

CLARIFICATION ON QUESTIONS RECENTLY RECEIVED IN RELATION TO THE GENERAL CAPITAL INCREASE OF \$2.6 BILLION

S/N	QUESTIONS	RESPONSES
1	What is the participation of other African member states in the capital of Afreximbank?	As of June 30, 2021, Category A (shareholders representing the African public sector, being African states, central banks, etc.) and regional development institutions represented 61.34% of Afreximbank's capital.
2	Who are the largest sovereign shareholders of the Bank?	The 10 largest shareholders of the Bank's member countries are: Egypt, Nigeria, Zimbabwe, Cote d'Ivoire, Republic of Congo, Tunisia, Uganda, Cameroon, Kenya, and Ghana.
3	Is the African Union supporting the GCI?	Afreximbank has been working closely with the AU on various initiatives with a continent-wide impact, such as the implementation of the African Continental Free Trade Agreement (AfCFTA), the Pan-African Payments and Settlement System (PAPSS) and the procurement of vaccines, working with the Africa Vaccine Acquisition Task Team (AVATT). It is in this context that the African Union (AU) Ministers of Finance, the AU Executive Council, and the 34 th ordinary session of the AU Assembly of Heads of State endorsed that a portion of the expected Special Drawing Rights (SDR) to be allocated by the International Monetary Fund (IMF) to African states be committed to supporting the intended purposes of the GCI.
4	Kindly clarify how the level of SDRs to be applied by our government will be proportionate to our shareholding in the Bank.	The African Union recommended that its member countries participate in the capital increase of Afreximbank to such an amount that will be sufficient to

		<p>enable the Bank to support the various continent-wide initiatives, with all or part of this investment being financed by the proceeds of Special Drawing Rights (SDRs).</p> <p>Afreximbank's Board of Directors determined it would need \$2.6 bn paid-in capital to support the Bank's growth. It is anticipated that the African member states would contribute up to \$1.5bn to meet their total contribution under the \$2.6bn General Capital Increase, contributing prorata to their shareholding in Afreximbank.</p> <p>The African member states are encouraged to take the opportunity of the discount to increase their shareholding</p>
5	How will the discount be calculated?	<p>The discount is calculated on the net asset value (NAV) of the shares as determined by the latest audited accounts. Currently, the NAV per share based on the 2020 audited accounts is US\$54,948.11, of which 40% i.e US\$21,979, is payable on subscriptions for classes A, B and C. A discount of 20% will be applied on this payable amount if payment is received before 30 June 2022 i.e US\$17,583.20 per share. If payment is received after 30 June 2022 but before 30 June 2023, a discount of 10% will be applied on the NAV determined by reference to the 2021 audited accounts. Similarly, a discount of 5% will be applied on the NAV determined by reference to the 2022 audited accounts for payments received between 1 July 2023 and 31 December 2023.</p>

6	How will the discount operate?	<p>The discount will operate in one of two ways. Firstly, the discount can operate by the shareholder receiving an additional number of shares as determined by the applicable discount rate. For example, a class A, B or C shareholder paying for 100 shares without any discount would pay $US\\$21,979 \times 100 = US\\$2,197,900$. The shareholder would receive 125 shares, instead of 100 shares, i.e 25 additional shares if they pay before 30 June 2022, and therefore get a 20% discount. This is calculated by dividing the amount paid ($US\\$2,197,900$) by the price discounted at a rate of 20% ($US\\$17,583.20$).</p> <p>Alternatively, the shareholder can opt to receive the 100 shares (instead of 125 shares) by paying the discounted price for the shares i.e $US\\$17,583.20 \times 100 = US\\$1,758,320$. This would however lead to a dilution of the shareholder, as other shareholders may take up their rights in full or more.</p>
7	Can I pay for the shares in instalments?	It is possible to pay for the shares in instalments, but shares will be issued at the applicable price at the time the relevant instalment is received.
8	How do we pay for the shares using the SDRs received from the IMF? Can we transfer them to the Bank as payment for shares?	Member countries will be expected to pay for the shares in US Dollars or the US Dollar equivalent in Euros. We understand that there is a window available to member countries to exchange them to US Dollars through an arrangement with other IMF member countries.

9	Have African countries already received SDRs from the IMF? if so, who received them?	Yes, the allocation of the SDRs were approved by the board of IMF Governors on 2 August 2021 and the allocations made
10	Is there a relationship between the expected participation of a shareholder under the general capital increase and its current shareholding in Afreximbank?	There is a relationship because the expected amount to be invested by each shareholder is determined by using the current percentage shareholding. However, any willing shareholder can invest more than the expected amount to increase its shareholding in the Bank.
11	Does the dilution in shareholding affect our influence within the bank?	Yes, it will affect your voting power at general meetings of shareholders and therefore, it will affect your influence on decisions before the general meeting.
12	What is the duration of the general capital increase?	The duration of the capital increase is two-and-half years between July 2021 and December 2023.
13	Can a shareholder take up the shares not acquired by other shareholders?	Yes. A shareholder can subscribe for more shares.
14	Would it not be better to reduce the dividend payout ratio to retain more of the profit to finance growth?	The Board of the Bank will continue to assess this possibility based on the developments in the operating environment and in the interest of the Bank and its shareholders, as a whole.
15	How will Afreximbank determine the price for the shares?	The price of the GCI will be based on the Bank's audited net asset value at the time payment is made. To encourage early participation, the Bank's shareholders have approved different levels of discounts over the duration of the offer and based on the time of payment. This is shown in the pricing table below:

Pricing considerations and proposed discounts

	If payment is received by 30 June 2022	If payment is received btw 1 July 2022 & 30 June 2023	If payment is received btw 1 July 2023 & 31 Dec. 2023
Applicable discount	20% Discount to Full Year 2020 NAV	10% Discount to Full Year 2021 NAV	5% Discount to FY2022 NAV
Price applicable	US\$43,958.49 (80% of 2020 NAV)	90% of 2021 NAV	95% of 2022 NAV
Paid-in amount applicable	US\$17,583.40 (40% of \$43,958.49)	40% of applicable price	40% of applicable price
Callable portion applicable	US\$26,375.09 (60% of \$43,958.49)	60% of applicable price	60% of applicable price

Note: the NAV for the 2021 and 2022 financial periods are not known and would be determined in the future