

**AFRICAN EXPORT-IMPORT BANK  
BANQUE AFRICAINE D'IMPORT-EXPORT  
(AFREXIMBANK)**



**INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
31 MARCH 2018**

**CAIRO**

**MAY 2018**

**AFRICAN EXPORT-IMPORT BANK**  
**ABRIDGED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED 31 MARCH 2018**

**DIRECTORS' COMMENTARY**

**GENERAL INFORMATION**

The African Export-Import Bank (the Bank) is a multilateral trade finance institution, established in October 1993. It commenced lending operations in September 1994. The Bank's mandate is to promote, finance and facilitate intra and extra-African trade, while operating commercially. The Bank is headquartered in Cairo, Egypt and is located at No. 72 (B) El Maahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt. In addition, the Bank has regional offices in Harare (Zimbabwe), Abuja (Nigeria), Abidjan (Cote D'Ivoire) and is currently setting up a regional office in East Africa. The Bank has 4 classes of shareholders, class A (African Governments and/or associated institutions and African Multilateral institutions e.g African Development Bank), class B (African financial institutions and private investors), class C (non-African institutions) and class D (any investor). Classes A,B and C shares are partially paid 40% upon subscription while class D shares are fully paid. Class D shares were created in 2012 to facilitate the Bank's entry into the equity capital markets as a way of attracting more private sector investments into the Bank's equity. In October 2017 the Bank Listed Depository Receipts on the Stock Exchange of Mauritius backed by class D shares.

**REVIEW OF FINANCIAL PERFORMANCE**

The Bank started the second year of implementing its 5<sup>th</sup> strategic plan- Impact 2021 Africa Transformed- on a positive note and in line with expectations. For the quarter ended 31 March 2018 the Bank achieved Net Income of US\$53.86 million against a budget of US\$19 million due to savings on operating expenses and lower impairment charges than budgeted. The impact of International Financial Reporting Standard (IFRS) 9 - "Financial Instruments", impairment assessment is yet to be determined as the Bank is still to complete the IFRS 9 implementation and expect to fully adopt the accounting standard by end of year 2018, thus the reported results exclude the transition adjustments on impairment of loans and advances and off-balance sheet exposures. The cost to income ratio remained low at 23%, notwithstanding the significant growth in capacity, especially staff numbers, and reflected high operating efficiency levels on the back of well managed expenses growth. The Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were satisfactory and in-line with plan targets at 1.86% and 10.02% respectively.

The Bank's total assets at US\$11.3 billion exceeded budget by 3% mainly due to higher cash balances in preparation for imminent disbursements early in the second quarter of the year. Loans and Advances were 9% lower than budget at US\$7.8 billion on account of the repayment in December 2017 of a large proportion (US\$ 3.2 billion) of the 2 – year emergency Counter Cyclical Trade Liquidity Facility as it began to wind down. Going into the second quarter, the loan balance is expected to increase in line with expectation supported by a healthy pipeline of transactions for the year 2018. The quality of the loan book remained high reflected in low Non-performing loans (NPL) ratio of 2.69% despite the repayment of the COTRALF facilities. Capital adequacy position was strong at 28% well above target of 20% on account of continued growth in classes A,B and C shares subscriptions and strong internal capital generation. Capital adequacy is, however, expected to reduce to 23% by year end as the Bank deploy its current cash holding into growing the loan book.

## **OUTLOOK**

The Bank will continue to execute its current 5th strategic plan dubbed “Impact 2021- Africa Transformed” which focuses on promoting and financing intra-African trade, promoting Industrial and Export development in Africa and expanding access to trade finance across Africa. The forecast GDP growth rate for African economies at 4% and the Continental free trade agreement ( ACTFTA) recently signed by 44 African countries will present opportunities for the Bank to advance trade in Africa in line with its mandate and be able to generate commensurate business volumes to deliver sustainable returns to its shareholders. In executing the strategy, the Bank expects to maintain solid growth in shareholders’ value as it has demonstrated over the years by maintaining financial soundness and strong profitability and prudent asset growth performance in line with its strategic plan targets.

## **NET ASSET VALUE ("NAV")**

The NAV per share at 31 March 2018 was US\$46,187 (December 2017: US\$45,114).

## **DIVIDENDS**

During the March 2018 Board meeting, the Directors proposed a dividend appropriation amounting to US\$57,534,000 from the 2017 financial year profit. The proposed dividend appropriation is subject to approval by the shareholders at their next Annual General Meeting to be held in July 2018. The dividend appropriation amounted to 5% dividend yield on fully paid shares. The March 2018 financial statements do not reflect the dividend payable, which will be accounted for in equity as an appropriation of retained earnings in the 3<sup>rd</sup> quarter ending September 2018 after approval by shareholders. Dividend payments made during 1<sup>st</sup> quarter ending March 2018 related to 2016 financial year.

<b>AFRICAN EXPORT-IMPORT BANK</b>		1
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>FOR THE PERIOD ENDED 31 MARCH 2018</b>		
	<b>Mar 18</b>	<b>Mar 17</b>
	<b>US\$000</b>	<b>US\$000</b>
Interest and similar income	150,044	146,342
Interest and similar expense	(69,340)	(60,910)
<b>Net interest and similar income</b>	<b>80,704</b>	<b>85,432</b>
Fee and commission income	380	7,802
Fee and commission expense	(2,357)	(2,114)
<b>Net fee and commission income</b>	<b>(1,977)</b>	<b>5,688</b>
Other operating income	745	778
<b>Operating income</b>	<b>79,472</b>	<b>91,898</b>
Personnel expenses	(10,006)	(8,167)
General and administrative expenses	(7,310)	(4,297)
Depreciation and amortisation expense	(1,056)	(814)
<b>Operating expense</b>	<b>(18,372)</b>	<b>(13,278)</b>
Exchange adjustments	113	338
Fair value loss from derivatives	(9,574)	
<b>Operating profit before impairment and provisions</b>	<b>51,639</b>	<b>78,958</b>
Loan impairment charges	2,427	(2,989)
Impairment in other assets & accrued income	(209)	-
<b>PROFIT FOR THE PERIOD</b>	<b>53,857</b>	<b>75,969</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		
Cashflow hedges	-	639
<b>Total other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>639</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>639</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>53,857</b>	<b>76,608</b>
<i>The accompanying notes to the financial statements form part of this statement</i>		

<b><u>AFRICAN EXPORT-IMPORT BANK</u></b>			2
<b><u>STATEMENT OF FINANCIAL POSITION</u></b>			
<b><u>AS AT 31 MARCH 2018</u></b>			
	<b><u>31/3/2018</u></b>	<b><u>31/12/2017</u></b>	<b><u>31/3/2017</u></b>
	<b><u>US\$000</u></b>	<b><u>US\$000</u></b>	<b><u>US\$000</u></b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	3,147,854	3,214,573	1,282,294
Loans and advances to customers	7,758,632	8,329,943	10,843,128
Derivative assets held for risk management	3,329	3,574	4,138
Prepayments and accrued income	308,512	298,102	275,231
Financial instruments- Held to maturity	30,268	30,268	30,268
Other assets	3,796	2,931	2,378
Property and equipment	32,168	32,838	24,109
Intangible Assets	1,224	1,248	733
<b>Total assets</b>	<b>11,285,783</b>	<b>11,913,477</b>	<b>12,462,279</b>
<b><u>LIABILITIES</u></b>			
Due to banks	4,309,988	4,231,374	4,392,945
Debt securities in issue	2,882,495	2,881,622	2,091,822
Deposits and customer accounts	1,673,780	2,149,356	4,070,004
Derivative liabilities held for risk management	31,128	21,467	16,001
Other liabilities	194,411	505,624	186,509
<b>Total liabilities</b>	<b>9,091,802</b>	<b>9,789,443</b>	<b>10,757,281</b>
<b><u>CAPITAL FUNDS</u></b>			
Share capital	475,024	470,816	379,004
Share premium	623,459	562,350	355,674
Warrants	42,496	91,723	99,859
Reserves	474,733	474,733	365,045
Retained earnings	578,269	524,412	505,416
<b>Total capital funds</b>	<b>2,193,981</b>	<b>2,124,034</b>	<b>1,704,998</b>
<b>Total liabilities and capital funds</b>	<b>11,285,783</b>	<b>11,913,477</b>	<b>12,462,279</b>
<i>The accompanying notes to the financial statements form part of this statement</i>			

<b><u>AFRICAN EXPORT-IMPORT BANK</u></b>		3
<b><u>STATEMENT OF CASH FLOWS</u></b>		
<b><u>FOR THE PERIOD ENDED 31 MARCH 2018</u></b>		
	<b><u>Mar 18</u></b>	<b><u>Mar 17</u></b>
	<b><u>US\$000</u></b>	<b><u>US\$000</u></b>
<b><u>CASHFLOW FROM OPERATING ACTIVITIES</u></b>		
<b>Profit for the period</b>	<b>53,857</b>	<b>75,969</b>
<b><u>Adjustment for non-cash items:</u></b>		
Depreciation and amortization of intangible assets & property and equipment	1,056	814
Allowance for impairment on loans and advances	(2,427)	2,989
Impairment on accrued income	209	-
Net loss from cash flow hedge	9,574	
	<b>62,269</b>	<b>79,772</b>
<b><u>Changes in :</u></b>		
Prepayments and accrued income	(10,619)	(33,816)
Hedging derivatives instruments	333	(726)
Other assets	(865)	691
Other liabilities	(308,417)	35,494
Deposits and customer accounts	(475,576)	291,511
Loans and advances to customers	573,738	(697,914)
<b>Net cash inflows from operating activities</b>	<b>(159,137)</b>	<b>(324,988)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases and additions to property and equipment & intangible assets	(362)	(377)
<b>Net cash outflows from investing activities</b>	<b>(362)</b>	<b>(377)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Net cash from capital subscriptions and share premium	16,089	2,023
Dividends paid	(2,796)	(6,327)
Net increase in due to banks and debt securities	79,487	342,883
<b>Net cash inflows from financing activities</b>	<b>92,780</b>	<b>338,579</b>
<b>Net increase in cash and cash equivalents</b>	<b>(66,719)</b>	<b>13,214</b>
<b>Cash and cash equivalents at 1 January</b>	<b>3,214,573</b>	<b>1,269,080</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>3,147,854</b>	<b>1,282,294</b>
<i>The accompanying notes to the financial statements form part of this statement</i>		

<b>AFRICAN EXPORT-IMPORT BANK</b>									4
<b>STATEMENT OF CHANGES IN EQUITY</b>									
<b>FOR THE PERIOD ENDED 31 MARCH 2018</b>									
							<b>Project</b>		
				<b>General</b>	<b>Asset Revaluation</b>	<b>Cashflow hedge</b>	<b>preparation</b>	<b>Retained</b>	
	<b>Share Capital</b>	<b>Share Premium</b>	<b>Warrants</b>	<b>Reserve</b>	<b>Reserve</b>	<b>reserve</b>	<b>facility Fund</b>	<b>Earnings</b>	<b>Total</b>
	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>	<b>US\$000</b>
Balance at 1 January 2018	470,816	562,350	91,723	447,762	19,471	-	7,500	524,412	2,124,034
Issued and Paid in capital during 2018	4,208	61,109	-	-	-	-	-	-	65,317
Warrants retirement	-	-	(49,227)	-	-	-	-	-	(49,227)
Profit of the period	-	-	-	-	-	-	-	53,857	53,857
<b>Balance at 31 March 2018</b>	<b>475,024</b>	<b>623,459</b>	<b>42,496</b>	<b>447,762</b>	<b>19,471</b>	<b>-</b>	<b>7,500</b>	<b>578,269</b>	<b>2,193,981</b>
Balance at 1 January 2017	378,488	355,310	98,716	366,282	11,600	(13,476)	-	429,447	1,626,367
Issued and Paid in capital during 2017	516	364	-	-	-	-	-	-	880
Issued during the year	-	-	1,143	-	-	-	-	-	1,143
Profit of the period	-	-	-	-	-	-	-	75,969	75,969
Other comprehensive income	-	-	-	-	-	639	-	-	639
<b>Balance at 31 March 2017</b>	<b>379,004</b>	<b>355,674</b>	<b>99,859</b>	<b>366,282</b>	<b>11,600</b>	<b>(12,837)</b>	<b>-</b>	<b>505,416</b>	<b>1,704,998</b>
<i>The accompanying notes to the financial statements form part of this statement</i>									

## **NOTES**

The Bank is required to publish financial results for the three months ended 31 March 2018 as per Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months ended 31 March 2018 ("financial statements") have been prepared in accordance with the requirements of IFRS and the SEM Listing Rules. The Bank has not been able to adopt IFRS 9 "Financial Instruments" on 1 January 2018 when the accounting standard became effective as the implementation project is still ongoing with a view to fully adopt the accounting standard on reporting the full year end results by the end of the year.

The accounting policies adopted in the preparation of these financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2017.

The abridged unaudited financial statements have not been reviewed or reported on by the Bank's external auditors.

Copies of the abridged unaudited financial statements and the Statement of direct and indirect interests of each officer of the Bank, pursuant to Rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request to the Executive Secretary at the Registered Office of the Bank at No.72(B) ElMaahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt.

This communique is issued pursuant to SEM Listing Rules 11.3 and 12.20 and section 8.8 of the Securities Act of Mauritius 2005. Management accepts full responsibility for the accuracy of the information contained in these financial statements. Management are not aware of any matters or circumstances arising subsequent to the period ended 31 March 2018 that require any additional disclosure or adjustment to the financial statements.

By order of the Board

**African Export Import Bank**

Executive Secretary

**SBM Securities Limited**

SEM Authorised Representative and Sponsor

9 May 2018