AFREXIMBANK

INVESTOR UPDATE

HALF YEAR 2021

RESULTS PRESENTATION

2 SEPTEMBER 2021

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

Transforming Africa's Trade

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Outline

Introduction and overview

Introduction – strong pandemic response

1. Through PATIMFA and related facilities, Afreximbank channeled $7.05 billion to African countries towards the containment of the health and economic costs of the Covid-19 pandemic. The amount was the second-largest source of funding for the continent among Development Finance Institutions globally. Only the International Monetary Fund provided more funding to Africa.

2. Afreximbank was mandated by the AU as transaction adviser, guarantor and payment agent and the Bank provided a US$2 billion Advance Procurement Commitment (APC) Guarantee facility to help the continent to pursue "a whole of Africa" approach to vaccine acquisition. The financing package enabled the continent to procure 400 million doses of single shot Johnson & Johnson vaccine enough to vaccinate 40% of Africans, half the target set by the AU. COVAX facility pledged to cover 30%.

3. Amid the prevailing challenges, the Bank maintained a strong operational and financial performance, with total assets now over US$20 billion, while net income rose to US$169mn, from $151mn in 2020.

4. Deservedly, the Bank recently received a set of strong credit rating affirmations and "Positive" outlook from Moody's, Fitch Ratings, and GCR Ratings, underlining its resilient financial position and performance. The ratings reinforce the Bank's access to capital at a competitive cost, In May 2021, the Bank successfully closed a US$1.3 billion dual maturity bond issuance, the Bank's largest-ever transaction in the international debt capital markets..

Strategy and business update

On track with strategic initiatives implementation despite the challenges of the pandemic (1/3)

Initiative	Purpose and status
Pan-African Payment and Settlement System (PAPSS)	▪ Designed to formalize cross-border trade, address payment challenges and reduce costs of completing trade. ▪ All central banks have signed participation agreements and live operations are ongoing in the West African region. ▪ Commercial launch is planned during the fourth quarter of 2021 in collaboration with the AU, the AfCFTA secretariat and the participating central banks.
MANSA Due Diligence Platform	▪ Designed to be the centralised African customer due diligence repository platform ▪ Clients are being onboarded to the platform. ▪ The Association of African Central Banks (AACB) has endorsed collaboration with Mansa and its Customer Due Diligence (CDD) offerings.
Trade Information and Regulation (TIP and TRIP)	▪ Provision of trade data, financial sector, commodity market and country reports. ▪ TRIP will serve as a unified source of regulations & legislative requirements for trade activities and its launch is expected in Q3 2021. ▪ Both platforms are currently undergoing testing and evaluation.
Fund for Export Devt. in Africa (FEDA)	▪ FEDA has become fully operational, executing its first investment in an African-owned telecom company. It has nearly US$600 million of deal pipeline spread across a well-diversified portfolio of sectors such as manufacturing, agro-processing, financial services, technology, transport and logistics.

On track with strategic initiatives implementation despite the challenges of the pandemic (2/3)

Initiative	Purpose and status
Intra-Africa Trade Fair, 2021	▪ The second Intra-African Trade Fair (IATF2021) has been rescheduled to take place in Durban, KwaZulu-Natal, South Africa from 15 to 21 November 2021. The Trade Fair, which was previously due to be held in Kigali, Rwanda was moved due to pandemic-related challenges.
Afreximbank African Collaborative Transit Guarantee Scheme (AACTGS)	▪ The scheme is designed to facilitate the smooth transit of goods across Africa through a continent-wide single-technology enabled transit guarantee scheme. It will facilitate trade under the AfCFTA as well as extra-African trade. ▪ Under the AACTGS, Afreximbank will become a regional and continent-wide guarantor, providing transit bonds covering the full range of borders that goods are required to cross. ▪ In June 2021, consultations were held with key stakeholders in COMESA including insurance companies, banks and revenue authorities. The Bank expects to start issuing bonds in Q3 2021.
AfCFTA Adjustment Facility	▪ The Bank has been mandated by the AU to develop the statutes and resource mobilisation plan for an $8 billion AfCFTA Adjustment facility to compensate countries for potential revenue losses due to tariff removal and help them adjust smoothly to the implementation of the AfCFTA. ▪ The Bank is implementing Council decisions which includes the launch of an Interim Adjustment Fund and negotiating a Fund Management Agreement with the AfCFTA Secretariat.

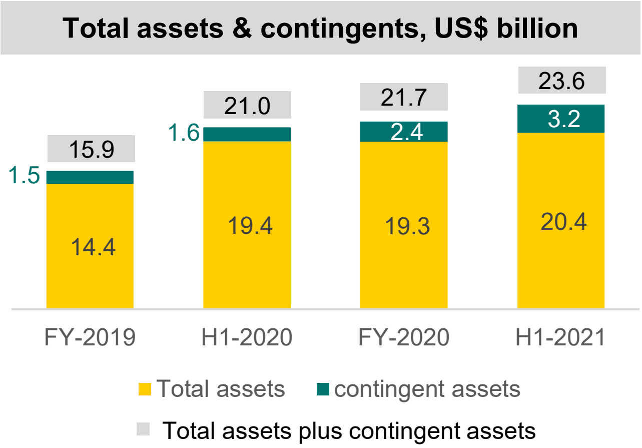
On track with strategic initiatives implementation despite the challenges of the pandemic (3/3)

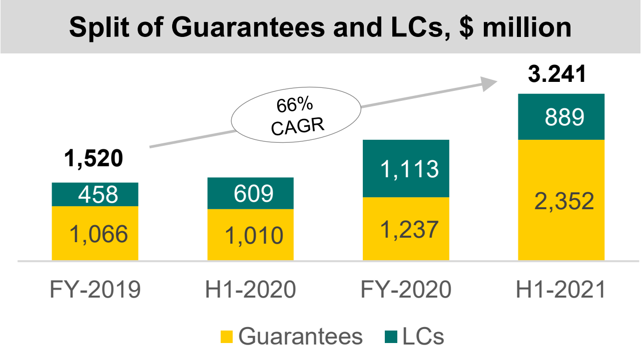
Initiative	Purpose and status
Africa Medical Supply Platform (AMSP)	▪ The AMSP is a digital platform is designed to facilitate the procurement and equitable distribution of COVID-19 supplies and create market access opportunities for African manufacturers of medical supplies. AVATT is utilizing the Platform for the ordering and allocation of vaccine and medical supplies for equitable distribution. ▪ As at June, AMSP has processed over US$65m worth of merchandise ▪ Vaccine supply through the AMSP commenced in August 2021 and by January 2022, the number of vaccines being released will be in excess of 25 million per month.
Africa Vaccine Acquisition Task Team (AVATT)	▪ In August 2021, Africa announced the rollout of 400m vaccine doses to the African Union Member States and the Caribbean region. ▪ The agreement with Johnson & Johnson was made possible through a $2billion facility provided by Afreximbank, who are also the Financial and Transaction Advisers, Guarantors, Instalment Payment facility providers and Payment Agents.

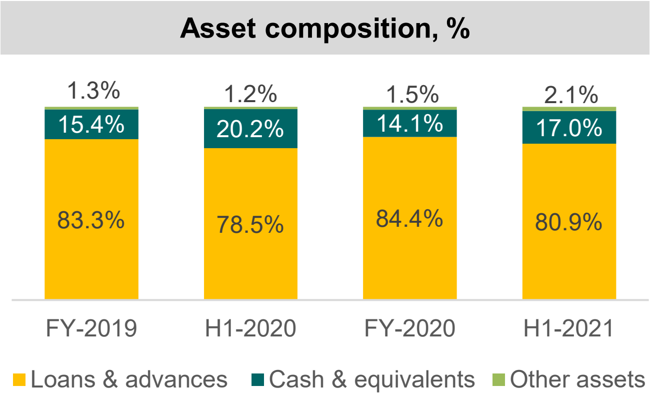
Overall, capital is required to implement and drive these initiatives. Therefore, in July 2021, shareholders approved a general capital increase with a **paid-in amount of USD2.6 billion** to enable the Bank to meet its strategic targets and increase its relevance on the continent. The Bank will soon converge to discuss and map out a new 5-year strategy for the Bank over the (2022 – 2026) financial period.

Financial performance review

Strong and growing balance sheet profile…



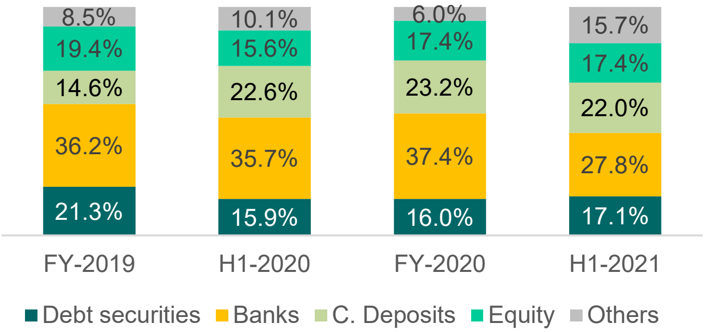




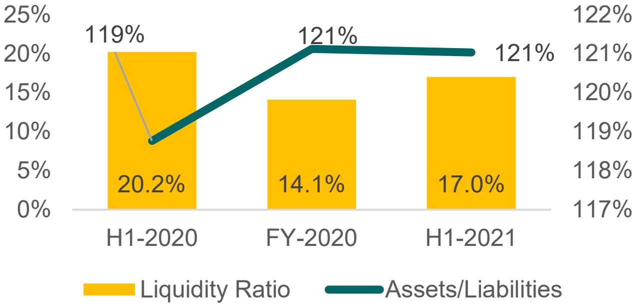
- Aggregate balance sheet size (assets plus contingents) increased by 8.8% to US$23.6 billion (FY2020: US$21.7 billion). Growth was driven by loans and advances, and guarantees. Total assets rose 5.5% to reach $20.4 billion (FY2020: $19.3 billion).
- Guarantees and letters of credit products remain key intervention tools of the Bank, increasing at 65.7% CAGR to $3.2 billion from $1.5 billion in full year 2019.
- Loan book accounted for 80.9% of assets portfolio (FY2020: 84.4%), as the proportion of cash increased to 17% compared to 14.4% in FY2020. The strong cash position will enable the Bank to finance planned disbursements in the second half of the year.

Funded by solid, diversified capital and liquidity position…

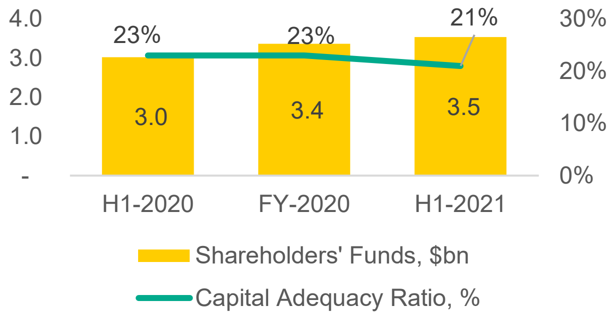
Funding mix



Asset/liability and liquidity ratios



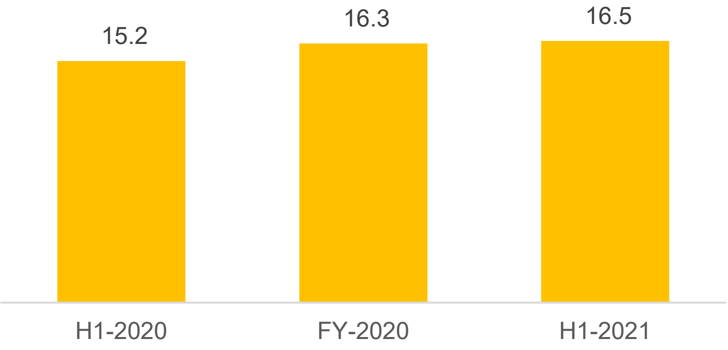
Equity base and capital adequacy



- Diversified funding sources continue to support the Bank's balance sheet growth. Credit lines from FIs, customer deposits accounted for 49.8% of funding in the first half.
- Liquidity position improved to 17% (FY2020: 14.1%) due to increased funding and in anticipation for lending opportunities in the second half of the year.
- Shareholders'' funds rose to $3.5 billion (FY2020: $3.4 billion) steadily on the back of internally generated capital and new equity raise.
- Capital adequacy ratio of 21% (FY2020: 23%) remains strong and is above strategic minimum threshold of 20%.

…with growing and diversified loan portfolio

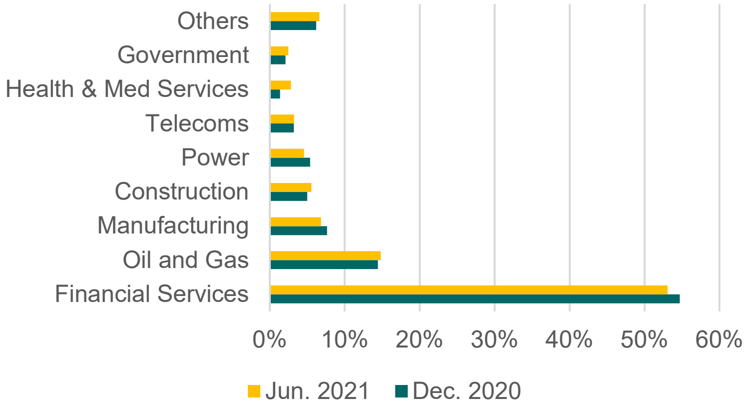
Net loans, US$ billion



- Loans and advances improved to $16.5 billion (FY2020: $16.3 billion) despite the significant repayments of PATIMFA Loans and advances, as the operating environment improved.
- Financial services sector remained the major beneficiary of the Bank's facilities with 53.1% (FY2020: 54.7%).
- Construction, health and medical services sectors gain momentum with 5.5% and 2.8% of total loans in view of the recent business and economic climate.

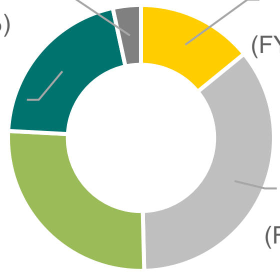
Loan split, by sector

	Dec. 2020	Jun. 2021
Financial Services	54.7%	53.1%
Oil and Gas	14.4%	14.8%
Manufacturing	7.6%	6.8%
Construction	5.0%	5.5%
Power	5.4%	4.6%
Telecoms	3.2%	3.3%
Health & Med Services	1.4%	2.8%
Government	2.1%	2.5%
Others	6.2%	6.6%

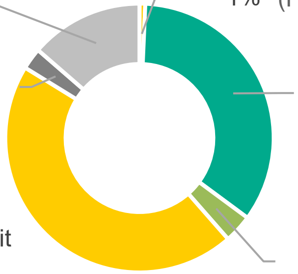


Improving loan distribution by geography and programme

Dynamic geography split of loans



Loan split, by programme



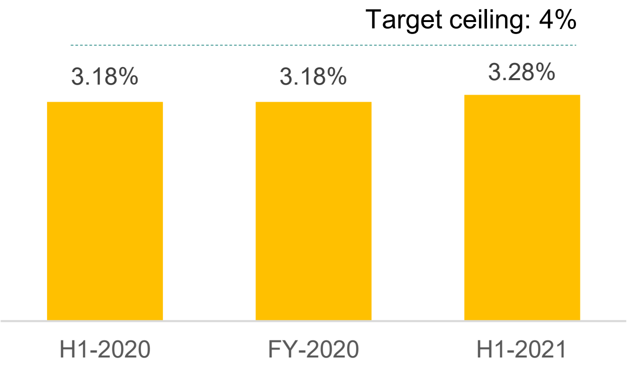
Geography split of loans, US$ million

Region	Dec. 2020	Jun. 2021
West Africa	6,441	6,024
North Africa	4,280	4,450
Central Africa	547	578
East Africa	2,118	2,396
Southern Africa	3,387	3,522

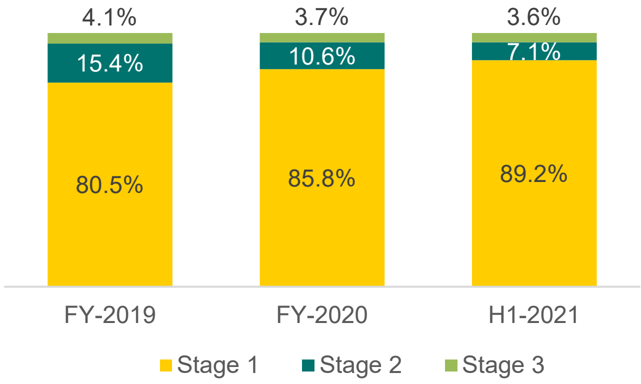
- West Africa accounted for 36% of total loans, while North and Southern Africa follow with 26% and 21% respectively. Relative to full year 2020 proportions, the regional split is more diversified with loans to Eastern and Southern African collectively increasing by 250 basis points.
- Actual lending amount to all the regions increased over the period except for West Africa..
- Lines of credit and direct finance continue to be the Bank's main financing programmes accounting for 79% of total facilities, same levels in full year 2020.

…supporting stable asset quality

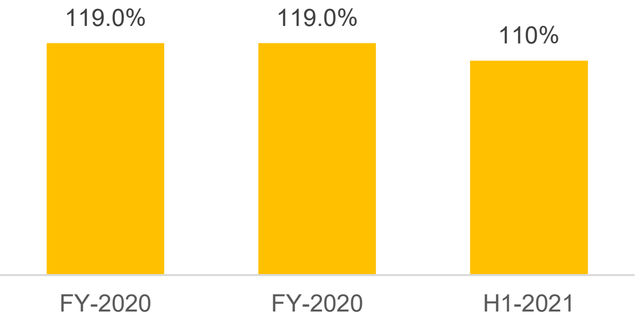
Non-Performing Loans (NPL) Ratio



Proportion of stage 1 loans grows further

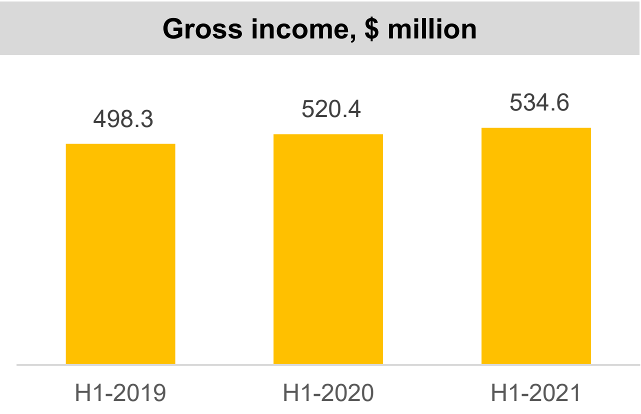


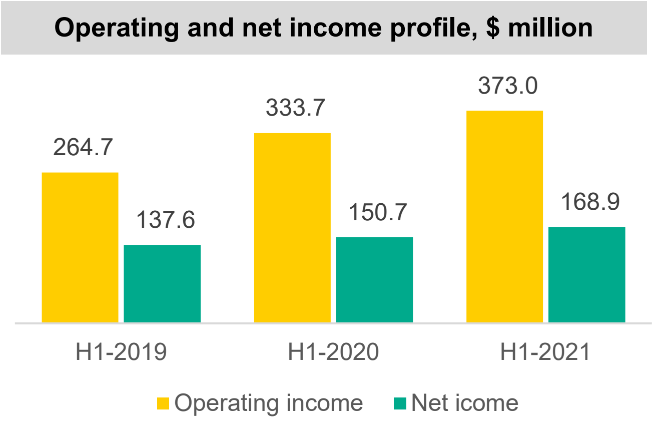
NPL coverage ratio

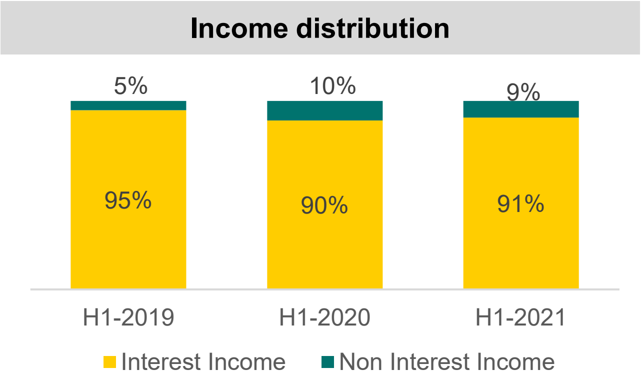


- NPL ratio of 3.3% in H1-2021 is still below the target ceiling of 4%. This affirms the efficacy of the various credit enhancement and risk management tools deployed by the Bank.
- The Bank's loan loss coverage ratio of 110% (FY-2020: 119%) remained satisfactory and above the minimum limit of 100%.
- With the proportion of stage 1 loans at 89.2% (FY2020: 85.8%), is an evidence that the portfolio has sound quality and low probability of significant losses arising.

Strong income profile







- Gross income for Half year 2021 amounted to $534.6 million (H12020: $520.4 million), due to growth in interest income.
- Proportion of non-interest income remained stable at 9% (H12020: 10%) in spite of the growth in core business. Fees from Guarantees, LCs, and digital initiatives will drive fee income ratio in the medium term.
- Consequently, operating income and net income rose significantly by 12% to $373 million and $169 million, respectively.

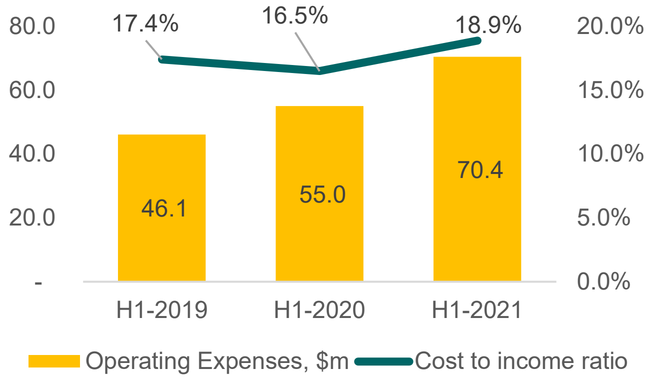
Sustained operating efficiency

Net interest margin

	H1-2019	H1-2020	H1-2021
Net interest Margin, %	3.3%	3.7%	3.4%
Average interest earning assets, US$ billion	14.2	16.7	19.6
Net Interest Income, US$ million	243.9	285.7	329.9

- Net interest margin slipped to 3.4% (H1-2020: 3.7%), due to the pricing of PATIMFA facilities which are mostly cash collateralized and therefore priced at relatively lower levels compared to other facilities. In addition, the lower interest rate environment contributed to the contraction of margins.

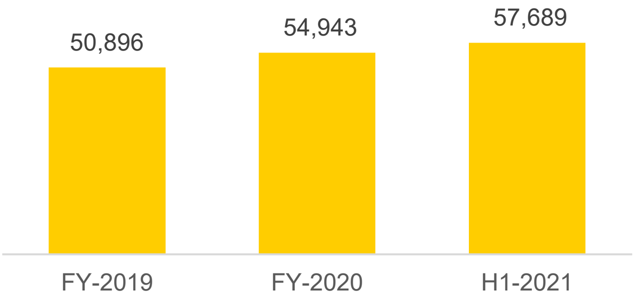
Cost to income ratio



- Cost to income ratio of 18.95% (H1-2020: 16.5%) remains competitive relative to standards prevalent in the financial services sector.
- Increase in operating expenses resulted mainly from increased staff numbers required to strengthen organisational capacity to support strategy and drive various initiatives in the Bank.

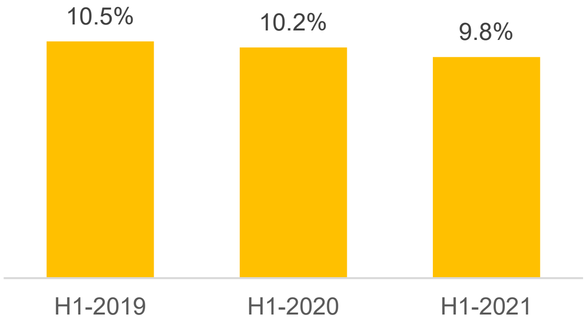
…has improved returns and value to shareholders

Net asset value per share, $

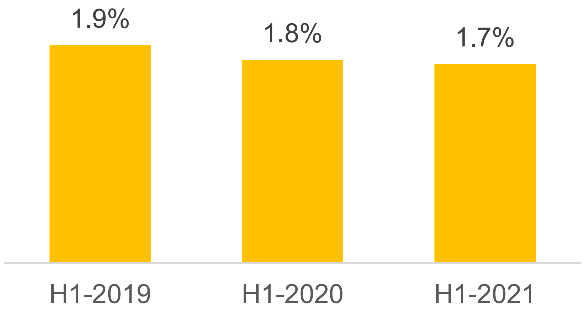


- Increase in the Bank's net asset value by 5% to US$57,689 (FY-2020: US$54,943) attests to the sustained growth in shareholder value.
- In line with expectations, both the ROAE and the ROAA slightly declined in H1'2021 compared to H1'2020 due to additional capital raised to support the growth in the loans and advances and various initiatives to manage COVID-19 impact.

Return on average equity



Return on average assets



Balance sheet and income highlights

B/Sheet metric, US$ million	FY-2019	FY-2020	H1-2021	CAGR [1]
Net Loans	12,030	16,302	16,475	+23.3%
Total Assets	14,440	19,307	20,368	+25.8%
Total Liabilities	11,637	15,940	16,829	+27.9%
Shareholders' Funds	2,802	3,367	3,539	+16.8%

Income metric, US$ million	H1-2019	H1-2020	H1-2021	CAGR [2]
Gross Income	498.3	520.4	534.6	+3.6%
Operating Income	264.7	333.7	373.0	+18.7%
Net Income	137.6	150.7	168.9	+10.8%

1 Compound annual growth rate over one-and-half years
2 Compound annual growth rate over two years

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Key financial ratios

Financial parameter	H1-2019	H1-2020	H1-2021
Fee/gross income ratio	5%	10%	9%
Net interest margin	3.3%	3.7%	3.4%
Cost-to-income ratio	17.4%	16.5%	18.9%
Return on average equity	10.5%	10.2%	9.8%
Return on average assets	1.9%	1.8%	1.7%
Cash-to-total assets	23.5%	20.2%	17.0%
Equity-to-total assets ratio	19.1%	15.6%	17.4%
Capital adequacy ratio	22%	23%	21%
NPL ratio	3.0%	3.5%	3.3%
NPL coverage ratio	127%	121%	110%

Guidance for full year 2021

Loan amount	US$16 billion – US$18 billion
NPL ratio	3% – 4%
Net interest margin	3% – 3.5%
Return on average equity	10% – 12%
Dividend payout ratio	20% – 26%
Capital adequacy ratio	Above 20%

Conclusion

Conclusion

The Bank has maintained a good traction in financial performance in H1-2021 with

I. Both on-balance sheet and off-balance sheet growth was solid

II. Asset quality levels remained satisfactory with increasing proportion of stage-1 loans

III. The Bank still achieved strong income growth and with good profitability

IV. Potential for further growth with strategic initiatives and solid pipeline of facilities

Q & A

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