AFREXIMBANK

AFRICAN EXPORT-IMPORT BANK
ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

DIRECTORS' COMMENTARY

This communique is issued pursuant to SEM Listing Rules 11.3 and 12.20 and section 8.8 of the Securities Act of Mauritius 2005.

GENERAL INFORMATION

The African Export-Import Bank (the Bank) is a multilateral trade finance institution, established in October 1993. It commenced operations in September 1994. The Bank's mandate is to promote, finance and facilitate intra and extra-African trade, while operating commercially. The Bank is headquartered in Cairo, Egypt and is located at No. 72 (B) El Maahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt. In addition, the Bank has regional offices in Harare (Zimbabwe), Abuja (Nigeria), Abidjan (Cote D'Ivoire) and is currently setting up a regional office in East Africa. The Bank has 4 classes of shareholders, class A (African Governments and/or associated institutions and African Multilateral institutions e.g African Development Bank), class B (African financial institutions and private investors), class C (non-African institutions) and class D (any investor). Class A,B and C shares are partially paid 40% upon subscription while class D shares are fully paid. Class D shares were created in 2012 to broaden the type of shareholder and source of equity capital to include equity capital markets. In October 2017 Depository Receipts linked to the Banks class D shares were listed on the Stock Exchange of Mauritius.

REVIEW OF FINANCIAL PERFORMANCE

The Directors are pleased to report that the unaudited financial performance for the nine months ending 30 September 2018 was ahead of prior year performance and exceeded projections for the period. The achieved results reflected the continuing successful implementation of the Bank's current 5-year strategic plan, dubbed "Impact 2021" which emphasises Improving Intra-Africa Trade, Facilitating Industrialisation and Export Development, Strengthening Trade Finance Leadership and Improving Financial Soundness and Performance. In pursuit of these strategic goals, significant progress was made during the first nine months of the year especially regarding improving Intra-Africa Trade. To further boost that effort, the Bank has been accredited to the African Union (AU), a major development that will reduce transaction cost in implementing the Intra – African trade strategy. Pursuant to that, the Bank is partnering with the AU in organising the forhcoming first ever Intra African Trade Fair to be hosted in Cairo in December 2018. The trade fair is expected to boost Intra – African trade and create trade, project finance and advisory services business apportunities for the Bank in the years ahead. The Bank achieved a 11.7% growth in Attributable Income, year on year to reach US$172 million (2017: US$154 million). The reported profits were driven by a strong growth in gross revenue which increased by 14.4% to US$547 million (2017: 478 million). Included in the gross revenue was commission and fee income of US$58.31 million (2017: US$14.81 million). This solid growth of 294% was primarilly driven by higher volumes of advisory mandates which were completed by September 2018 compared to same period of 2017.

In line with the planned increased capacity building necessary for supporting Impact 2021, Operating Expenses grew by 37% to levels of US$ 62.56 million (2017: US$45.53 million). The primary cost drivers were staff costs as the Bank increased human resources to support the planned growth in business volumes, as well as one-off general expenses related to initiatives, such as Intra-African Trade Fair and automation/digitisation. However, cost to income ratio remained satisfactory and low compared to industry at 19% (2017: 17%) on the back of higher revenues and well managed expenses growth. The Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were satisfactory and in line with increased capitalisation and internal targets at 1.9% (2017: 1.6%) and 10.3% (2017: 12.2%) respectively.

Total assets of the Bank closed the period at US$12 billion (2017: US$14 billion) a decline of 14% in line with expectation, on the back of the successful conclusion of the COTRALF facility which saw a decline in loan balances from US$10.5 billion as at 30 September 2017 to US$9.5 billion as at 30 September 2018. The Bank expects to continue to grow the loan book to over $10 billion by year end in line with its strategic and business plans. The Bank, with a strong liquid assets to total assets ratio of 17% as at 30 September 2018 and ample sources of additional liquidity, has the liquidity necessary to fund the planned disbursements in the 4th quarter of the year when loan demands usually peak. Asset quality remained satisfactory and within strategic plan tolerance level with the non-performing loans (NPL) ratio at 2.54% (2017: 2.4%) notwithsanding the repayment of the $3.5 billion cash covered COTRLAF facilities, a reflection of effective credit risk management practicies.

In tandem with the decline in total assets, total liabilities of the Bank declined by 21% and stood at US$ 9.6 billion (2017: US$ 12.2 billion) as at 30 September 2018, mainly due to

KEY PERFORMANCE METRICS (%)

	Sep 2018	Dec 2017	Sep 2017
Profitability			
Return on average assets (ROAA)	1,92%	1,90%	1,60%
Return on average equity (ROAE)	10,30%	11,80%	12%
Operating Efficiency			
Cost -to -income ratio	19%	18%	17%
Asset Quality			
Non-performing loans ratio(NPL)	2,54%	2,50%	2,43%
Loan loss coverage ratio	145%	141%	138%
Liquidity			
Cash/Total assets	17%	25%	22%
Capital Adequacy			
Capital Adequacy ratio (Basel II)	23%	26%	25%

69% decline in customer deposit accounts balances as cash collaterals backing certain loans reduced as the loans were repaid. The Bank's shareholders' funds grew by 41% to close the period at US$2.4 billion (2017: US$1.7 billion) primarily driven by internal capital generation and capital injections (including $270 million raised through Depositary receipts listing in the stock exchange of Mauritias in October 2017) in line with the strategic plan to raise capital to sustain planned business growth. Capital adequacy ratio was strong at 23% (2017: 25%) well above the Banks internal target.

The Bank closed the 3rd Quarter ending 2018 with a healthy financial standing reflected in satisfactory profitability levels, high asset quality, solid liquidity and strong capital levels to support both existing and future business volumes. Expectations are that the Bank will grow its Attributable Income by year end in line with its full year targets whilst maintaining a sustainable balance between a strong capital base, business growth and profitability.

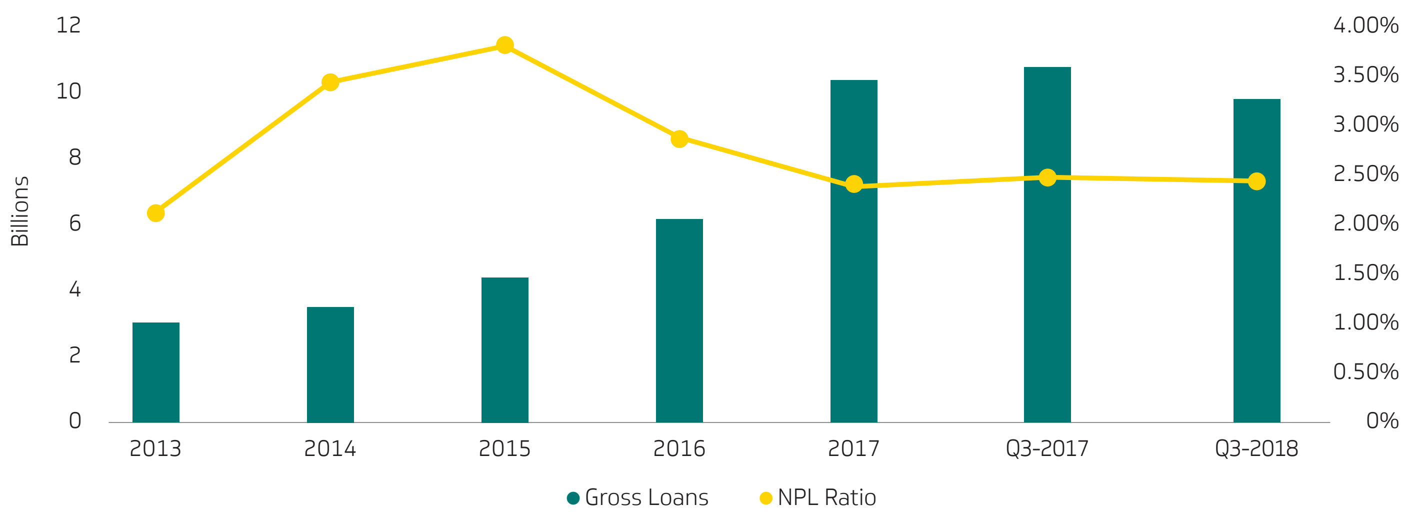
NET ASSET VALUE ("NAV")

The NAV per share at 30 September 2018 was US$47,144 (2017: US$45,962), equivalent to U$4.71 (2017:US$4.60) per Depository Receipt (DR).

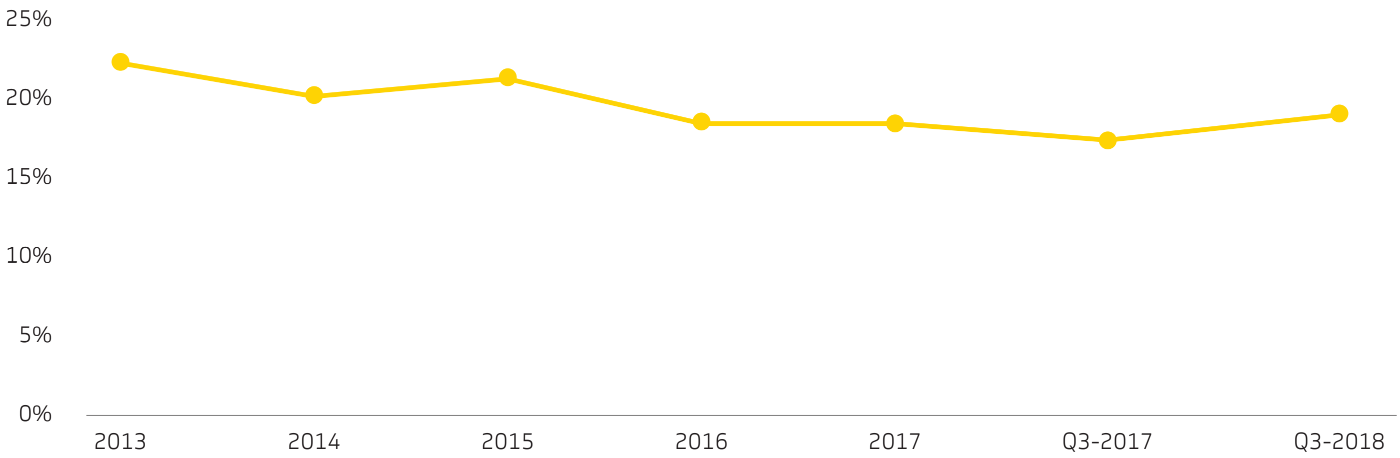
DIVIDENDS

The Bank's dividend policy has remained the same with dividends declared and paid once a year based on annual audited accounts. At the Annual General Meeting of Shareholders held in July 2018 shareholders approved a dividend appropriation amounting to US$57,534,000 from the 2017 financial year profit. The September 2018 financial statements reflect the dividend payable, which has been accounted for in equity as an appropriation of retained earnings in the 3rd quarter of 2018. Subsequent to the approval, dividends totaling US$ 15 million out of the US$ 57.534 million declared was paid to the class D shareholders which support the Depository Receipts in October 2018, resulting in dividend per DR of US$0.226.

NPL RATIO - GROSS LOANS 5 YEAR TREND ANALYSIS



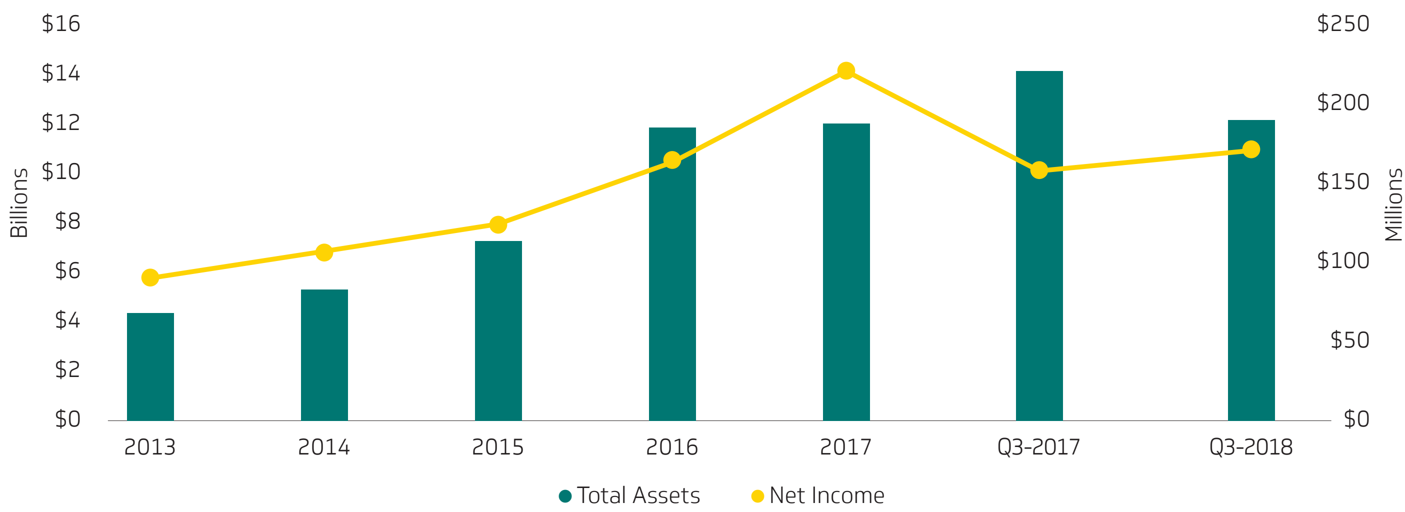
COST-INCOME RATIO TREND



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Sep 2018 US$000	Sep 2017 US$000
Interest and similar income	486 070	460 937
Interest and similar expense	(215 840)	(196 872)
Net interest and similar income	**270 230**	**264 065**
Fee and commission income	58 314	14 810
Fee and commission expense	(7 187)	(6 179)
Net fee and commission income	**51 127**	**8 631**
Other operating income	2 203	2 315
Operating income	**323 560**	**275 011**
Personnel expenses	(34 161)	(26 248)
General and administrative expenses	(25 179)	(16 934)
Depreciation and amortisation expense	(3 216)	(2 345)
Operating expense	**(62 556)**	**(45 527)**
Exchange adjustments	(2 120)	(1 264)
Fair value loss from derivatives	(14 254)	-
Operating profit before impairment and provisions	**244 630**	**228 220**
Loan impairment charges	(72 086)	(74 243)
Impairment in other assets & accrued income	(123)	-
PROFIT FOR THE PERIOD	**172 421**	**153 977**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Cashflow hedges	-	6 766
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**-**	**6 766**
Total other comprehensive income	**-**	**6 766**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**172 421**	**160 743**

NET INCOME - TOTAL ASSETS 5 YEAR TREND ANALYSIS



STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Sep 2018 US$000	Sep 2017 US$000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	**172 421**	**153 977**
Adjustment for non-cash items:		
Depreciation and amortization of intangible assets & property and equipment	3 216	2 345
Allowance for impairment on loans and advances	72 086	74 243
Impairement on accrued income	123	-
Net loss from cash flow hedge	14 254	-
Gain on disposal of property and equipment	-	(7)
	262 100	**230 558**
Changes in :		
Prepayments and accrued income	(81 798)	(72 620)
Hedging derivatives instruments	481	644
Other assets	1 324	(1 068)
Other liabilities	(290 941)	127 308
Deposits and customer accounts	(644 269)	1 088 828
Loans and advances to customers	(1 252 261)	(443 232)
Net cash outflow / inflows from operating activities	**(2 005 364)**	**930 418**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases and additions to property and equipment & intangible assets	(1 247)	(1 825)
Proceeds from sale of property and equipment	-	7
Financial instruments- Held to maturity	(41 000)	-
Net cash outflows from investing activities	**(42 247)**	**(1 818)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash from capital subscriptions and share premium	209 668	(5 837)
Retirement of warrants	(91 723)	-
Dividends paid	(28 610)	(7 757)
Net increase in due to banks and debt securities	743 361	907 897
Net cash inflows from financing activities	**832 696**	**894 303**
Net decrease / increase in cash and cash equivalents	(1 214 915)	1 822 903
Cash and cash equivalents at 1 January	3 214 573	1 269 080
CASH AND CASH EQUIVALENTS	**1 999 658**	**3 091 983**

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	30/9/2018 US$000	31/12/2017 US$000	30/9/2017 US$000
ASSETS			
Cash and cash equivalents	1 999 658	3 214 573	3 091 983
Loans and advances to customers	9 510 117	8 329 943	10 517 192
Derivative assets held for risk management	-	3 574	3 517
Prepayments and accrued income	379 777	298 102	314 034
Financial instruments- Held to maturity	71 268	30 268	30 268
Other assets	1 607	2 931	4 136
Property and equipment	30 998	32 838	23 966
Intangible Assets	1 119	1 248	793
Total assets	**11 994 544**	**11 913 477**	**13 985 889**
LIABILITIES			
Due to banks	5 329 058	4 231 374	4 169 020
Debt securities in issue	2 527 300	2 881 622	2 880 762
Deposits and customer accounts	1 505 087	2 149 356	4 867 321
Derivative liabilities held for risk management	32 627	21 467	10 621
Other liabilities	243 607	505 624	314 850
Total liabilities	**9 637 679**	**9 789 443**	**12 242 574**
CAPITAL FUNDS			
Share capital	499 928	470 816	379 292
Share premium	742 906	562 350	355 662
Warrants	-	91 723	91 722
Reserves	474 733	474 733	371 172
Retained earnings	639 298	524 412	545 467
Total capital funds	**2 356 865**	**2 124 034**	**1 743 315**
Total liabilities and capital funds	**11 994 544**	**11 913 477**	**13 985 889**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Share Capital US$000	Share Premium US$000	Warrants US$000
Balance at 1 January 2018	470 816	562 350	91 723
Issued and Paid in capital during 2018	29 112	180 556	
Warrants retirement	-	-	(91 723)
Profit of the period	-	-	-
Dividends for year 2017	-	-	-
Balance at 30 September 2018	**499 928**	**742 906**	**-**
Balance at 1 January 2017	378 488	355 310	98 716
Issued and Paid in capital during 2017	804	352	-
Issued during the year	-	-	(6 994)
Profit of the period	-	-	-
Other comprehensive income	-	-	-
Dividends for year 2016	-	-	-
Balance at 30 September 2017	**379 292**	**355 662**	**91 722**

NOTES

The Bank is required to publish financial results for the nine months ended 30 September 2018 as per Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the nine months ended 30 September 2018 ("financial statements") have been prepared in accordance with the requirements of IFRS and the SEM Listing Rules. The Bank has not been able to adopt IFRS 9"Financial Instruments" on 1 January 2018 when the accounting standard became effective as the implementation project is still ongoing.

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2017.

The abridged unaudited financial statements have not been reviewed or reported on by the Bank's external auditors.

Copies of the abridged unaudited financial statements and the Statement of direct and indirect interests of each officer of the Bank, pursuant to Rule8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request to the Executive Secretary at the Registered Office of the Bank at No.72(B) El-Maahad El-Eshteraky Street, Heliopolis, Cairo 11341, Egypt.

This communique is issued pursuant to SEM Listing Rules 11.3 and 12.20 and section 8.8 of the Securities Act of Mauritius 2005. The Board of Directors accepts full responsibility for the accuracy of the information contained in these financial statements. Directors are not aware of any matters or circumstances arising subsequent to the period ended 30 September 2018 that require any additional disclosure or adjustment to the financial statements.

On Behalf of the Board

African Export Import Bank
Executive Secretary

SBM Securities Limited
SEM Authorised Representative and Sponsor

15 November 2018

General Reserve US$000	**Asset Revaluation Reserve US$000**	**Cashflow hedge reserve US$000**	**Project preparation facility Fund reserve US$000**	**Retained Earnings US$000**	**Total US$000**
447 762	19 471	-	7 500	524 412	**2 124 034**
-	-	-	-	-	**209 668**
-	-	-	-	-	**(91 723)**
-	-	-	-	172 421	**172 421**
-	-	-	-	(57 535)	**(57 535)**
447 762	**19 471**	**-**	**7 500**	**639 298**	**2 356 865**
366 282	11 600	(13 476)	-	429 448	**1 626 368**
-	-	-	-	-	**1 156**
-	-	-	-	-	**(6 994)**
-	-	-	-	153 977	**153 977**
-	-	6 766	-	-	**6 766**
-	-	-	-	(37 958)	**(37 958)**
366 282	**11 600**	**(6 710)**	**-**	**545 467**	**1 743 315**