL Ratio	2.4%	2.5%
Non-Interest/Gross Income	4.0%	11.0%
Return on Average Assets	1.6%	1.9%
Return on Average Equity	12.2%	10.3%
Cost to Income Ratio	16.6%	19.3%
Net Interest Margin	2.8%	3.1%

Key Takeaways and Outlook

Prof. Benedict Oramah – President and Chairman of the Board

Key takeaways

1

The Bank's nine months 2018 results affirms the transition to normal operations with growing loan book and improving interest margins.

2

Pursuit of medium-term strategy led to higher operating expenses driven by staff costs and one-off general expenses relating to ongoing initiatives in the Bank.

3

Intra-African trade strategy, including the organisation of the first Intra-African Trade Fair in collaboration with the African Union, underpins the expected growth in trade finance, project finance and advisory services in the short to medium-term.

Reiterating the guidance for full year 2018

Financial Parameter	FY-2017	9M-2018	FY-2018e
Total Assets (US$ billion)	11.9	12.0	**12.0**
Loans and Advances (US$ billion)	8.3	9.5	**9.0 – 10**
Net Income (US$ million)	220.5	172.4	**230 – 250**
Return on Average Assets (ROAA)	1.9%	1.9%	**1.7% – 2.0%**
Return on Average Equity (ROAE)	11.8%	10.3%	**10% – 12%**
Capital Adequacy Ratio (CAR)	26%	23.0%	**Over 20%**

Q & A

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