



INVESTOR UPDATE

FULL YEAR 2018 RESULTS

PRESENTATION

MAY 2019

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

Transforming Africa's Trade

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Investment highlights

1 Supranational Status

- International multilateral organisation
- Exemption from all taxation, duties, restrictions, regulations, supervision or controls, moratoria and other fiscal and monetary restrictions of any nature

2 Strong Shareholders Base

- 51 African states
- Several African public and private commercial banks
- Leading international financial institutions

3 Preferred Creditor Status

- Enables Afreximbank to receive preferential access to member countries' foreign currency in the event of a country foreign exchange crisis
- Improves loan recovery mechanism and reduces the likelihood of NPL on facilities

4 Financial Snapshot, Full Year 2018

- Improved efficiency, low Cost-to-Income ratio of 17.9%
- Sustained profitability, ROAE increased to 11.8%
- Robust capital adequacy, CAR of 25.0%
- Low NPL ratio of 2.95%

Strategic partners



2. Strategy update

Strategy pillars

The Fifth Strategic Plan was launched in December 2016 and will focus on four broad areas

Intra-African Trade

Industrialization and Export Development

Trade Finance Leadership

Financial Soundness and Performance

Strategic Initiatives (2017 – 2021)

- Facilitate the emergence and expansion of Export Trading Companies
- Harmonize Trading Standards across Africa
- Implement Intra-African Trade Platform, Intra- African Trade Fair etc.

- Facilitate emergence and expansion of industrial parks
- Prepare and launch Project Preparation Facility, etc.
- Create Fund For Export Development in Africa (FEDA), etc.

- Expand Trade Services Capacity
- Set up PAFTRAC
- Introduce Afreximbank Guarantee Program

- Improved RoE (10-12%)
- Capital Adequacy (minimum of 20%)
- Achieve improved credit ratings

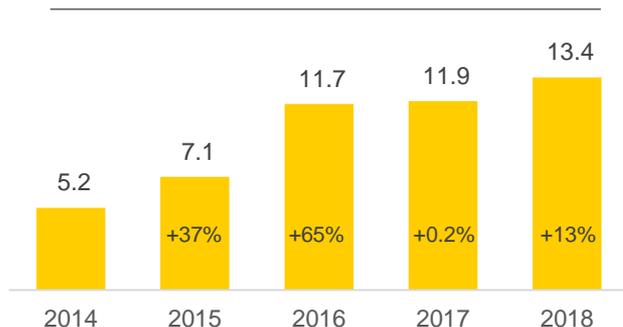
Status update on 5th strategic plan

Performance Metric	Strategic Objective under IMPACT 2021	Actual Results as at December 2018
Capital	Attain an equity base of US\$3.5bn by Dec. 2021	Shareholders' equity stood at US\$2.6bn, 26% short of the 2021 target
	Achieve capital adequacy ratio above 20%	Capital adequacy ratio was 25.0%
	Mobilise US\$1bn fresh equity by 2021	New equity of US\$838mn raised so far
Income	Achieve a net income of US\$249mn in 2018	Net income achieved in 2018 was US\$275.9mn
	Maintain a net interest margin of 3%	Net interest margin was 3.5% in 2018
	Keep cost to income ratio below 30%	Cost to income ratio was 17.9% in 2018
Business impact due to the Bank's mandate	Aggressively promote Intra-African Trade (IAT), coordinate key players and increase volume/value of trade among Africans	Maiden Intra-African Trade Fair held in December 2018, and a total of US\$32 bn worth of deals were signed
	Increase financing to manufactured exports by 10% annually. Target financing for 2018 amounted to US\$600mn	Afreximbank has committed a total of US\$1.8bn to manufactured exports
	Disburse a total of US\$2.36bn to support trade finance activities in 2018	Total value of trade finance deals executed in 2018, amounted to US\$2.5bn

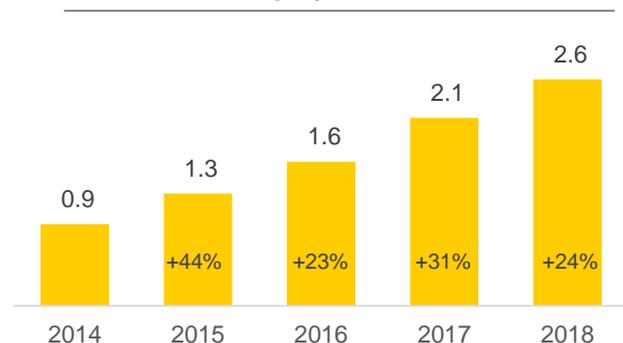
3. Review of full year 2018 financial results

Strong balance sheet capacity

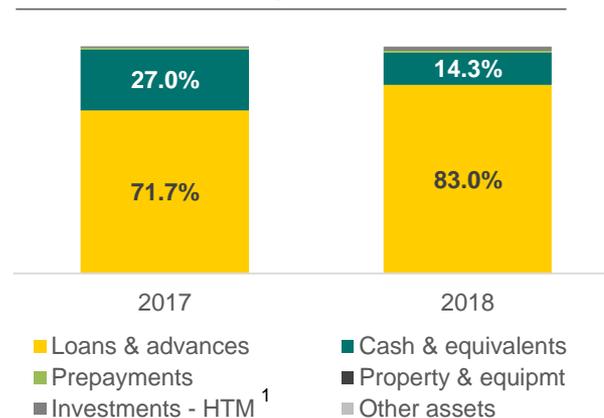
Total Assets, \$billion



Solid Equity Base, \$billion



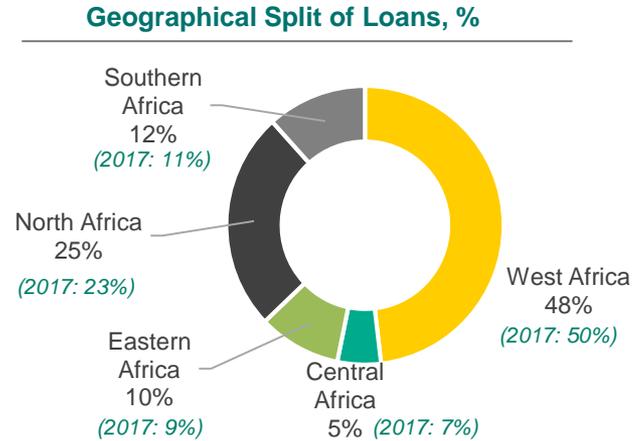
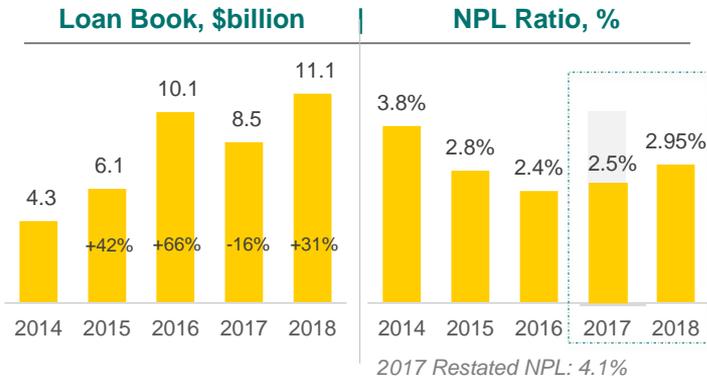
Asset Composition, %



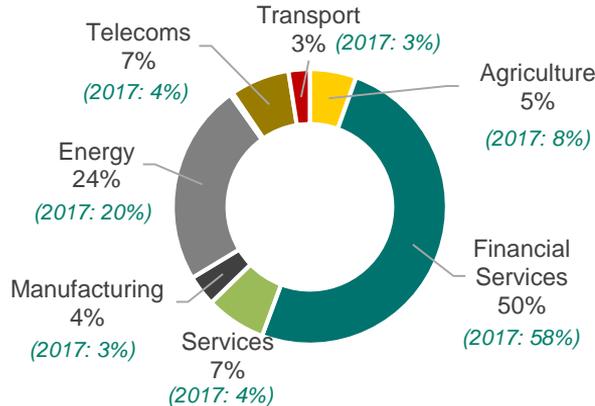
- The Bank's total assets increased by 13% from US\$11.9 billion in 2017 to US\$13.4 billion in 2018.
- Loans and advances represent 83% of total assets (2017: 72%), while cash constituted 14.3% (2017: 27%).
- Shareholders' funds increased by 24% to \$2.6 billion in 2018 on the back of new equity raise and internally generated capital arising from higher profitability.

¹ Held Till Maturity

with diversified and high quality loan portfolio



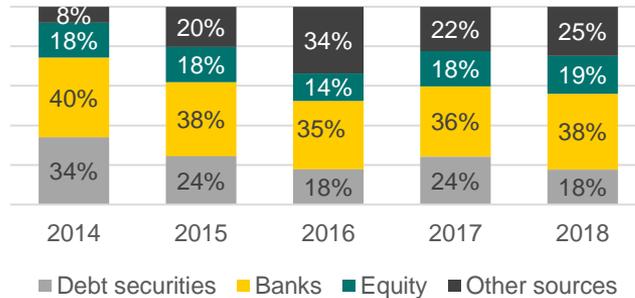
Risk Assets by Sector, %



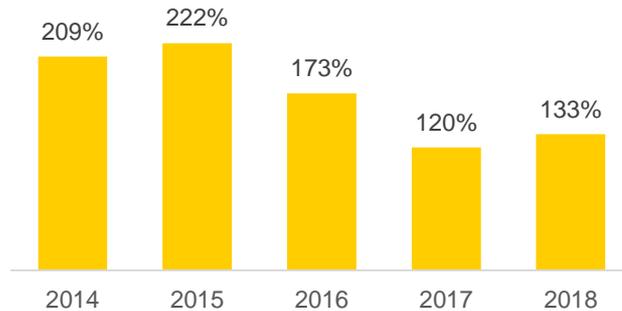
- Net loan portfolio grew by 33.7% from US\$8.5 billion in 2017 to US\$11.1 billion in 2018. Loan growth was driven by increased trade finance opportunities.
- NPL ratio was 2.95% in 2018 (2.5% in 2017 – restated as 4.1% under IFRS-9). Impact of IFRS-9 adoption is reflected in 2018 and restated 2017 NPL ratios.
- West Africa, 48% (2017: 50%) and North Africa, 25% (2017: 23%) account for the largest shares of facilities.
- Proportion of energy, manufacturing, telecoms and services sectors increased in 2018 relative to the positions in 2017.

supported by well-diversified funding, liquidity and capital adequacy

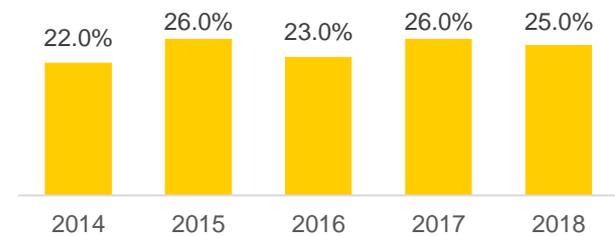
Balance Sheet Funding Structure, %



Liquidity Coverage Ratio, %



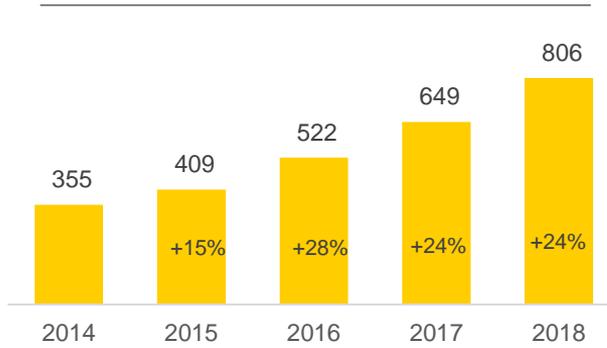
Capital Adequacy Ratio, %



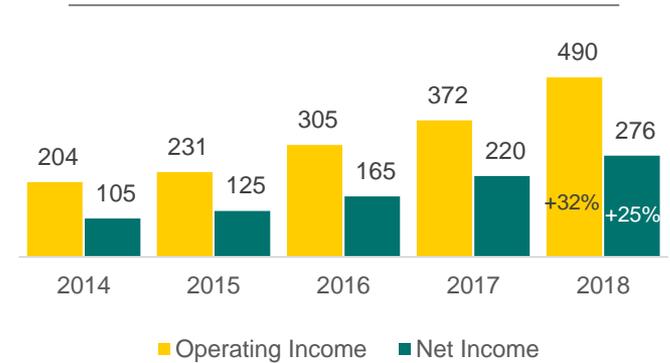
- Well-diversified funding base, as contributions from equity, banks and other sources increase further. Stable funding from equity and customers, now 44% (2017: 40%).
- A significant proportion of customer deposits are cash collateralized accounts for trade finance facilities.
- The Bank's capital adequacy ratio remained strong at 25% (2017: 26%), in spite of the accelerated growth in loans.
- Liquidity coverage ratio of 133% (2017: 120%) is within comfortable levels and provides adequate buffer to cover any short-term funding requirement.

Which delivered consistent income growth

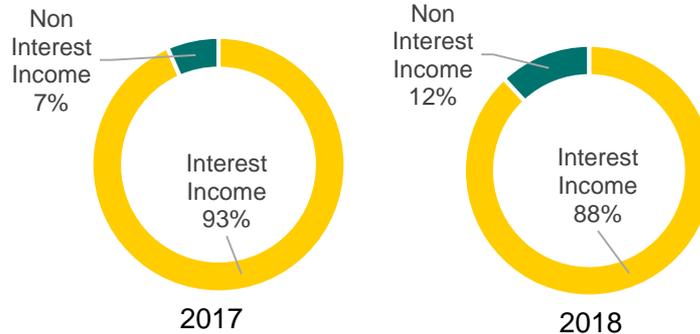
Gross Income, US\$ million



Operating & Net Income, US\$ million



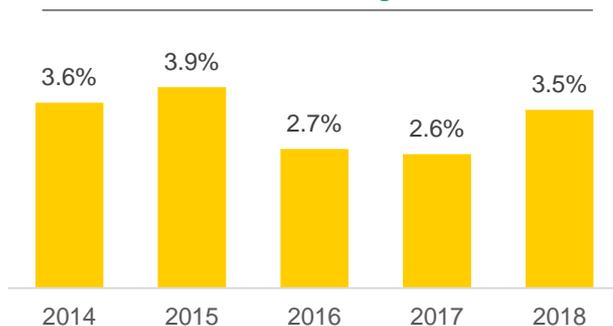
Gross Income Distribution, %



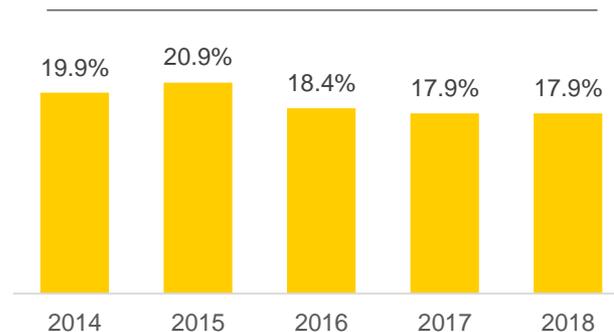
- Gross income achieved in 2018 was US\$806 million of which 12% were fee-based. It grew by 24% from US\$649 million recorded in 2017. The growth was driven by increase in interest income and higher average loan book.
- Boosted by higher net interest income and fee income, the Bank's operating income reached US\$489.8 million following a 31.6% increase over the US\$372 million recorded in 2017; while net Income grew by 25.1% to US\$275.9 million (US\$220.5 million in 2017)
- Increased proportion of non-interest income at 12% was driven by advisory fees, which rose by 272% in 2018.

On the back of high operating efficiency

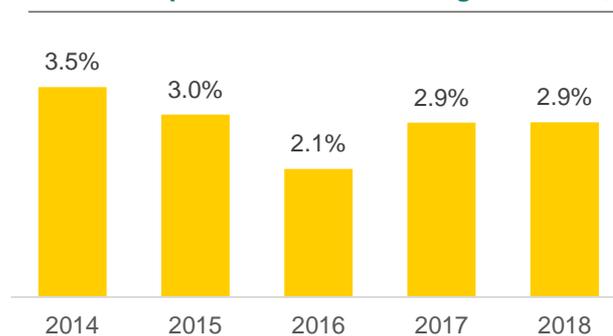
Net Interest Margin, %



Cost to Income Ratio, %



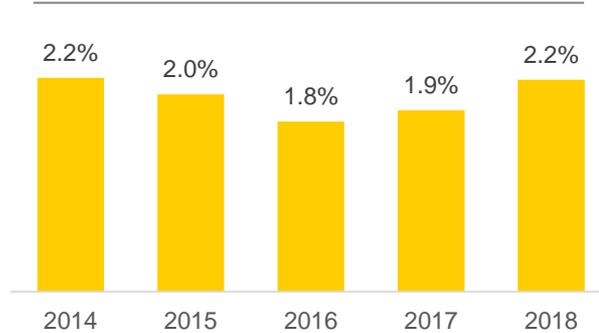
Interest Expense / Interest Bearing Liabilities, %



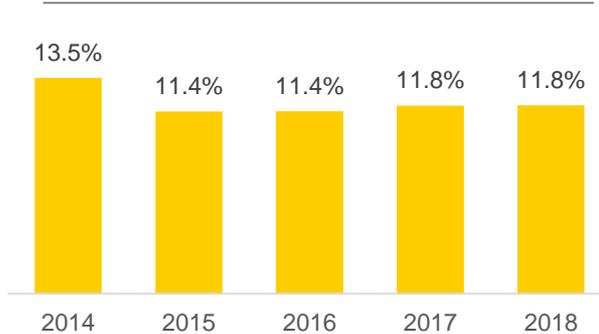
- Net interest margins improved significantly to 3.5% in 2018 (2017: 2.6%), due to relatively higher margins earned on financial assets.
- The Bank's cost of interest bearing liabilities remained stable at 2.9% (2017: 2.9%) in spite of the high interest rate environment in the first three quarters of the year.
- Internal efficiencies and cost control measures implemented by the Bank is reflected in a low cost to income ratio of 17.9% in 2018, same level recorded in 2017.

and impacting overall profitability and returns

Return on Average Assets, %



Return on Average Equity, %



Basic Earnings & Dividend Per DR, \$



- Return on assets improved significantly to 2.2% (2017: 1.9%), driven by increased income levels and earning capacity of assets..
- In the same vein, return on equity remained strong at 11.8%, due to higher profitability.
- Basic earnings per DR was 56.2 cents, of which 25.2 cents is proposed dividend per DR.
- The proposed dividend represents a yield of 5% on current net asset value.

Income and balance sheet summary

B/Sheet Metrics, US\$ million	FY-2017	FY-2018	% Chg
Net Loans	8,546	11,134	+30.3%
Total Assets	11,913	13,419	+12.6%
Total Liabilities	9,789	10,860	+10.9%
Shareholders' Funds	2,124	2,560	+20.5%
Income Metrics, US\$ million	FY-2017	FY-2018	% Chg
Gross Income	648.8	805.5	+24.2%
Operating Income	372.1	489.8	+31.6%
Net Income	220.5	275.9	+25.1%

Key financial ratios

	2017	2018
NPL Ratio ¹	2.5%	2.9%
Non-Interest/Gross Income	6.6%	11.9%
Return on Average Assets	1.9%	2.2%
Return on Average Equity	11.8%	11.8%
Cost to Income Ratio	17.9%	17.9%
Net Interest Margin	2.6%	3.5%
Earnings per DR	US\$0.558	US\$0.562
Proposed Dividend per DR ²	US\$0.226	US\$0.252

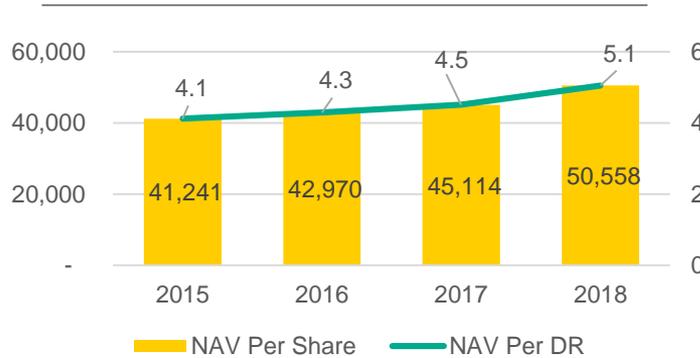
¹ NPL ratio for 2017 was restated as 4.1% under IFRS-9

² Dividends are subject to AGM approval

4. Value proposition for Afreximbank DRs

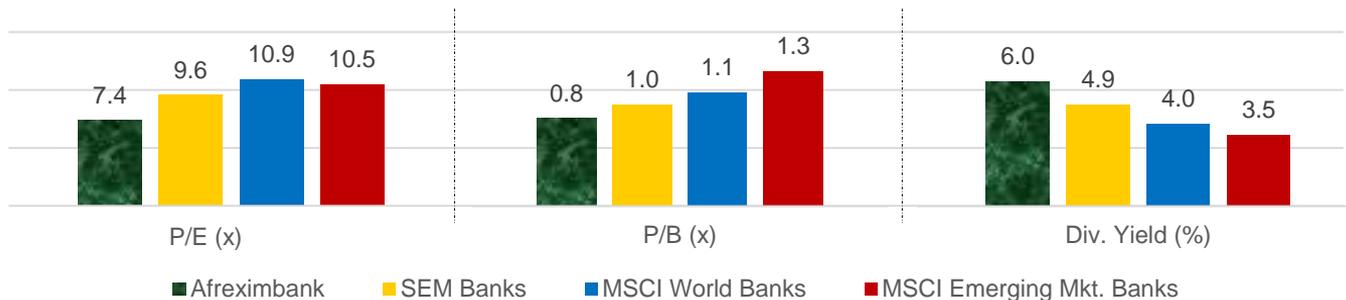
Value proposition for Afreximbank DRs

Growing Net Asset Value Per Share and DR, \$



- We reiterate that Afreximbank offers one of the most compelling Growth At a Reasonable Price (“GARP”) stories in Africa (NAV up by 12.2% year-on-year).
- Best-in-class valuations compared to SEM Banks and MSCI universe:
 - Price-to-book value of 0.8x is a discount to SEM Banks and MSCI World Banks/Emerging market Banks’ valuations.
 - Dividend yield of 6% is higher than what SEM Banks and other market comparable offer.

Comparison with SEM and MSCI Geographical Groups as at 03 May 2019



Source: SEM, MSCI

5. Key takeaway

Key takeaway

We believe that Afreximbank presents a unique value proposition for investors seeking long-term growth at a reasonable price. The Bank would continue to seek innovative ways of fulfilling its mandate, whilst positively impacting all its stakeholders... this includes enhancing the wealth of its shareholders in the long-term.

Q & A

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