



## AFRICAN EXPORT-IMPORT BANK

### ABRIDGED UNAUDITED FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2019

#### 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 multi-lateral trade finance institution, established in October 1993. It commenced lending 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 (e.g Central Banks) 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). Classes A,B and C shares are partially paid 40% upon subscription (with 60% remaining as "callable capital") while class D shares are fully paid. Class D shares were created in 2012 to broaden the source of equity capital to include equity capital markets. In October 2017 the Bank listed Depository Receipts linked to Class D shares, on the Stock Exchange of Mauritius.

#### REVIEW OF FINANCIAL PERFORMANCE

The Directors are pleased to report that the unaudited financial performance for the three months ended 31 March 2019 was ahead of prior year performance and in line with expectation. The Bank achieved a 28% growth in Attributable Income year on year, amounting to US\$69 million (2018: US\$54 million). The reported profits were driven by a strong growth in operating income which increased by 66% to reach an amount of US\$132 million (2018: US\$79 million). The strong growth in operating income was on the back of a significant increase in total revenues which grew by 59% to reach an amount of US\$240.71 million (2018:US\$151.17 million). The major driver of this significant growth was interest and similar income which grew by 56% from US\$150 million to US\$ 235

million by the end of March 2019 compared to same period last year. Supporting this quickening in operating income growth was a solid growth of about 50% in loans and advances in line with planned targets.

With regard to the implementation of the Bank's current 5-year strategy (Impact 2021-Africa transformed) which focuses on four key pillars namely, Improving Intra-Africa Trade, Facilitating Industrialisation and Export Development, Strengthening Trade Finance Leadership and Improving Financial Soundness and Performance. All key performance indicators were in line with expectation and in some cases exceeded set targets.

Operating expenses recorded a relatively modest increase of 14% in the the first quarter of 2019 to levels of US\$ 20.93 million (2018: US\$18.37 million) due to implementation of planned capacity enhancements, in order to support the various strategic initiatives being pursued by the Bank in line with strategy. However, cost to income ratio remained satisfactory compared to industry, at a level of 16% (2018: 23% ). This was achieved on the back of higher revenues and contained expenses growth. The Return on Average Assets (ROAA) and Return on Average Equity (ROAE) reflected the comparatively better performance and were in line with internal targets, at 1.92% (2018: 1.86%) and 10.6% (2018: 10 %) respectively.

Total assets of the Bank grew by 33% to close the period within planned target band, at US\$15 billion (2018: US\$11 billion). The observed increase was driven by a strong business generation capacity of the Bank, which saw a solid growth in loans and advances balances from US\$8 billion as at 31 March 2018 to US\$12 billion as at 31 March 2019. The Bank, with a strong liquid assets to total assets ratio of 18% as at 31 March 2019, has ample liquidity to fund the planned disbursements in the 2nd quarter of the year and beyond to ensure that targeted annual business volumes are achieved. Asset quality remained satisfactory and within the strategic plan tolerance level, with the non-performing loans (NPL) ratio at 2.74% (2018: 2.7%). The good NPL outcome reflected effective credit risk management practices.

In line with the growth in total assets, total liabilities of the Bank grew by 36% and stood at US\$ 12.4 billion (2018: US\$ 9.1 billion) as at 31 March 2019. This was largely attributable to a 31% increase in borrowing balance to fund the growth in the loan book. The

Bank's shareholders' funds also grew sharply by 35% to close the period at US\$2.63 billion (2018: US\$2.19 billion). This growth was primarily driven by achieved profits over the same period and capital injections in line with the strategic plan to sustain planned business growth. Capital adequacy ratio remained strong at 23% (2018: 26%).

The Bank closed the first quarter ended 2019 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 the full year targets whilst maintaining a sustainable balance between a strong capital base, business growth and profitability to deliver sustainable returns to its shareholders.

## NET ASSET VALUE ("NAV")

The NAV per share at 31 March 2019 amounted to US\$51,913 (2018: US\$46,187), equivalent to US\$5.19 (2018: US\$4.62) 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 and after approval by shareholders at the Annual General Meeting. During the March 2019 Board meetings, the Directors proposed a dividend appropriation amounting to US\$68,970,000 (2017: US\$57,534,000), subject to approval by the shareholders at the next Annual General Meeting to be held in June 2019. The proposed dividend per Depository Receipt is US\$ 0.252 (2017 US\$0.226). The March 2019 financial statements do not reflect the dividend payable, which will be accounted for in equity as an appropriation of retained earnings in the year ending 2019 after approval by shareholders.



## KEY PERFORMANCE METRICS (%)

	Mar 19	Dec 18	Mar 18
<b>Profitability</b>			
Return on average assets (ROAA)	1.92%	2.18%	1.86%
Return on average equity (ROAE)	10.61%	11.78%	9.98%
<b>Operating Efficiency</b>			
Cost -to -income ratio	16%	18%	23%
<b>Asset Quality</b>			
Non-performing loans ratio( NPL)	2.74%	2.95%	2.69%
Loan loss coverage ratio	108%	132%	140%
<b>Liquidity</b>			
Cash/Total assets	18%	14%	28%
<b>Capital Adequacy</b>			
Capital Adequacy ratio (Basel II)	23%	25%	26%

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	31/3/2019 US\$000	31/12/2018 US\$000	31/3/2018 US\$000
<b>ASSETS</b>			
Cash and cash equivalents	2,646,680	1,918,434	3,147,854
Derivative assets held for risk management	10,253	3,684	3,329
Loans and advances to customers	12,076,404	11,134,424	7,976,337
Prepayments and accrued income	99,163	134,358	90,806
Financial instruments- Held to maturity	127,328	168,328	30,268
Other assets	22,166	13,988	3,796
Property and equipment	38,932	39,806	32,168
Intangible Assets	7,660	6,348	1,224
<b>Total assets</b>	<b>15,028,586</b>	<b>13,419,370</b>	<b>11,285,783</b>

## LIABILITIES

Derivative liabilities held for risk management	13,772	24,840	31,128
Due to banks	6,398,079	5,147,944	4,309,988
Deposits and customer accounts	2,632,718	2,365,385	1,673,780
Debt securities in issue	3,028,534	3,027,717	2,882,495
Other liabilities	326,341	293,737	194,411
<b>Total liabilities</b>	<b>12,399,444</b>	<b>10,859,623</b>	<b>9,091,802</b>

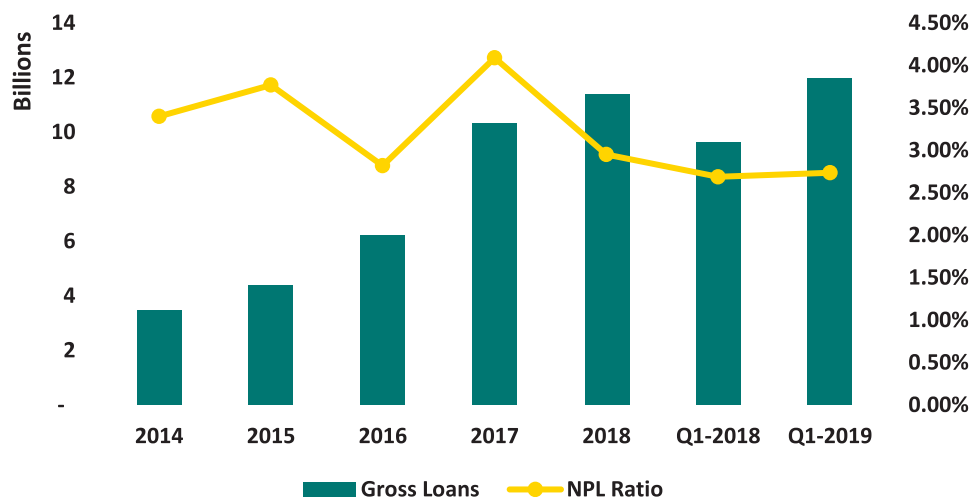
## CAPITAL FUNDS

Share capital	506,448	506,300	475,024
Share premium	765,235	764,790	623,459
Warrants	191,531	191,531	42,496
Reserves	594,542	594,541	474,733
Retained earnings	571,386	502,585	578,269
<b>Total capital funds</b>	<b>2,629,142</b>	<b>2,559,747</b>	<b>2,193,981</b>
<b>Total liabilities and capital funds</b>	<b>15,028,586</b>	<b>13,419,370</b>	<b>11,285,783</b>

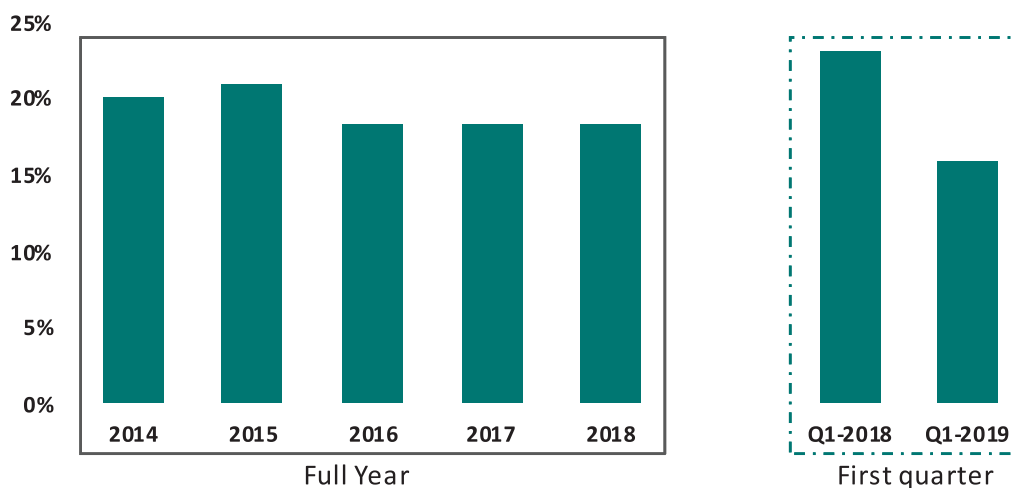
## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2019

	Mar 19 US\$000	Mar 18 US\$000
Interest and similar income	234,736	150,044
Interest and similar expense	(106,193)	(69,340)
<b>Net interest and similar income</b>	<b>128,543</b>	<b>80,704</b>
Fee and commission income	5,577	380
Fee and commission expense	(2,078)	(2,357)
<b>Net fee and commission income</b>	<b>3,499</b>	<b>(1,977)</b>
Other operating income	395	745
<b>Operating income</b>	<b>132,437</b>	<b>79,472</b>
Personnel expenses	(12,574)	(10,006)
General and administrative expenses	(7,185)	(7,310)
Depreciation and amortisation expense	(1,170)	(1,056)
<b>Operating expense</b>	<b>(20,929)</b>	<b>(18,372)</b>
Exchange adjustments	(9,828)	113
Fair value gain/ (loss) from derivatives	9,548	(9,574)
<b>Operating profit before impairment and provisions</b>	<b>111,228</b>	<b>51,639</b>
Loan impairment charges	(42,335)	2,427
Impairment in other assets & accrued income	(92)	(209)
<b>PROFIT FOR THE PERIOD</b>	<b>68,801</b>	<b>53,857</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>68,801</b>	<b>53,857</b>

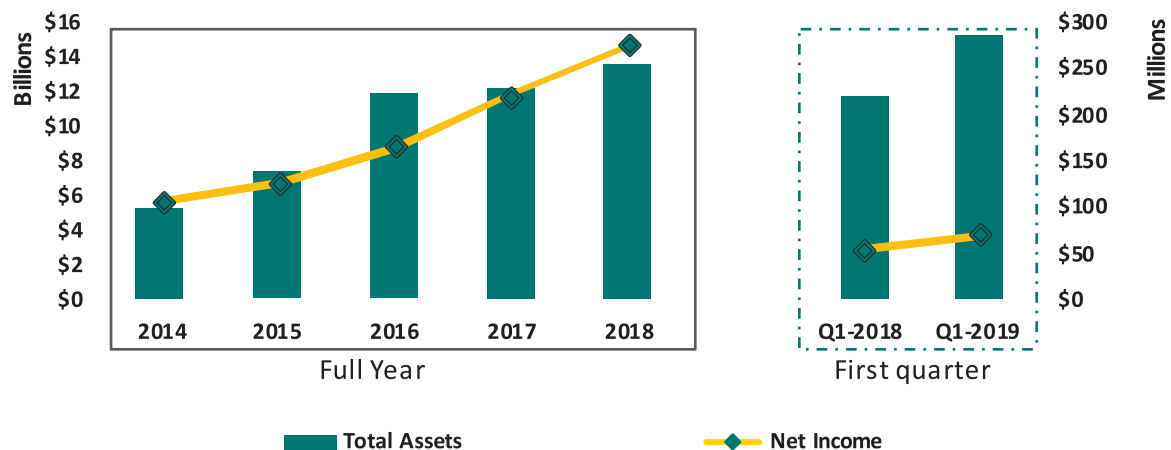
**FIG 1: GROSS LOANS AND NPL RATIO: 5-YEAR TREND ANALYSIS**



**FIG 2: COST -TO-INCOME RATIO: 5-YEAR TREND ANALYSIS**



**FIG 3: TOTAL ASSETS AND NET INCOME: 5-YEAR TREND ANALYSIS**



**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2019**

	Share Capital US\$000	Share Premium US\$000	Warrants US\$000	General Reserve US\$000	Asset Revaluation Reserve US\$000	Project preparation facility Fund reserve US\$000	Retained Earnings US\$000	Total US\$000
Balance at 1 January 2019	506,300	764,790	191,531	551,228	28,313	15,000	502,585	<b>2,559,747</b>
Issued and Paid in capital during 2019	148	446	-	-	-	-	-	<b>594</b>
Warrants retirement	-	-	-	-	-	-	-	<b>-</b>
Profit of the period	-	-	-	-	-	-	68,801	<b>68,801</b>
Dividends for year 2018	-	-	-	-	-	-	-	<b>-</b>
<b>Balance at 31 March 2019</b>	<b>506,448</b>	<b>765,236</b>	<b>191,531</b>	<b>551,228</b>	<b>28,313</b>	<b>15,000</b>	<b>571,386</b>	<b>2,629,142</b>
Balance at 1 January 2018	470,816	562,350	91,723	447,762	19,471	7,500	524,412	<b>2,124,034</b>
Issued and Paid in capital during 2018	4,208	61,109	-	-	-	-	-	<b>65,317</b>
Issued during the year	-	-	(49,227)	-	-	-	-	<b>(49,227)</b>
Profit of the period	-	-	-	-	-	-	53,857	<b>53,857</b>
Other comprehensive income	-	-	-	-	-	-	-	<b>-</b>
Dividends for year 2017	-	-	-	-	-	-	-	<b>-</b>
<b>Balance at 31 March 2018</b>	<b>475,024</b>	<b>623,459</b>	<b>42,496</b>	<b>447,762</b>	<b>19,471</b>	<b>7,500</b>	<b>578,269</b>	<b>2,193,981</b>

**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2019**

	<b>Mar 19</b> <b>US\$000</b>	<b>Mar 18</b> <b>US\$000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>68,801</b>	<b>53,857</b>
<b>Adjustment for non-cash items:</b>		
Depreciation and amortization of intangible assets & property and equipment	1,170	1,056
Allowance for impairment on loans and advances	42,335	(2,427)
Impairment on accrued income	92	209
Fair value adjustment from derivatives	(9,548)	9,574
	<b>102,850</b>	<b>62,269</b>
<b>Changes in :</b>		
Prepayments and accrued income	35,103	(10,619)
Hedging derivatives instruments	(8,089)	333
Other assets	(8,178)	(865)
Other liabilities	31,435	(308,417)
Deposits and customer accounts	267,333	(475,576)
Loans and advances to customers	(984,315)	573,738
<b>Net cash outflow from operating activities</b>	<b>(563,861)</b>	<b>(159,137)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases and additions to property and equipment & intangible assets	(438)	(362)
Financial instruments- Held to maturity	41,000	-
<b>Net cash inflows / (outflows) from investing activities</b>	<b>40,562</b>	<b>(362)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash from capital subscriptions and share premium	594	16,089
Dividends paid	-	(2,796)
Net increase in due to banks and debt securities	1,250,951	79,487
<b>Net cash inflows from financing activities</b>	<b>1,251,545</b>	<b>92,780</b>
Net increase / (decrease) in cash and cash equivalents	728,246	(66,719)
Cash and cash equivalents at 1 January	1,918,434	3,214,573
<b>CASH AND CASH EQUIVALENTS</b>	<b>2,646,680</b>	<b>3,147,854</b>

## NOTES

The Bank is required to publish financial results for the three months ended 31 March 2019 as per Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months ended 31 March 2019 ("financial statements") have been prepared in accordance with the requirements of IFRS and the SEM Listing Rules.

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 2018.

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 31 March 2019 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 May 2019

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