



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

Transforming Africa's Trade

AFREXIMBANK

9M-2020 INVESTOR UPDATE

2 DECEMBER 2020

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Business update & strategic initiatives

Recap of Afreximbank's response to Covid-19

1. At the last results call, the Bank highlighted its response to the pandemic to remain relevant and continue to deliver on the expectations of its customers, member countries and other stakeholders
2. The objectives set in March 2020 following the emergence of Covid-19 have been achieved drawing from the Bank's experience in previous crisis situations
3. Some of the fruitful actions taken include:
 - a. loan quality review to ensure that the impact is limited
 - b. creation of the liquidity management working group to ensure access to funding
 - c. empowerment of the budget committee to monitor the situation and develop revised budgets as required from time to time
4. All the committees and staff, with the support of the Bank's Board and Shareholders, have contributed to the results achieved by the Bank to date
5. The Bank's loan book is solid – NPL ratio is below target ceiling – Liquidity is stronger on the back of the successful African resource mobilisation efforts
6. Business working groups have remained committed by disbursing US\$6 billion as PATIMFA and other Covid related facilities so far in 2020 – an additional amount ranging between US\$500 million and US\$1 billion may be disbursed by year-end
7. Overall, the Bank's budget performance is in line with expectation

Strategy imperatives

Initiative	Purpose and status
Africa Medical Supply Platform (AMSP)	<ul style="list-style-type: none"> Developed in collaboration with the Africa Centre for Disease Control and Prevention (Africa CDC), Econet Group, Janngo and United Nations Economic Commission for Africa (UNECA) Provides access to pre-selected manufacturers and AU member states to buy medical supplies
Pan-African Payment and Settlement System (PAPSS)	<ul style="list-style-type: none"> Designed to formalize cross-border trade, address payment challenges and reduce costs of completing trade Pilot testing set to commence in January 2021 in the West African Monetary Zone. All central banks have signed participation agreements
MANSA Due Diligence Platform	<ul style="list-style-type: none"> Designed to be the centralised African customer due diligence repository platform Clients are being onboarded to the platform Operational launch on 30 November 2020
Trade Information and Regulation (TIP and TRIP)	<ul style="list-style-type: none"> 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 Both platforms are currently undergoing testing and evaluation
Interstate Transit Guarantee Scheme	<ul style="list-style-type: none"> Scheme involves a collaborative effort with the AU to issue a uniform transit bond to reduce multiple posting of these documents along trade routes Arrangement has been signed with the COMESA and it would be replicated in other regions
AfCFTA Adjustment Facility	<ul style="list-style-type: none"> Meant to enable African countries to adjust smoothly to the consequences of tariff removal The Bank will be involved in arranging the facility size of US\$5 billion

Continued support from partners and shareholders

In recognition of the impact the Bank's strategic initiatives would have on the continent, the African Union (AU) Heads of State, in August 2020, decided to support the Bank with additional capital

The AU envoy and AU Commission would work to fulfil this goal in the shortest possible time

The Bank takes cognizance of the strong support it continues to receive from its existing shareholders

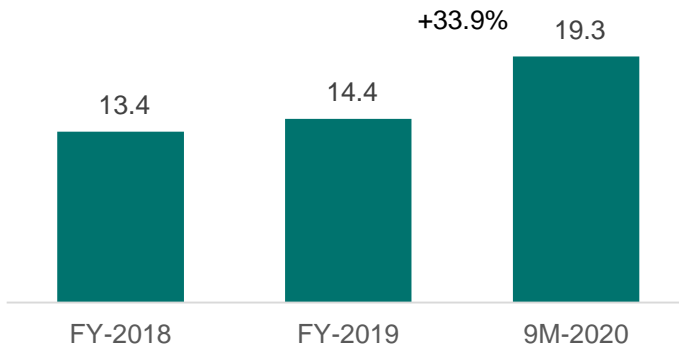
- Nearly US\$300 million has been invested in / committed to the Bank by existing shareholders in the last 12 months
- Reinvested dividends represent 21% of this amount

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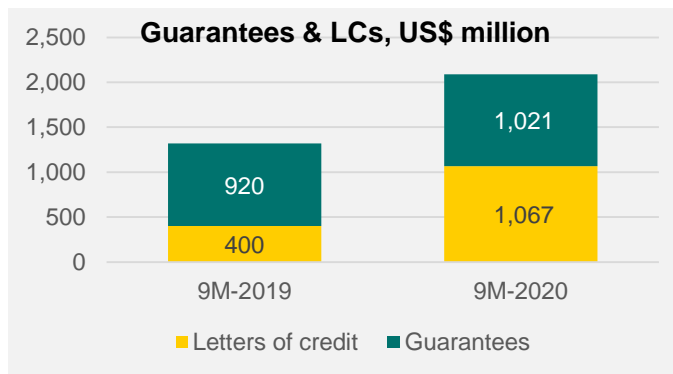
Review of nine months 2020 financial results

Strong and growing balance sheet profile

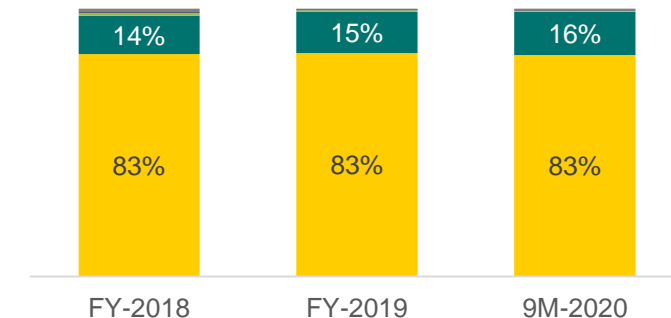
Total assets, US\$ billion



Guarantees & LCs, US\$ million



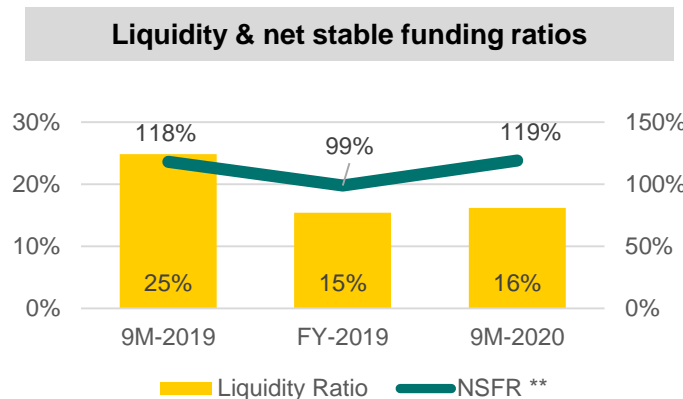
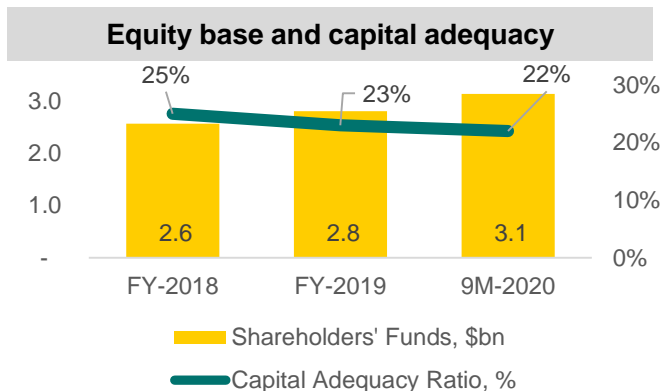
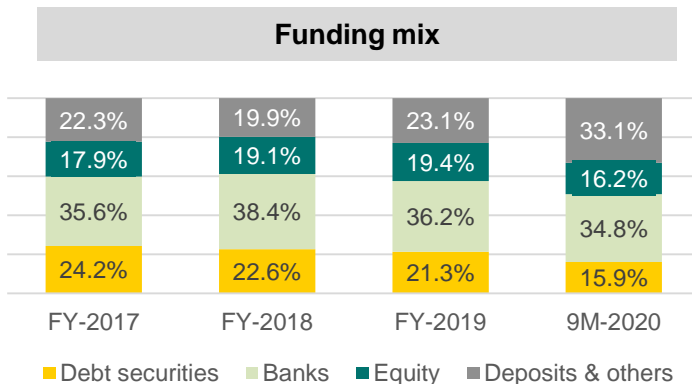
Asset composition, %



■ Loans & advances ■ Cash & equivalents ■ Other assets

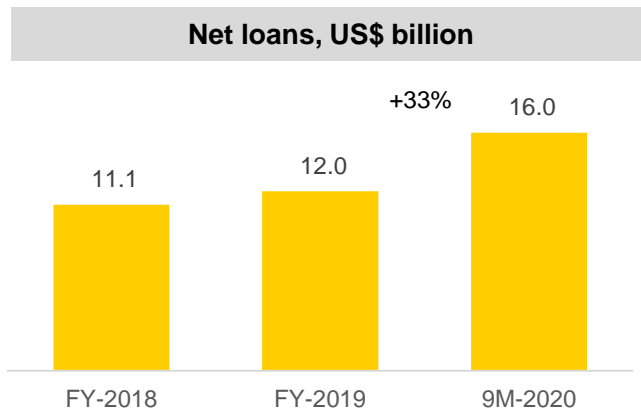
- The Bank's total assets grew by 34% to US\$19.3 billion (FY2019: US\$14.4 billion). The growth was driven by an increase in loans booked during the period.
- Guarantees, LCs totaled US\$2.1 billion in 9M-2020, which is 58.2% higher than US\$1.3 billion recorded in 9M-2019.
- Loan book accounted for 83% of assets portfolio (FY2019: 83%), as the proportion of cash remained stable at 16% during the year. The robust cash position affirms that the Bank has the liquidity to finance planned disbursements for the rest of the year.

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



- Diversified funding sources continue to support the Bank's balance sheet evolution. Credit lines from FIs, customer deposits account for 67.9% of funding pool in nine months
- Liquidity position remained strong at 16% (FY2019: 15.4%) and NSFR improved to 119% (FY-2019: 99%) due to increased funding and in anticipation for lending opportunities during the last quarter of the year.
- Equity base continues to grow steadily on the back of internally generated capital and new equity raise.
- The Bank maintained a strong capital adequacy ratio of 22% (FY2019: 23%) which is still higher than the strategic minimum threshold of 20%.

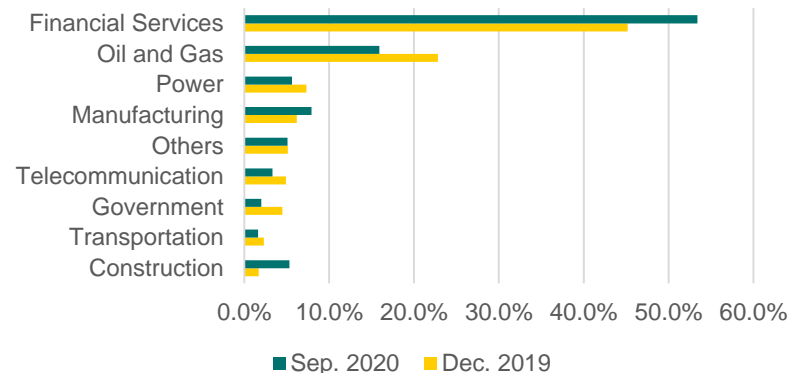
...with growing and diversified loan portfolio



- 33% growth in loans to \$16 billion (FY2019: \$12.0 billion) is solid and is driven by an acceleration in the disbursement of PATIMFA-related loans needed to support customers in the recent business climate.
- Lending to financial services increased to 53.4%, which includes support to African central banks (20.8% of total loans). Exposure to Oil & Gas sector reduced to 15.9% (FY2019: 22.8%).
- Support to manufacturing and construction sectors improved to 7.9% and 5.3% respectively (FY2019: 6.2% and 1.7%) in line with efforts to boost industrialization

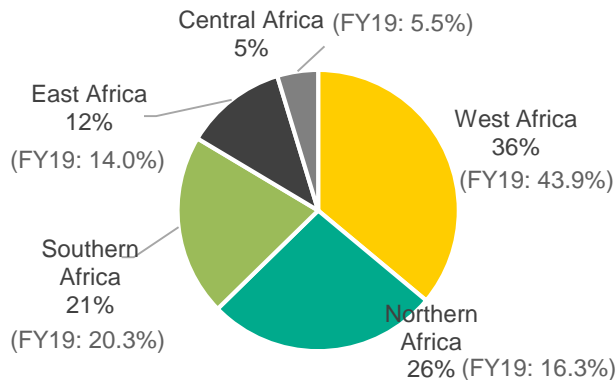
Loan split, by sector

	Dec. 2019	Sep. 2020
Financial Services	45.2%	53.4%
Oil and Gas	22.8%	15.9%
Power	7.3%	5.6%
Manufacturing	6.2%	7.9%
Telecommunication	4.9%	3.3%
Government	4.5%	2.0%
Transportation	2.3%	1.6%
Construction	1.7%	5.3%
Others	5.1%	5.1%



Improving loan distribution by geography and programme

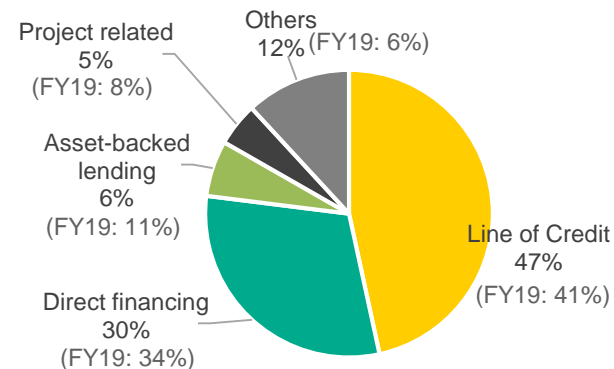
Dynamic geography split of loans



Geography split of loans, US\$ million

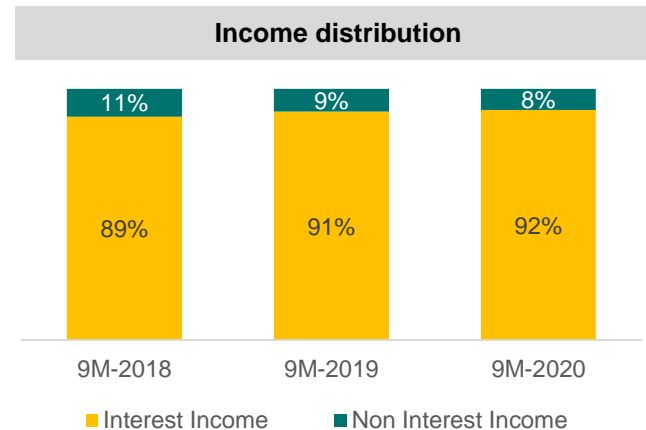
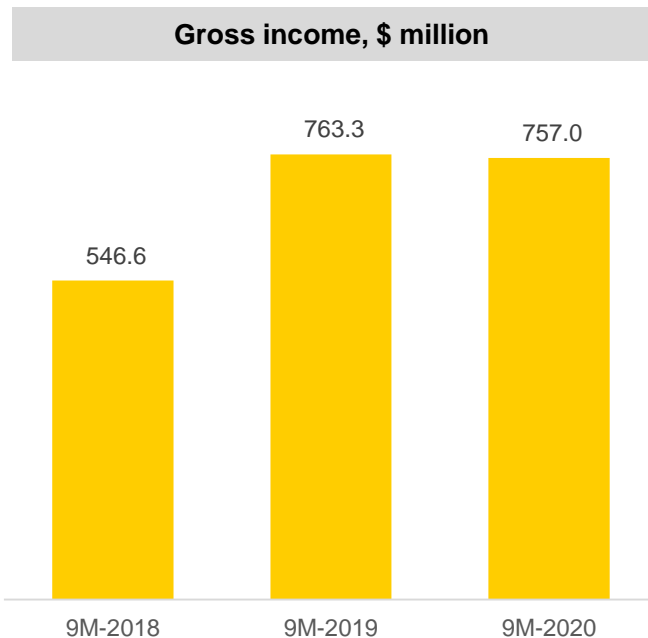
Region	Dec. 2019	Sep. 2020	% Change
West Africa	5,431	5,955	9.7%
North Africa	2,023	4,399	117.4%
Southern Africa	2,517	3,450	37.0%
East Africa	1,732	1,939	11.9%
Central Africa	680	776	14.2%

Loan split, by programme



- Having received a large amount of new loans, North Africa's proportion of loan book increased to 26% (FY2019: 16.3%). Lending amount to West Africa increased over the period to \$5.96 billion to remain the region with the largest exposure.
- Loans to East, Central and Southern Africa increased by 37%, 14% and 12% respectively.
- Lines of credit and direct finance continue to be the Bank's main financing programmes accounting for 77% of total facilities (FY2019: 75%)

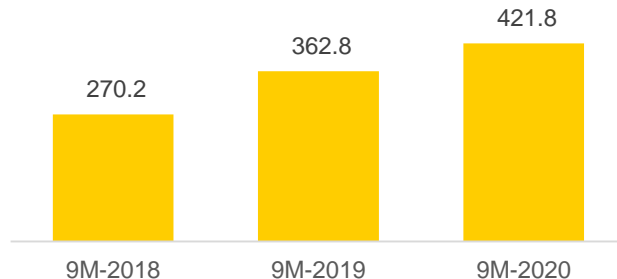
Sustained income generating capacity



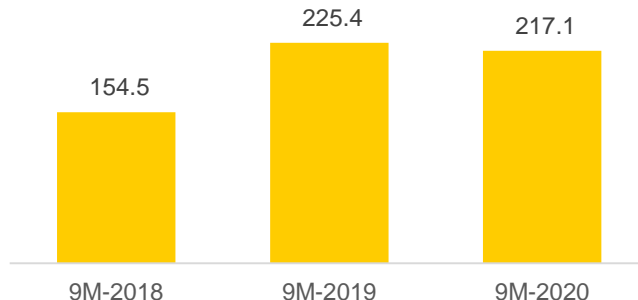
- Gross income after nine months 2020 amounted to US\$757 million, representing a CAGR of 17.7% from US\$547 million recorded in September 2018. The key drivers have been interest income and increased contribution from advisory services, LCs and guarantees.
- Proportion of non-interest income to gross income was 8% in 9M-2020 (9M-2019: 9%). Fees from Guarantees, LCs, and digital initiatives will support fee income ratio in the medium term.

and helped to deliver good operating income

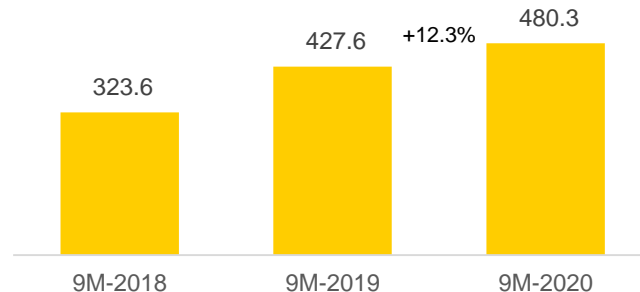
Net Interest income, \$ million



Net income shows sustained profitability despite Covid-19 induced lower interest rates, \$ m

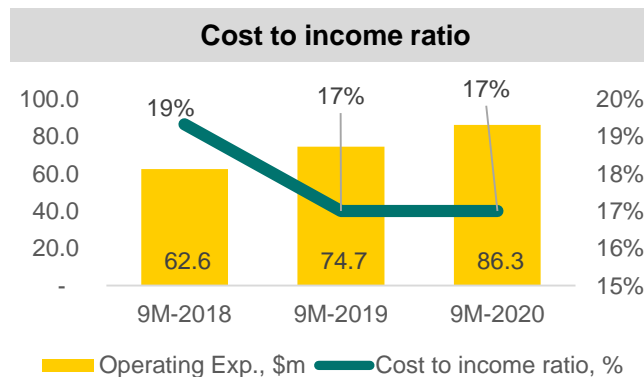
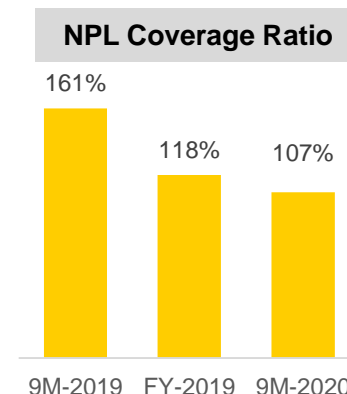
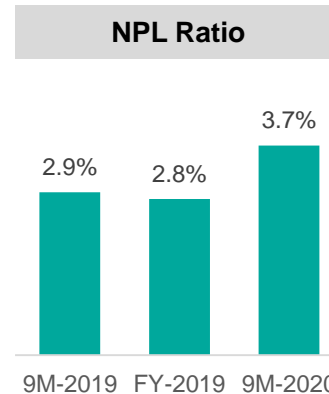
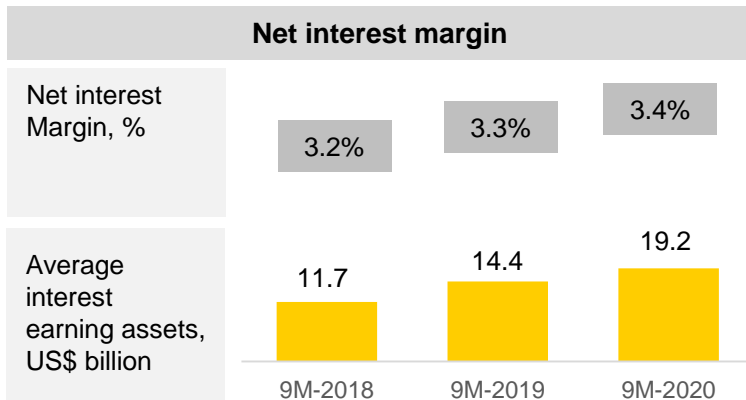


Solid growth in operating income, US\$ million



- Net interest income rose by 16.3% to US\$421.8 million (9M-2019: US\$362.8 million) as the Bank optimized its funding mix during the period..
- The 12.3% increase in operating income from US\$427.6 million in 9M-2019 to \$480.3 million in 9M-2020: was constrained by reduction in noninterest income
- Despite the covid environment under which the Bank operated, net income remained US\$217.1 million (9M-2019: 225.4 million)
- NPL ratio of 3.7% is below strategic ceiling of 4%, while coverage ratio remains above lower limit of 100%

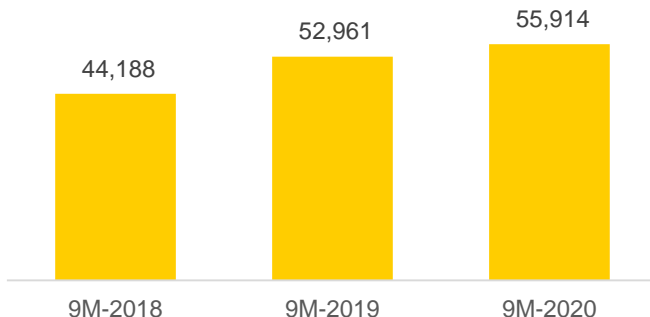
Sound operating efficiency and stable asset quality...



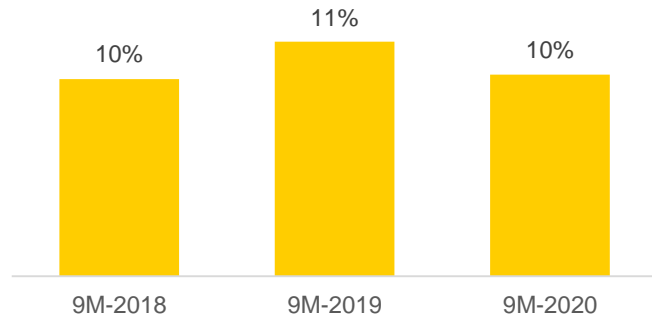
- Net interest margin increased to 3.4% (9M-2019: 3.3%), due mainly to the decline in interest expense during the period.
- Cost to income ratio remained competitive at 17% (9M-2019: 17%) due to higher income and interest margins.
- Increase in operating expenses resulted mainly from an increase in the number of staff, required to strengthen organisational capacity to support strategy and drive various initiatives in the Bank.

...has maintained sound returns and value to shareholders; despite Covid-19

Net asset value per share, \$

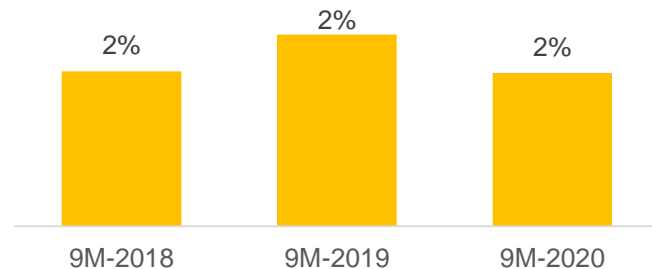


Return on average equity



- The Bank's net asset value increased by 5.6% to US\$55,914 (9M-2019: US\$52,961) and affirms further growth in shareholder value.
- Respective returns on average equity and assets of 9.8% and 1.7% were achieved by the Bank during the nine months of 2020.

Return on average assets



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Guidance for 2020 and key financial outcomes

Guidance for full year 2020

Loan amount	US\$16 billion – US\$17 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%

Key financial ratios

Financial ratio	9M-2018	9M-2019	9M-2020
Net interest margin	3.2%	3.3%	3.4%
Non-interest/gross income ratio	11%	9%	8%
Cost to income ratio	19%	17%	17%
Return on average assets	2%	2%	2%
Return on average equity	10%	11%	10%
Capital adequacy ratio	23%	23%	22%
NPL ratio	3.4%	2.9%	3.7%
NPL coverage ratio	123%	161%	107%

Balance sheet and income highlights

B/Sheet metric, US\$ million	FY-2018	FY-2019	9M-2020	CAGR ¹
Net Loans	11,134	12,030	15,962	+22.9%
Total Assets	13,419	14,440	19,332	+23.2%
Total Liabilities	10,860	11,637	16,202	+25.7%
Shareholders' Funds	2,560	2,802	3,130	+11.7%

Income metric, US\$ million	9M-2018	9M-2019	9M-2020	CAGR ²
Gross Income	546.6	763.3	757.0	+17.7%
Operating Income	323.6	425.5	480.3	+27.0%
Net Income	154.5	225.4	217.1	+18.5%

¹ Compound annual growth rate over one-and 3/4 years

² Compound annual growth rate over two years

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Conclusions

Conclusions

Afreximbank has sustained a good financial performance in 9M-2020 with



- I. Solid balance sheet growth supported by PATIMFA
- II. Sound asset quality and operating efficiency
- III. Sustained growth in income and profitability
- IV. Potential for further growth with solid pipeline of facilities

Q & A

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