



INVESTOR UPDATE

HALF YEAR 2019

RESULTS PRESENTATION

22 AUGUST 2019

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

Transforming Africa's Trade

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Investment proposition


Investment proposition

Unique mandate
with differentiated
position in Africa


**Developmental
mandate with
profit-driven
philosophy**



**Preferred
creditor
status**



0%
Tax and customs
in Participating
States



Positive impact on
Africa's trade
economy

~US\$71bn
Trade financing support
since inception



~US\$7bn
Disbursement of trade
financing deals in 2018




US\$1.8bn
Commitment to
manufactured exports in
2018




Low-risk, growing
balance sheet with
robust return to
shareholder


~21%
CAGR in loan book
between 2017 and June
2019... low NPL ratio of
3%



~23%
Capital adequacy ratio
as at June 2019




~10.5%
RoAE in H1-2019



Best-in-class
market experience

**Access to equity
capital market via
listing on the Stock
Exchange of Mauritius**



US\$2.1bn
Bonds outstanding



Baa1 / BBB-
Credit rating assigned by
Moody's / Fitch



Strategy thrust



Afreximbank strategy is a catalyst...

Intra-African Trade

- Promote / finance intra-African trade

Industrialisation and Export Development

- Create conditions to attract export manufacturing investors
- Support activities to improve efficiency and quality in production

Trade Finance Leadership

- Bridge the gap created by limitations of international banks
- Improve capacity of Africans in trade finance

Financial Soundness and Performance

- Profitability (10-12% ROE) and capital adequacy ratio above 20%...
- Enables the Bank to make a meaningful impact on African trade

... for harnessing significant long-term business opportunities

US\$40bn

of deals in the current pipeline

US\$25bn

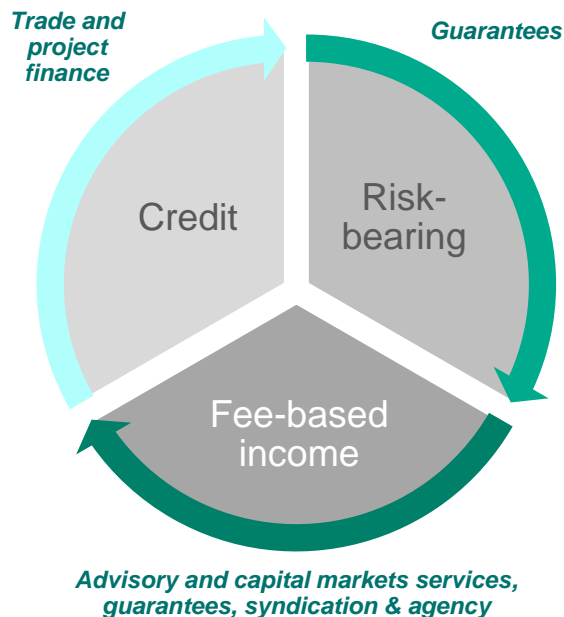
of trade financing to be disbursed in 2017 – 2021

5%

of intra-African trade to be financed by Afreximbank

Income diversification with innovative instruments & products

Afreximbank's key segments...



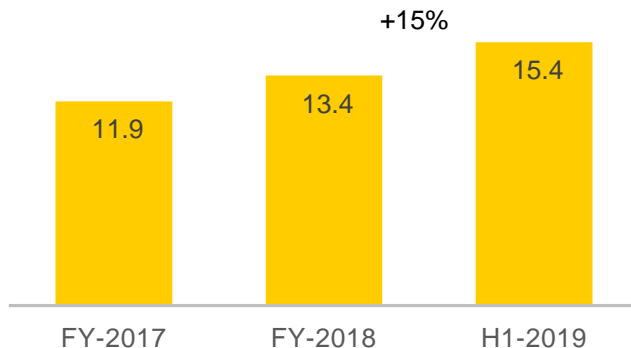
... complemented by revenue enhancing initiatives...

Initiative type	Initiative name	Description
Emergency liquidity lines	Countercyclical Trade Liquidity Facility	<ul style="list-style-type: none"> Large scale facilities implemented between 2015-2017 Response to 2014 crash of the commodity cycle Resulted in 10 new countries joining the Bank
Payments	Pan-African Payment and Settlement System	<ul style="list-style-type: none"> Designed to formalize cross-border trade, address payment challenges and reduce costs of completing trade
Private Equity	Fund For Export Development	<ul style="list-style-type: none"> Invest into trade-focused companies across all market segments Includes, start-ups, SMEs and mature companies
Due Diligence	Mansa	<ul style="list-style-type: none"> The centralised African customer due diligence repository platform
Trade Information	Trade information portal	<ul style="list-style-type: none"> Provision of data of trade, financial sector, commodity market and country reports
Funding	Central Bank Deposit/Investment programme	<ul style="list-style-type: none"> Aims to harness Africa's FX reserves and Support the continent's trade and economic development

Financial performance review

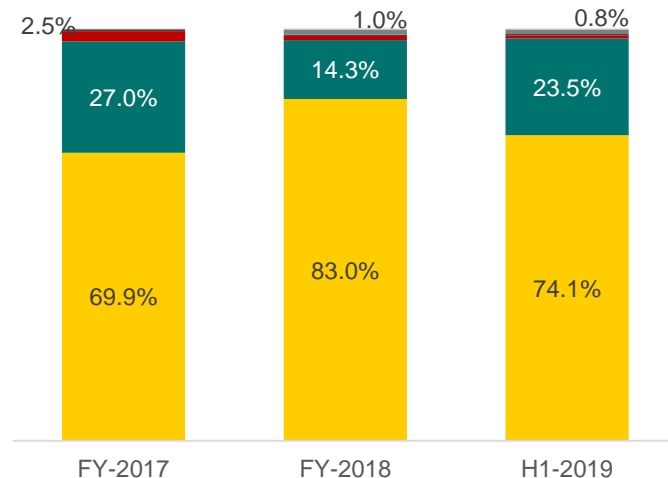
Strong and growing balance sheet profile

Total assets, US\$ billion



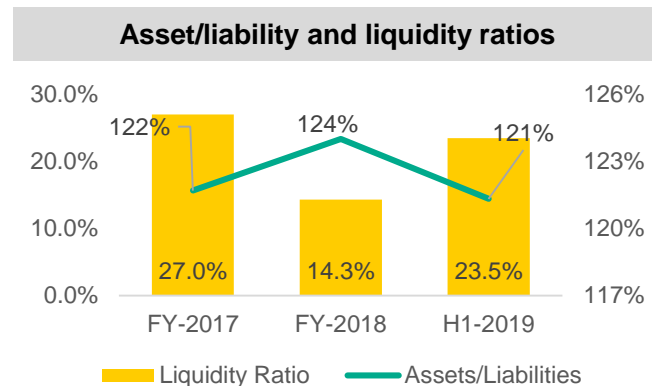
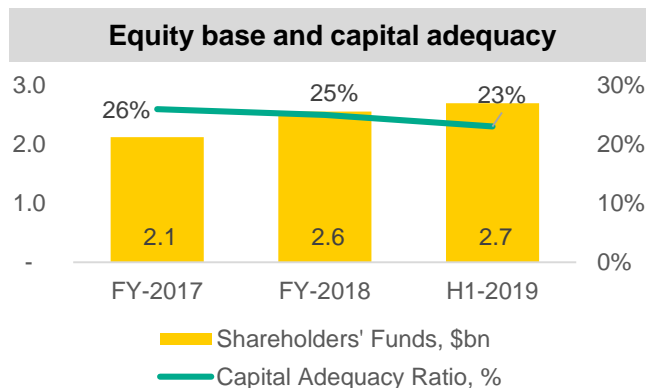
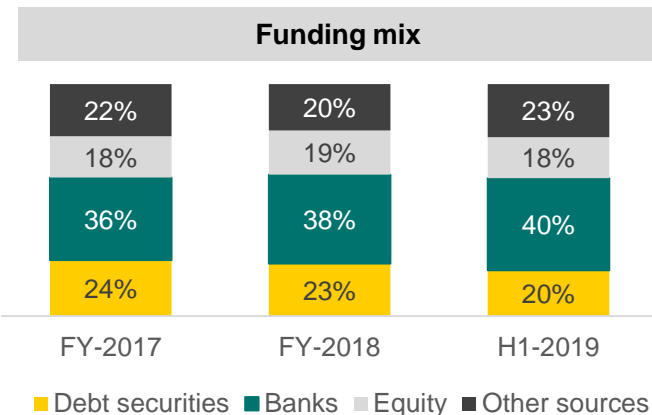
- The Bank's total assets grew by 15% to US\$15.4 billion (FY2018: US\$13.4 billion). The growth was driven by an increase in loans booked during the period.
- Loan book accounted for 74% of assets portfolio (FY2018: 83%), as the proportion of cash stood at 23.5% compared to 14.3% in FY2018.
- The robust cash position affirms that the Bank has the liquidity to finance planned disbursements in the second half of the year.

Asset composition, %



- Loans & advances
- Cash & equivalents
- Prepayments
- Property & equipment
- Investments - HTM
- Other assets

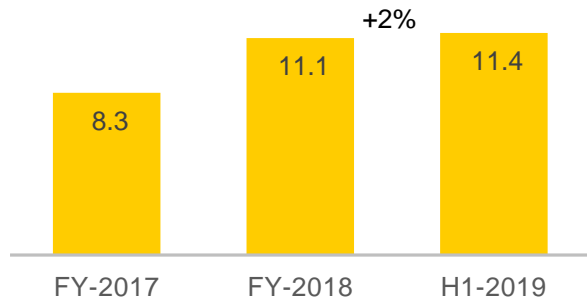
Funded by solid, diversified capital and liquidity position...



- Diversified funding sources continue to support the Bank's balance sheet and assets. Credit lines, customer deposits account for 63% of funding pool during the period.
- Liquidity position improved to 23.5% (FY2018: 14.3%) due to increased funding and in anticipation for lending opportunities in the second half of the year.
- Equity base continues to grow steadily on the back of internally generated capital and new equity raise...
- ...this has supported the Bank's strong capital adequacy of 23% (FY2018: 25%) and kept it above strategic threshold of 20%.

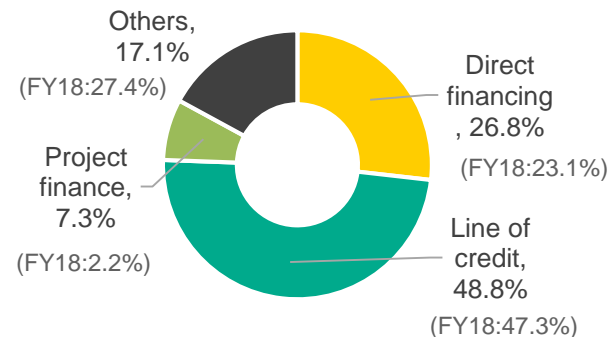
...with growing and diversified loan portfolio

Net loans, US\$ billion

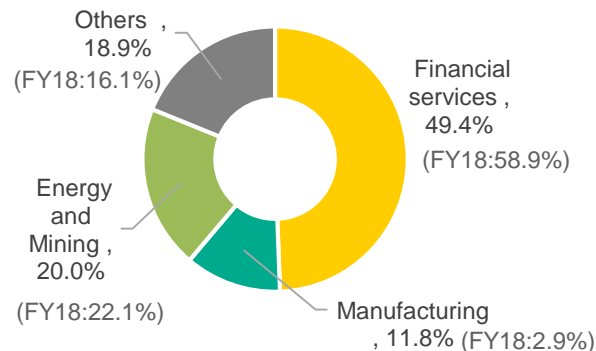


- Sustained increase in loans to \$11.4 billion (FY2018: \$11.1 billion) was driven by line of credit and direct finance Programmes.
- Line of credit and direct financing accounted for 75.6% of loan book in H1-2019 (FY2018: 70.4%) .
- Since FY2018, proportion of financial services sector to loan portfolio has dropped by 900 basis points to 49.4%...
- ...as contribution of manufacturing and mining increased significantly, now accounting for 25.4% (FY2018: 2.9%).

Loan split, by programmes

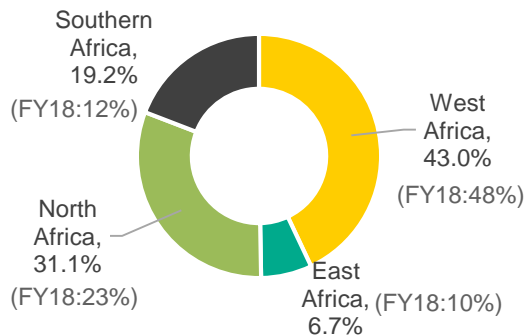


Loan split, by sector



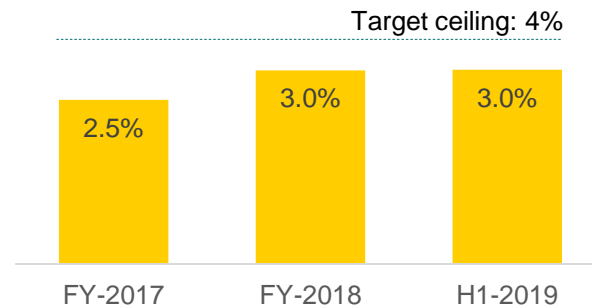
...with good asset quality driven by credit enhancement

Dynamic geography split of loans

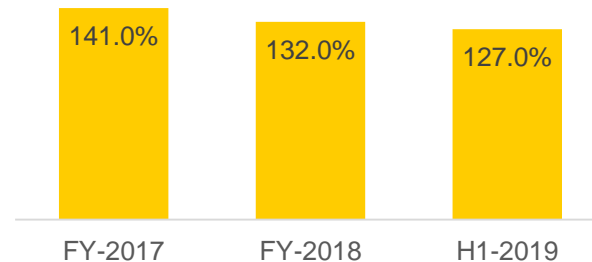


- Loan book by geography remained dynamic with West Africa's contribution reducing to 43% (FY2018: 48%) and Southern Africa increasing to 19.2% (FY2018: 12%).
- NPL ratio remained stable at 3% compared to 2018 year-end. The outcome stems from the use of various credit enhancement and risk management tools in the Bank.
- Similarly, the Bank's loan loss coverage ratio remained satisfactory and above a minimum limit of 100%.

Non Performing Loans (NPL) Ratio



NPL coverage ratio

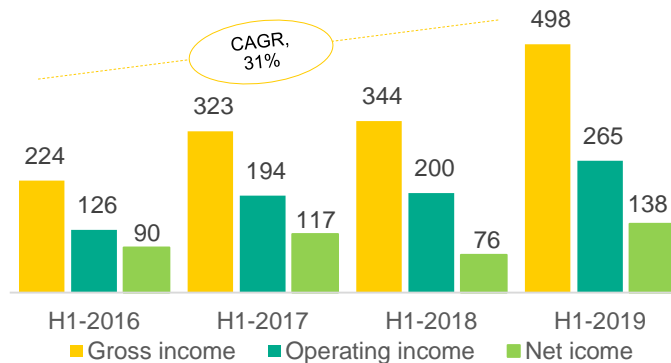


Sustained income growth



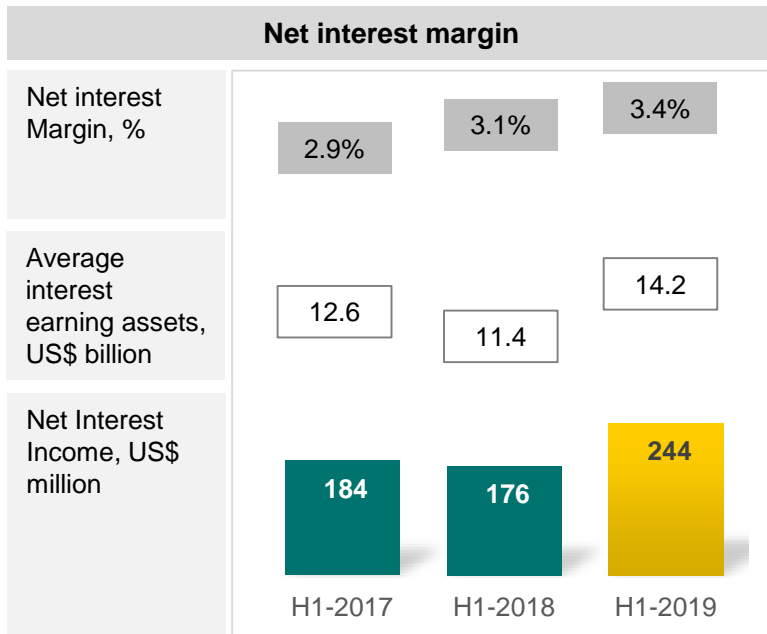
Half year 2019 income profile

Income trend, US\$ million

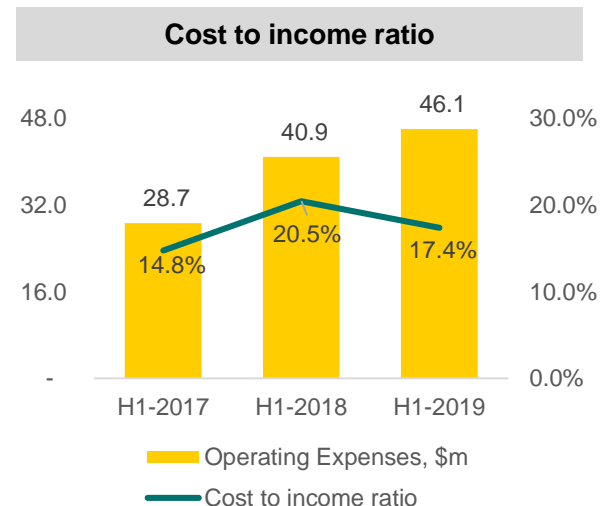


- Half year 2019 gross income amounted to US\$498.3 million, representing a CAGR of 31% from US\$224 million in June 2016. The key driver with interest income in addition to increasing contribution from advisory and capital market fees.
- Internal efficiencies created better economic value with net income margin rising to 27.6% (H12018: 22.1%).
- Net income in the corresponding period reduced to US\$76 million due to restatement arising from the impact of IFRS9.

Sound operating efficiency...



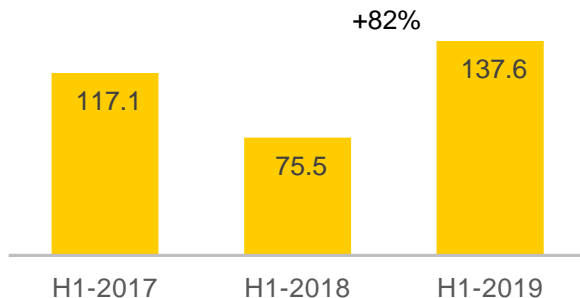
- Higher interest rate environment during the first half contributed to an improved net interest margin of 3.4% in H1-2019 (H1-2018: 3.1%).
- Increase in the cost of borrowing was adequately adjusted for in the Bank's asset pricing.



- Cost to income ratio improved to 17.4% (H1-2018: 20.5%) despite increase in operating expenses.
- 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.

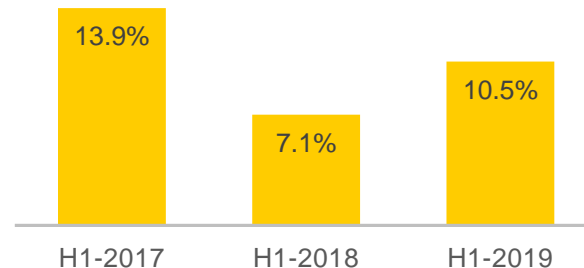
...resulted in strong net income and returns

Net income, US\$ million

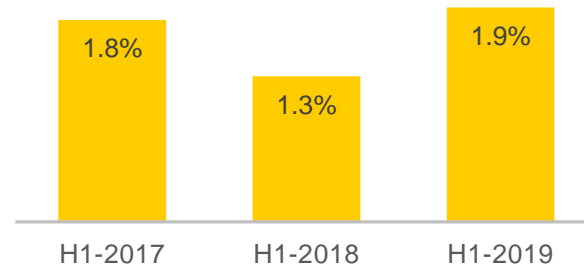


- Year-on-year growth in net income was 82.3% to US\$137.6 million in H1-2019 (H1-2018: US\$75.5 million). Improved operating efficiency (higher NIM and lower cost/income) contributed to this performance; in addition to a downward adjustment to prior year income due to the application of IFRS 9.
- Return on average equity and assets improved to 10.5% and 1.9% respectively during the first half of 2019. The same factors (as with income) accounted for the year-on-year improvement.

Return on average equity



Return on average assets



Balance sheet and income highlights

B/Sheet metric, US\$ million	FY-2017	FY-2018	H1-2019	CAGR ¹
Net Loans	8,546	11,134	11,395	+21.1%
Total Assets	11,913	13,419	15,370	+18.5%
Total Liabilities	9,789	10,860	12,669	+18.7%
Shareholders' Funds	2,124	2,560	2,701	+17.4%

Income metric, US\$ million	H1-2017	H1-2018	H1-2019	CAGR ²
Gross Income	323.4	344.4	498.3	+24.1%
Operating Income	194.2	199.9	264.7	+16.7%
Net Income	117.1	75.5	137.6	+8.4%

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

² Compound annual growth rate over two years

Key financial ratios

Financial parameter	H1-2017	H1-2018	H1-2019
Fee/gross income ratio	4%	9%	5%
Net interest margin	2.9%	3.1%	3.4%
Cost-to-income ratio	14.8%	20.5%	17.4%
Return on average equity	13.9%	7.1%	10.5%
Return on average assets	1.8%	1.3%	1.9%
Cash-to-total assets	27.0%	14.3%	23.5%
Equity-to-total assets ratio	12.4%	20.3%	19.1%
Capital adequacy ratio	24%	24%	23%
NPL ratio	2.3%	3.8%	3.0%
NPL coverage ratio	130%	116%	127%

Key takeaways

Key takeaways

Afreximbank has
sustained a good
financial
performance in
H1-2019



- I. Best-in-class cost efficiency
- II. Double-digit return on shareholders' equity
- III. Strong profit retention capacity to support future growth
- IV. Potential for further growth with solid pipeline of facilities awaiting approval

Q & A

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