Nine Months 2021

Results Presentation

25 November 2021

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Outline

Business review – operating environment

- With the global recovery process underway, Africa’s growth forecasts are set to follow global trends.
- After undergoing its first recession in 25 years, owing to the pandemic downturn, the region is expected to enjoy a strong rebound in 2021, with aggregate output expanding by about 4.5%, though the recovery could be uneven.
- Expected pent-up demand as the pandemic is brought under control, boom in commodities prices, as well as investments and increasing cross border trades will be the major drivers of growth in 2021.
- Supportive policies and a projected strong recovery in Africa’s leading trading partners are also set to enhance growth prospects in the region.
- United States’ Federal Reserve Board (US Fed), during its November 2021 Federal Open Market Committee (FOMC) meeting decided to start reducing the pace of its asset purchases which has kept interest rates low and buoyed stock markets. FOMC announced that asset purchases will be reduced by US$15 billion per month. The Bank’s Management will continue to closely monitor this development and its likely impact on interest rates to preserve margins and ensure there is sustained access to liquidity.
- Notwithstanding the current shocks in the operating environment, the Bank achieved remarkable resilience and capacity to forge ahead with the implementation of its key strategic initiatives.

Business review – implementation of strategic initiatives

- During the third quarter, the Bank held an interactive strategy retreat to finalize the Sixth Strategic Plan. It involved extensive consultation and participation by Management, Board members and other key stakeholders. The outcome of the retreat, which is now being finalized and documented, emphasizes the consolidation, enhancement and advancement of the achievements made in previous strategic plans.
- On 24 September 2021, the Bank extended its geography coverage by launching its Central Africa Regional Office in Yaoundé, Cameroon. The new office covers the Economic Community of Central African States (ECCAS) and brings the number of regional offices Afreximbank operates across Africa to five.
- Extraordinary support is being received from shareholders in facilitating the legal establishment of Fund for Export Development in Africa (FEDA). This demonstrates the growing momentum of the Fund, which will play a critical role in mobilizing equity investment funds to facilitate industrialization, export development and Intra-African trade.
- Significant strides have been made in connection with the raising of US$6.5 billion (US$2.6 billion paid-in) of fresh equity in line with the approved General Capital Increase (GCI), as shareholders continue to make commitments. The full implementation of the GCI is expected to be concluded by December 2023.
- In its effort to support African countries towards recovering from the health and economic challenges of Covid-19, the supply and distribution of vaccine doses is being ramped up. This arrangement was on the back of a US$2 billion guarantee issued by the Bank to vaccine manufacturers, with support of the World Bank and the Mastercard Foundation.
- The 2nd Intra-African Trade Fair (IATF2021) was held in Durban, South Africa between 15-21 November 2021. The Fair showcased African goods and services and increased awareness of Intra-African trade opportunities.

Business review – IATF2021 surpassed 2018 achievements

Intra-African Trade Fair 2021

S/N	SUCCESS FACTORS	ACHIEVEMENTS IATF2018	ACHIEVEMENTS IATF2021
1	Value of trade and investment deals	US$32 billion	US$38.3 billion
2	Number of exhibitors	1,086	1,161
3	Conference participants	2,500	8,101
4	Number of visitors and buyers	7,000+	11,828
5	Number of countries represented	45+	59

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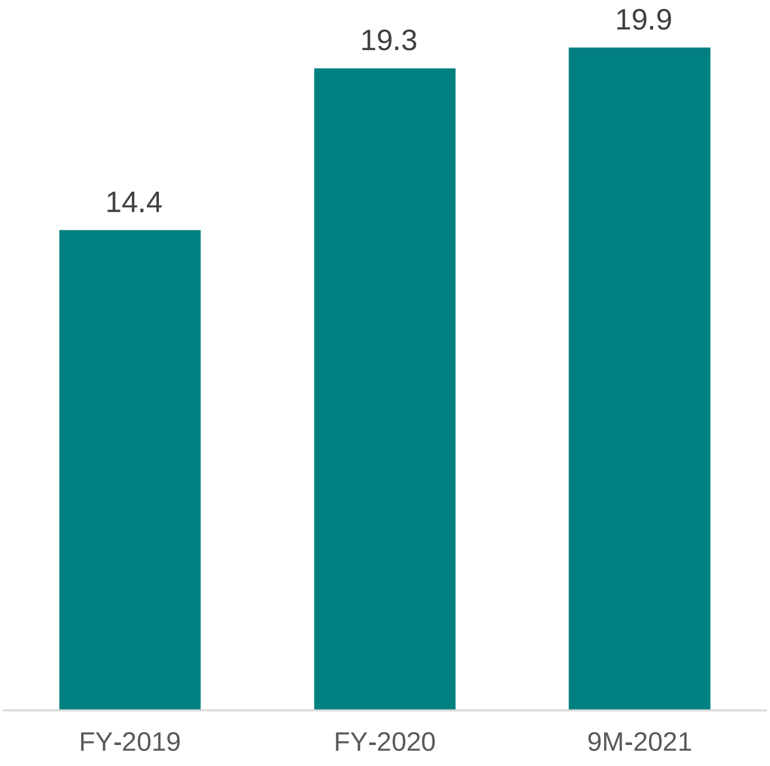
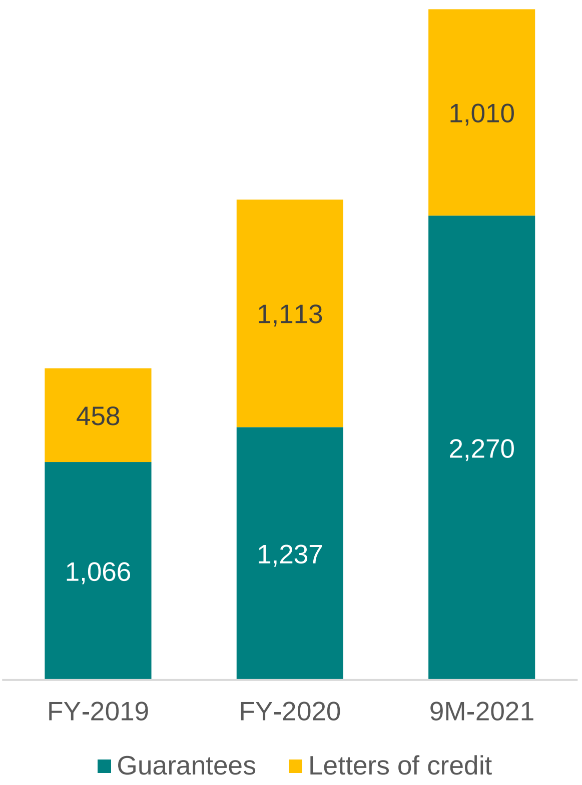
Solid financial position

Total assets, US$ billion



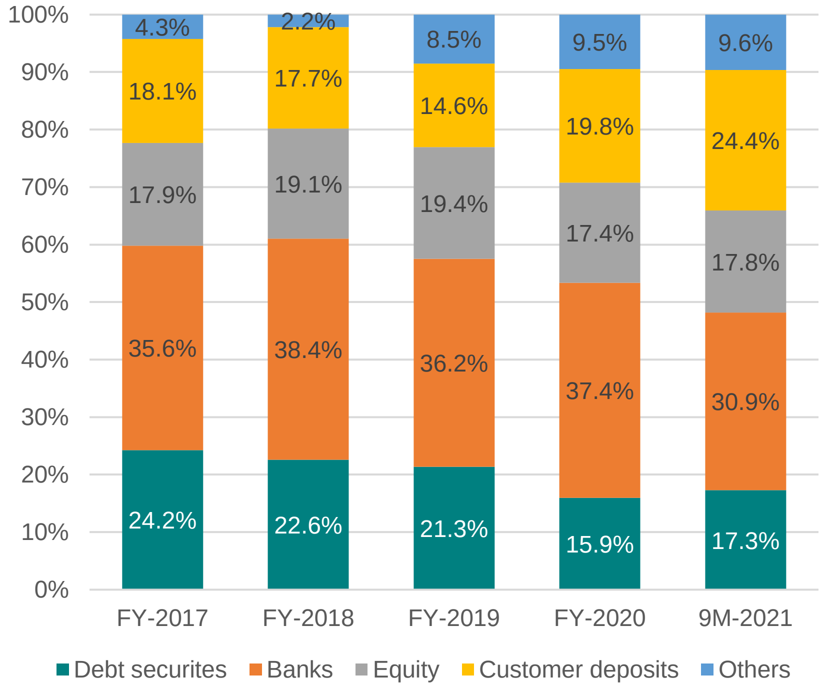
Contingent items, US$ million



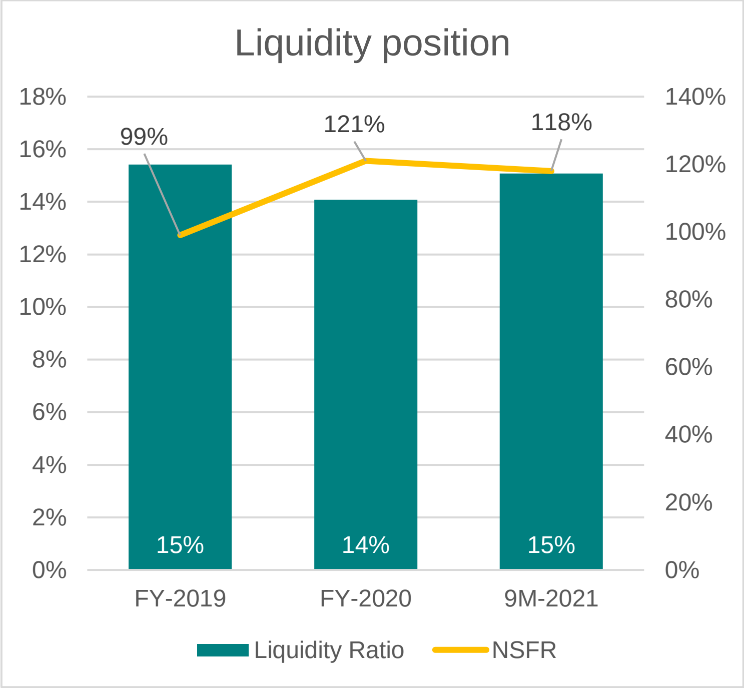
- Total assets grew by 3.21% to reach US$19.93 billion as at 30 September 2021 (FY2020: US$19.31 billion) as loans increased.
- Off balance sheet items continue to strengthen as guarantees and LCs grew by 39.6% during the year to US$3.28 billion (FY2020: US$2.35 billion).
- The increase in guarantees was partly due to the US$ 2 billion Advance Procurement Guarantee (APC) issued by the Bank to provide vaccines.

Balance sheet funding remains liquid and diversified

Funding structure of balance sheet



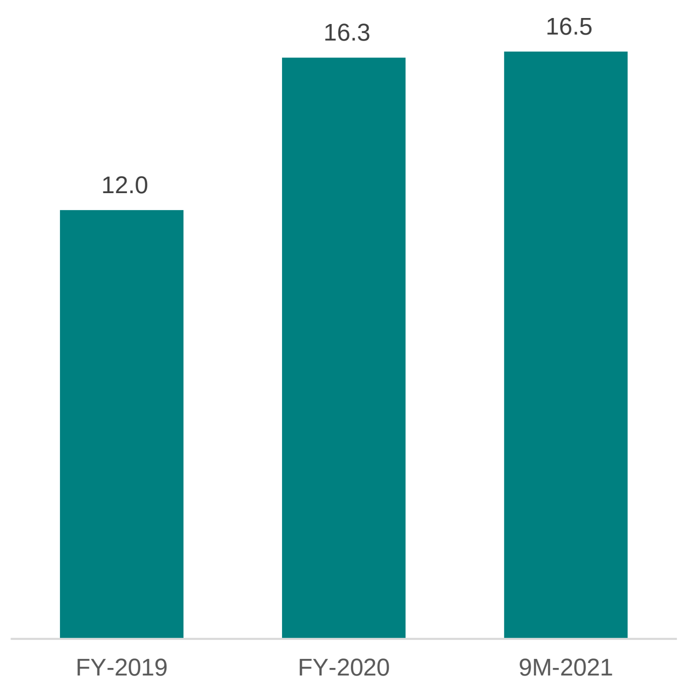
Robust liquidity position



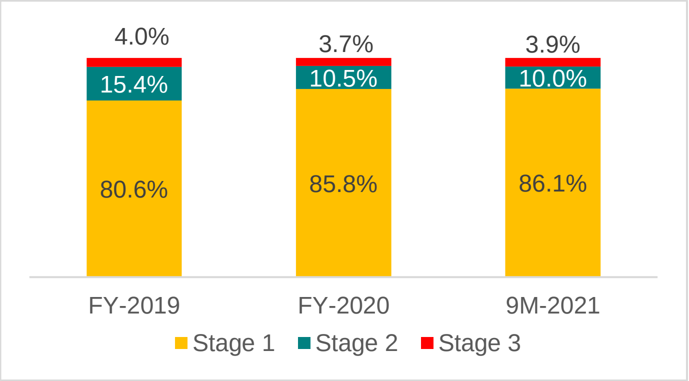
- Funding was boosted by Money market deposits which rose to US$1.93 billion as at 9M’2021 (FY’2020: US$823.4 million) as the Bank benefited from the Africa Resource Mobilisation initiative.
- Funding from banks reduced to 30.9% of funding, (FY2020: 37.4%) as customer deposits increased to 24.4% (FY2020: 19.8%)
- Liquidity remained strong and stable with liquidity ratio of 15% (FY2020: 14%). This is affirmed by a net stable funding ratio of 118% (FY2020: 121%)

Loans continue to grow with good quality

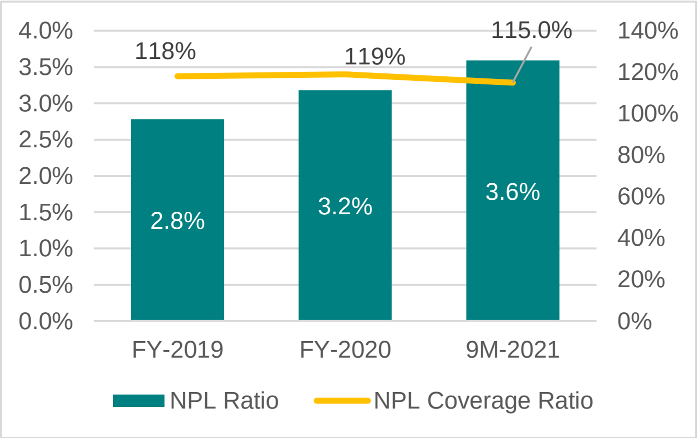
Growing loan book



Stage 3 gross loans remain low



NPL / NPL Coverage Ratios



- Net loans and advances were US$16.5 billion as at 30 September 2021 (FY2020: US$16.3 billion), as the Bank continues to support African economies and businesses with its intervention products and services.
- Stage 3 loans remained low at 3.9% (FY2020: 3.7%). This affirms the sound quality of the portfolio as well as the low probability of significant losses arising in the future.
- NPL ratio of 3.6% (FY2020: 3.2%) affirms the Bank's good asset quality and remains below the strategic target ceiling of 4%.
- NPL coverage ratio of 115% is robust and well above the minimum threshold of 100%.

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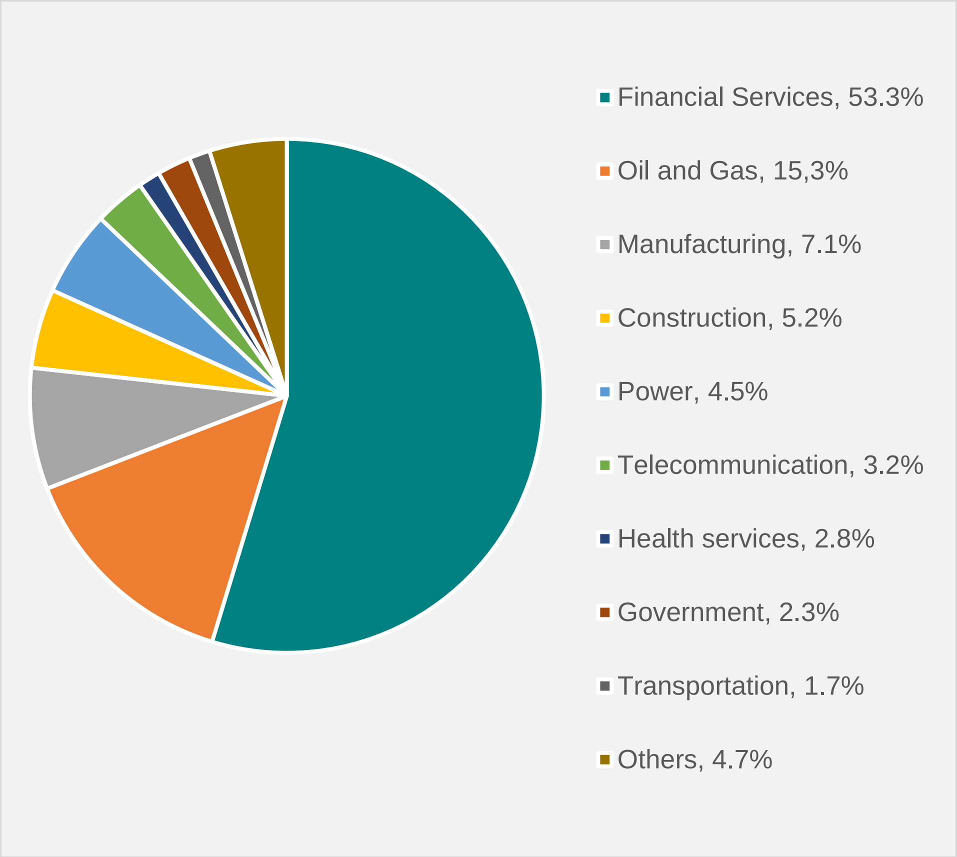
Financial services still represents a significant proportion of loans

Sector split of gross loans, Sept. 2021



Sector distribution

	FY-2020	9M-2021
Financial Services	54.7%	53.3%
Oil and Gas	14.4%	15.3%
Manufacturing	7.6%	7.1%
Construction	5.0%	5.2%
Power	5.4%	4.5%
Telecoms	3.2%	3.2%
Health services	1.4%	2.8%
Government	2.1%	2.3%
Transportation	1.3%	1.7%
Others	4.9%	4.7%

- Sector distribution of loans remains stable with financial services accounting for 53.3% (FY2020: 54,7%).
- To demonstrate increased support to export development, oil and gas, manufacturing and construction sectors collectively increased in proportion to 27.3% (FY2020: 27.0%).
- With Covid-19 still a concern in Africa, the Bank increased its support to health and medical services, which accounted for 2.8% of loan book (FY2020: 1.4%).

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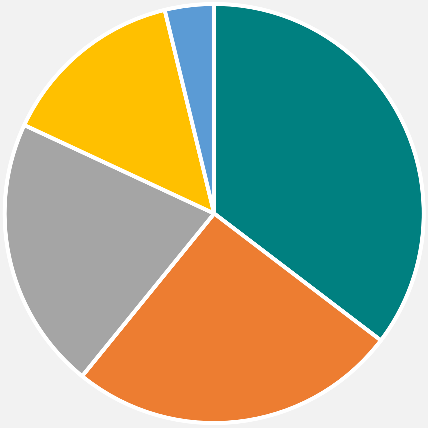
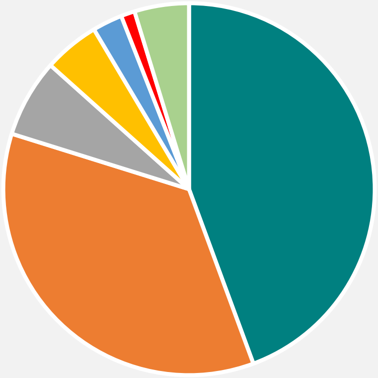
Geography and program distribution of loans remain stable during the period

Geography split of gross loans, 9M-21



	FY-2020	9M-2021
West Africa	38.4%	35.4%
Northern Africa	25.5%	25.5%
Southern Africa	20.2%	21.1%
East Africa	12.6%	14.3%
Central Africa	3.3%	3.8%

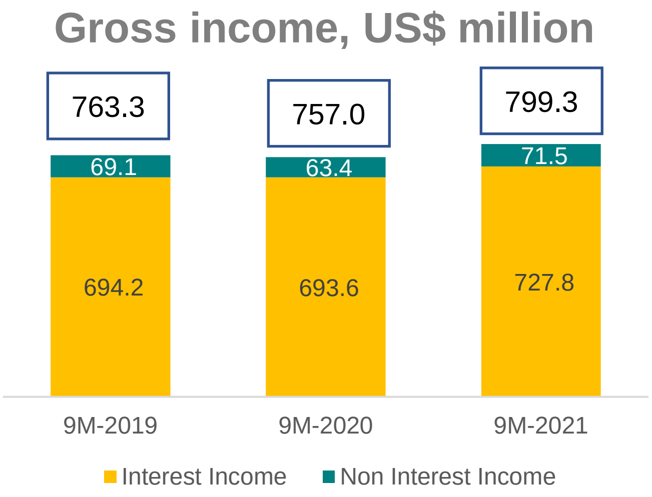
Program distribution of loans

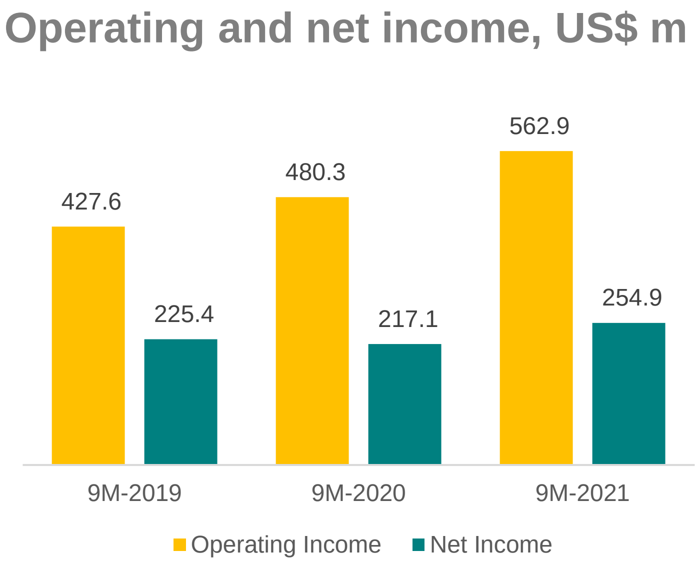


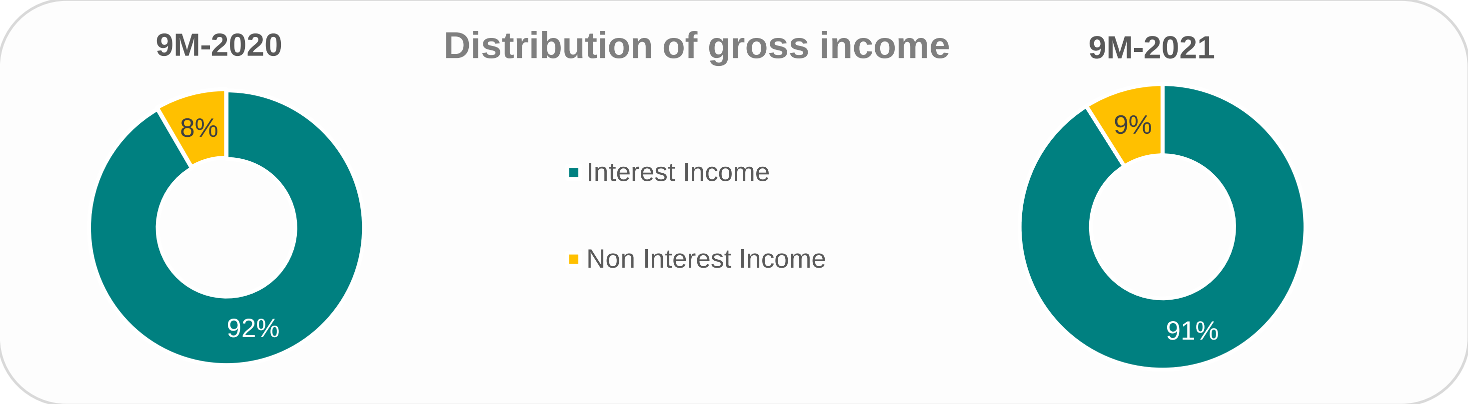
	FY-2020	9M-2021
Lines of credit	48.9%	44.4%
Direct finance	29.9%	35.4%
Asset-backed	5.6%	6.8%
Project finance	4.8%	4.8%
Notes purchase	3.0%	2.6%
Receivables purchase	3.8%	1.2%
Others	4.0%	4.7%

- In terms of regional split, West Africa, which accounted for 35.4% of loan book as at September 2021 (FY2020: 36.4%) remains the largest beneficiary of the Bank's facilities.
- Support to North Africa was unchanged at 25.5% proportion, while lending to the other three regions (Southern, East and Central Africa) increased during the period.
- Line of credit and direct finance programmes are still the Bank's major instruments of intervention having accounted for 79.8% (FY2020: 78.8%).

Solid income profile

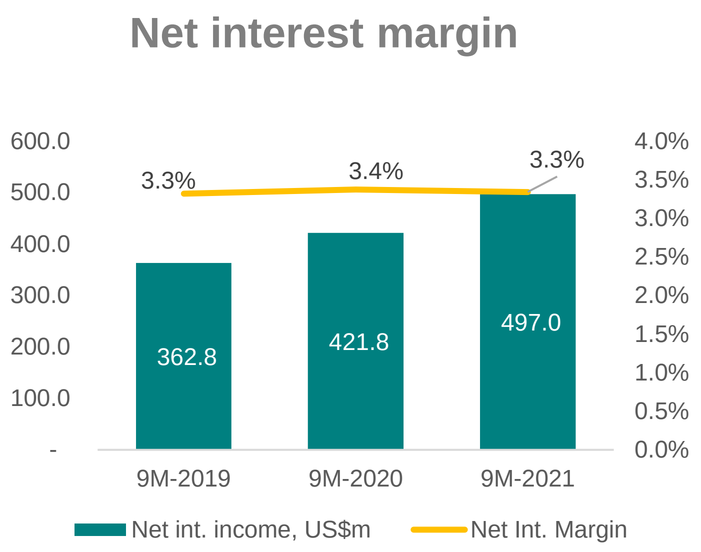


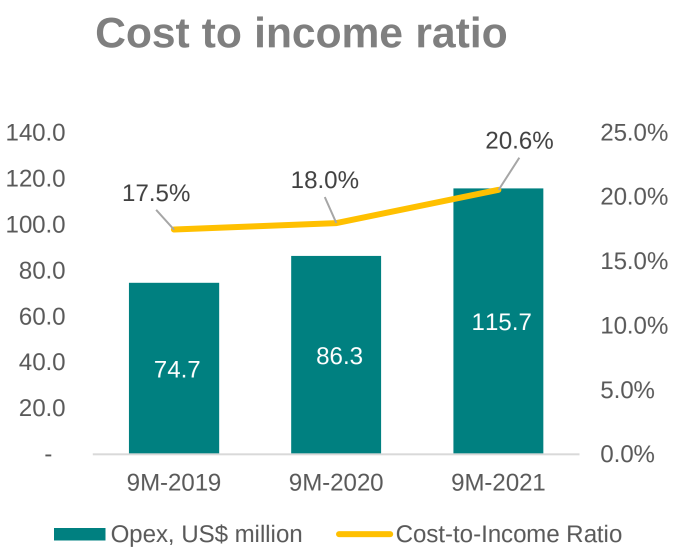


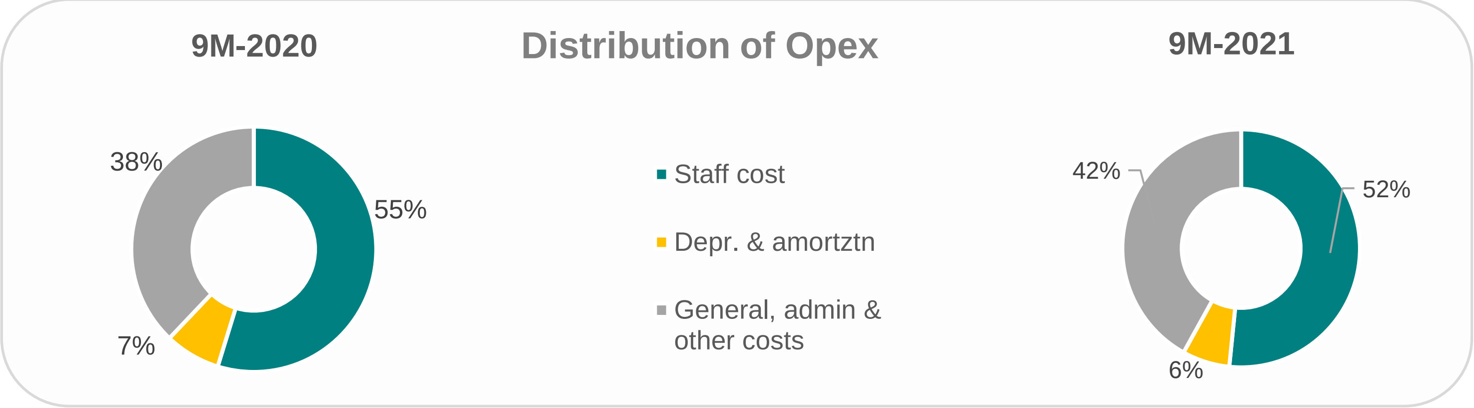


- Gross income rose by 5.6% to reach US$799.3 million (9M2020: US$757.0 million). The growth was driven by higher interest and similar income for the period.
- Driven by interest arising on the portfolio of loans and advances, interest income grew by 5% to US$ US$727.8 million as of 30 September 2021 (9M2020: US$693.6 million).
- In addition, non-interest income improved by 13% in 9M2021 to US$71.5 million (9M2020: $63.4 m).
- Therefore, operating income and net income rose by 17.2% and 17.5% to reach US$562.9 million and US$254.9 million respectively.

Resilient interest margins and cost to income ratio



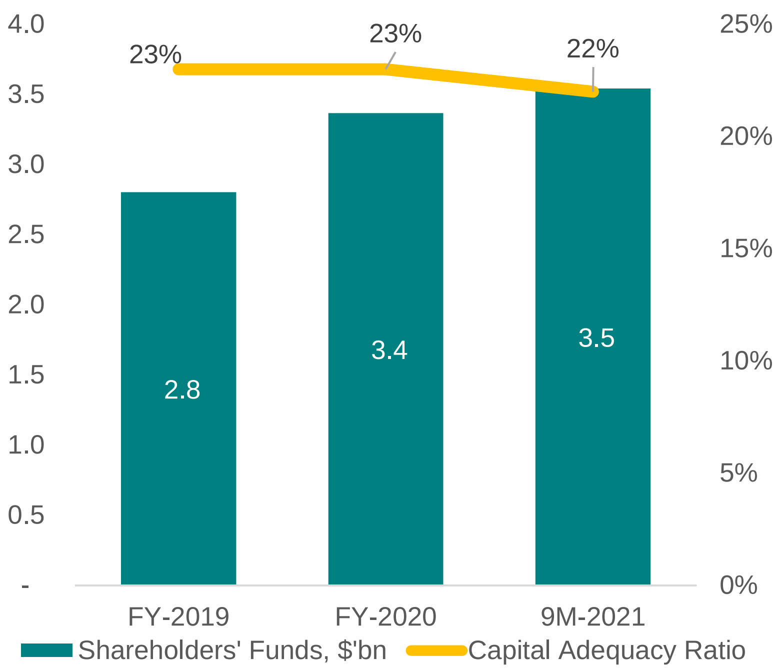




- Net interest income increased by 17.8% to US$497.0 million (9M2020: US$421,8 million) due to higher interest income and decline in interest expense.
- Net interest margin slipped marginally to 3.3% in 9M2021 (9M2020: 3.4%) due to lower market rates during the period.
- Cost to income ratio rose to 20.6% following 34% rise in operating expenses to US$115.7 million (9M2020: 86.3 million).
- Increase in opex during the period resulted from staff and information technology related costs and professional fees incurred on strategic initiatives.

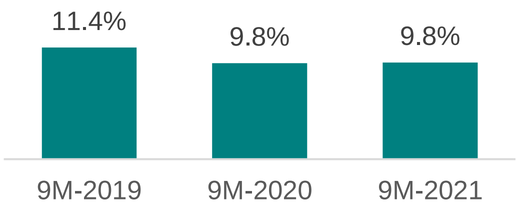
Strong capital buffers and good returns

Growing equity and stable capital adequacy

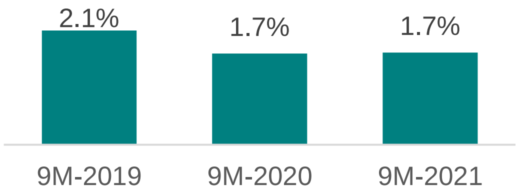


The Bank's callable capital, a significant proportion of which was credit enhanced as part of the Bank's capital management strategy, amounted to US$1.44 billion as at 30 September 2021 (FY'2020: US$1.43 billion).

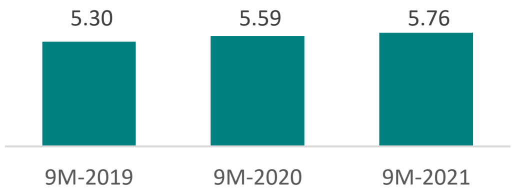
Return on average equity



Return on average assets



Growing NAV per DR



- Shareholders' funds rose by 5.2% to reach US$3.5 in 9M2021 (FY'2020: US$3.4 billion). This was driven by internally generated income and fresh equity raise.
- The Bank achieved a ROAE of 9.83% during 9M'2021 (9M'2020: 9.76%) on the back of a comparatively higher growth in net income (17.5%) compared to the increase in equity (5.2%).
- The ROAA of 1.73% (9M'2020: 1.71%) also Improved due to a higher growth in net income (17.5%) relative to growth in assets (3.2%).
- Overall, net asset value continued to grow, having increased by 3% to US$5.8 per DR (9M2020: US$5.6)

Summary of key financial outcomes

Balance sheet highlights

Balance sheet metric, US$ million	FY-2019	FY-2020	9M-2021	CAGR [1]
Net Loans	12,030	16,302	16,480	+19.7%
Total Assets	14,440	19,307	19,927	+20.2%
Total Liabilities	11,637	15,940	16,385	+21.6%
Shareholders' Funds	2,802	3,367	3,541	+14.3%

Income highlights

Income metric, US$ million	9M-2019	9M-2020	9M-2021	CAGR [2]
Gross Income	763.3	757.0	799.3	+2.3%
Operating Income	425.5	480.3	562.9	+15.0%
Net Income	225.4	217.1	254.9	+6.3%

Highlights of key ratios

Key ratios	9M-2019	9M-2020	9M-2021
Capital adequacy ratio	23%	22%	22%
NPL ratio	2.9%	3.7%	3.6%
Net interest margin	3.3%	3.4%	3.3%
Cost to income ratio	17%	17%	20.6%
Return on average equity	11.3%	9.8%	9.8%

1 Compound annual growth rate over 1.75 years

2 Compound annual growth rate over two years

Guidance for full year 2021

Loan amount	US$16 billion – US$18 billion
NPL ratio	below 4%
Net interest margin	3% – 3.5%
Cost to income ratio	20% – 30%
Return on average equity	10% – 12%
Dividend payout ratio	20% – 26%
Capital adequacy ratio	Above 20%

Thank you

Q & A

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