



Afreximbank

Pan-African bank at the epicentre of the continent's trade growth

September 2019

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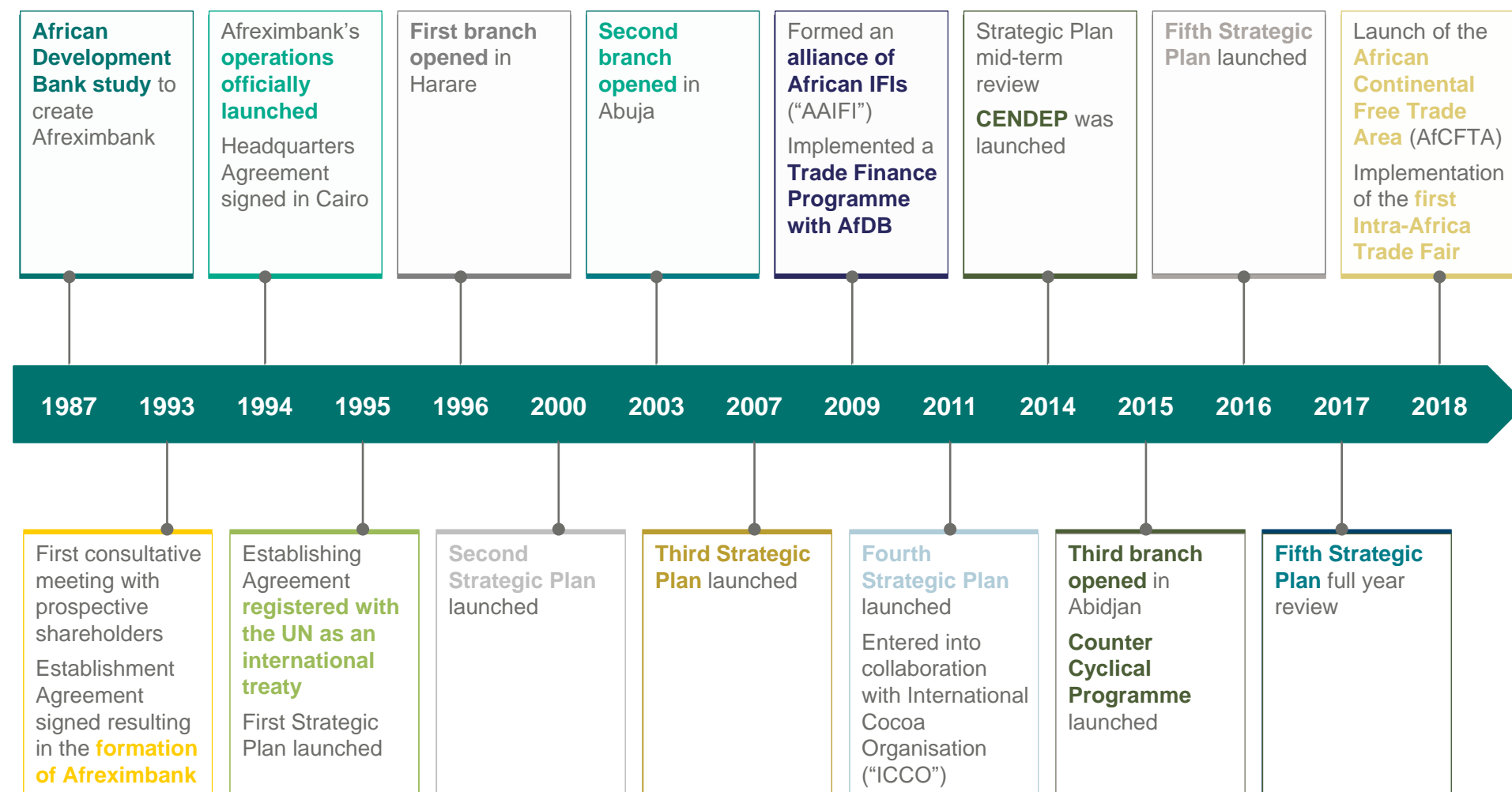


Executive summary

Gateway to Africa with access to 55 countries in the continent

At the epicenter of Africa's trade	~US\$69bn <i>Trade financing support since inception</i> 	~US\$7bn <i>Disbursement of trade financing deals in 2018</i> 	US\$1.8bn <i>Commitment to manufactured export in 2018</i> 
Unique position in Africa with a differentiated mandate	Developmental mandate with profit-driven philosophy 	Preferred creditor status 	0% <i>Tax and customs duties in Participating States</i> 
Robust and growing balance sheet and profitability...	US\$15.4bn <i>Total assets as of 1H19</i> 	~20% <i>Gross loan CAGR 2015 - 1H19</i> ~3% <i>NPL ratio</i> 	~11.8% <i>RoAE in 2018 with US\$0.3bn net income</i> 
...enabled by best-in-class market experience	Mauritius stock exchange listing 	>US\$2bn <i>Bonds outstanding</i> 	Baa1 / BBB- / BBB+ <i>Credit rating assigned by Moody's / Fitch / GCR</i> 

Afreximbank's key milestones and evolution



Source: Company information

Differentiated mandate with a development focus while delivering robust returns to our shareholders



Development mandate

- Transforming African trade
- Client / trade support at all times / when needed most
- Complimenting African states' development objectives
- Preferred creditor status

Consistently delivering returns to shareholders

- Best-in-class cost efficiency
- Double digit returns profile
- Profit retention to fund growth

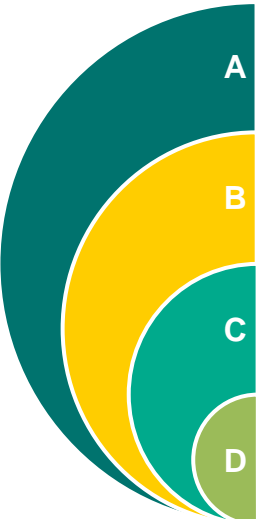
Context to Afreximbank's establishment

- Established in **response to the global debt crisis** of the 1980s
- Crisis resulted in a **drastic reduction in the availability of trade financing in Africa**
- **Establishment Agreement signed in Abidjan**, Côte d'Ivoire, in 1993
 - Provides the bank with a **supranational creditor and tax status**
- **Bank Charter**, signed by all shareholders, **regulates the governance of the Bank**
- Bank has now emerged as a cornerstone of **promoting Intra-African Trade and Value-Added Exports**
- Bank has all the **advantages of a development bank with commercial approach to operations**

Committed and diversified shareholder base coupled with multiple sources of long-term capital

Unique shareholder structure capturing both commercial and development mandates of the bank (2018)

40% of total shares held for A,B and C shareholders are paid up; 100% of shares held for D shareholders are paid up

		# of shareholders	Paid-up capital (US\$m)	+	Callable capital (US\$m)	=	Total capital ¹ (US\$m)	Total # of shares held	% of total	Total # of paid-up shares held	% of total	NAV attributable (US\$m)
	A	Issued to African states, their central bank or other designated institution, African Development Bank and African regional and sub-regional institutions	49	270	526	796	67,566	58%	27,026	53%	1,366	
	B	Issued to African financial institutions and private investors	87	121	242	363	30,175	26%	12,070	24%	610	
	C	Issued to non-African international financial institutions, non-African foreign-owned banks & financial institutions and non-African public & private investors	14	46	105	151	11,559	10%	4,624	9%	234	
	D	GDR line, open to any person with London GDR to be part of this class	1 <i>(Depository Bank)</i>	69 ²	0	69	6,910	6%	6,910	14%	349	
Total		151	506	873	1,379	116,210	100%	50,630	100%	2,560		

Diversified shareholder base (2018)

Total number of shares is used as a basis to derive ownership

Used as a basis for dividends distribution and NAV per share computation

#	Class	Shareholder	% (no. of shares)	#	Class	Shareholder	% (no. of shares)
1	A	Central Bank of Egypt	11.51%	11	B	Banque Misr	3.44%
2	A	Central Bank of Nigeria	6.21%	12	A	Government of Congo Brazzaville	2.63%
3	D	SBM Securities Limited (Depository Bank)	5.95%	13	A	Banque Centrale De Tunisie	2.15%
4	B	National Bank of Egypt	5.73%	14	C	Standard Chartered	2.11%
5	A	Reserve Bank of Zimbabwe	5.71%	15	A	Bank of Uganda	2.09%
6	A	Federal Republic of Nigeria	5.33%	16	B	Export Credit Insurance Corporation	2.00%
7	C	China Eximbank	4.43%	17	A	Republique Du Cameroun	1.91%
8	A	Government of Côte d'Ivoire	3.96%	18	B	Government Employees Pension Fund	1.91%
9	A	African Development Bank	3.89%	19	C	JSC Russia Export Center (REC)	1.54%
10	B	Banque du Caire	3.60%	20	B	Nigerian Export Import Bank	1.39%

Source: Company information

¹ Total capital based on the sum of paid-up capital and callable capital

² Based on depository receipts listed on Mauritius Stock Exchange

Supranational status with a low-risk proposition supported by special privileges and immunities

Supranational legal status with lower risks

Under the Establishment Agreement, Afreximbank enjoys special privileges and immunities from the Participating States

	Exemption from all taxation and customs duties in Participating States	✓
	No administrative, financial or other regulatory restrictions	✓
	Immunity for property and assets from search, seizure and similar actions ¹	✓
	Preferred creditor status	✓

Robust asset quality with a low NPL ratio²

Afreximbank has experienced strong assets growth at 25% CAGR from Dec 15 – Jun 19



Source: Company information

¹ Bank immunities are specific to its participating states

² As of Dec 2018 for Afreximbank and peers

³ Peers include: pan-African corporate banks (Absa, Nedbank, CIB, Banque Centrale Populaire, BMCE, Guaranty Trust Bank, Zenith Bank, Equity Bank, Banque Marocaine, Credit Agricole Egypt, Ecobank Transnational, BIAT, United Bank for Africa, Standard Chartered Ghana); LSE listed emerging market banks (NLB, Halyk Bank, Bank of Georgia, TBC, Atlas Mara); listed MDBs (Bladex)

Preferred creditor status consistently demonstrated

	<p>Foreign currency exchange crisis in 2017</p> <p>✓ Central Bank of Egypt provided access to USD to certain financial institutions to repay loans to Afreximbank</p>
	<p>Clients facing challenges accessing hard currency</p> <p>✓ Central Bank of Nigeria gave priority access to clients to enable them to service liabilities with Afreximbank</p>
	<p>Client loans of US\$30.2m behind repayment schedule</p> <p>✓ Zimbabwe Asset Management took over loans</p>
	<p>Significant hard currency shortages</p> <p>✓ Central Bank of Sudan prioritised repayment of facilities owed to Afreximbank</p>
	<p>Kenyan government suspended payments of a series of promissory notes, partly held by Afreximbank</p> <p>✓ Promissory notes held by Afreximbank redeemed; those held by others were not</p>
	<p>State-owned body experienced financial difficulty due to funding shortfalls from Senegalese government</p> <p>✓ Afreximbank repaid; other creditors entered into a restructuring arrangement</p>

High standards of corporate governance and experienced management team

Experienced management team...



Prof. Benedict Oramah
President

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- PhD in Agricultural Economics obtained in 1991
- Worked at Nigerian Export-Import Bank before joining the Bank as Chief Analyst in 1994
- Was appointed to Executive Vice President of the Bank in October 2008, a position he held until his appointment as President in June 2015



Mr. Denys Denya
EVP – Finance, Administration and Banking Services

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- Bachelor of Accountancy and MBA degrees from the University of Zimbabwe
- Fellow of the Institute of Chartered Accountants of Zimbabwe and of the Institute of Chartered Secretaries and Administrators
- Prior to joining Afreximbank in 2010 worked at Nedbank and MBCA Bank
- Mr. Denya has over 25 years of experience across Banking and Finance



Dr. George Elombi
EVP – Governance, Legal & Corporate Services

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- LLM and a PhD in Law from the University of London
- Oversees the meetings of the Executive Board and General Meetings of Shareholders as well as related Shareholder matters
- Worked as a Lecturer with the University of Hull, UK, before joining the Bank as Legal Officer in October 1996



Mr. Amr Kamel
EVP – Business Development and Corporate Banking

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- BA in Economics from the American University in Cairo; MBA in Financial Management from City University of New York, USA
- 34 years of banking experience across Bank of Credit & Commerce; Bank of America; and Chemical Bank (currently J.P. Morgan Chase)
- Joined Afreximbank in 1995

x Years with Afreximbank

Source: Company information

¹ Up to six seats if some Class B and Class C shareholders migrate into Class D in the future, as envisaged in the Bank's charter

... complemented by strong corporate governance structure

Class A: Minimum four seats including one from AfDB	Class B: Maximum four seats depending on shareholding	Class D: Up to six seats depending on shareholding ¹
	Class C: Maximum two seats	Independent: Two seats

The **Board of Directors** currently consists of **12 independent members**. The provision of Independent Directors allows the infusion of non-partisan views in furtherance of the interests of the Bank

All board members have equal voting power and decisions are made by simple majority. This creates a balance between the representation of the public and private sector

None of the directors of any class may be of the same nationality. Thus, there is **no dominant influence** of leading countries in the decision making

All board members are technically independent of their nominating institutions as they cease to represent the institution when elected and represent the Class as a whole

Shareholders should have due regard to high competence in **economic, financial and trade matters required for the office and Africa**

Leading banking franchise at the epicentre of intermediating Africa's trade growth



- 1 Strong secular growth drivers compounded by the impressive African trade dynamics
- 2 Supranational status with a low-risk proposition supported by special privileges and immunities
- 3 Well-established public-private partnership model with strong international strategic alliances
- 4 Achieves long-lasting positive developmental impact via its specific operating model and mandate
- 5 Highly efficient operations driven by the wholesale banking model and the use of trade finance intermediaries
- 6 Strong and liquid balance sheet profile with a solid capital position
- 7 Consistent track record of robust earnings and dividends
- 8 Clearly defined strategy to further strengthen existing leadership in the African trade finance market with key value upsides for Afreximbank

An aerial photograph showing a combine harvester and a tractor with a yellow trailer working in a field. The combine harvester is positioned in the center-left, harvesting a row of crops. The tractor is to its right, pulling a yellow trailer. The field is divided into rows of harvested and unharvested crops. The background shows a vast expanse of harvested land with distinct tire tracks.

2

Strategic positioning and market opportunity

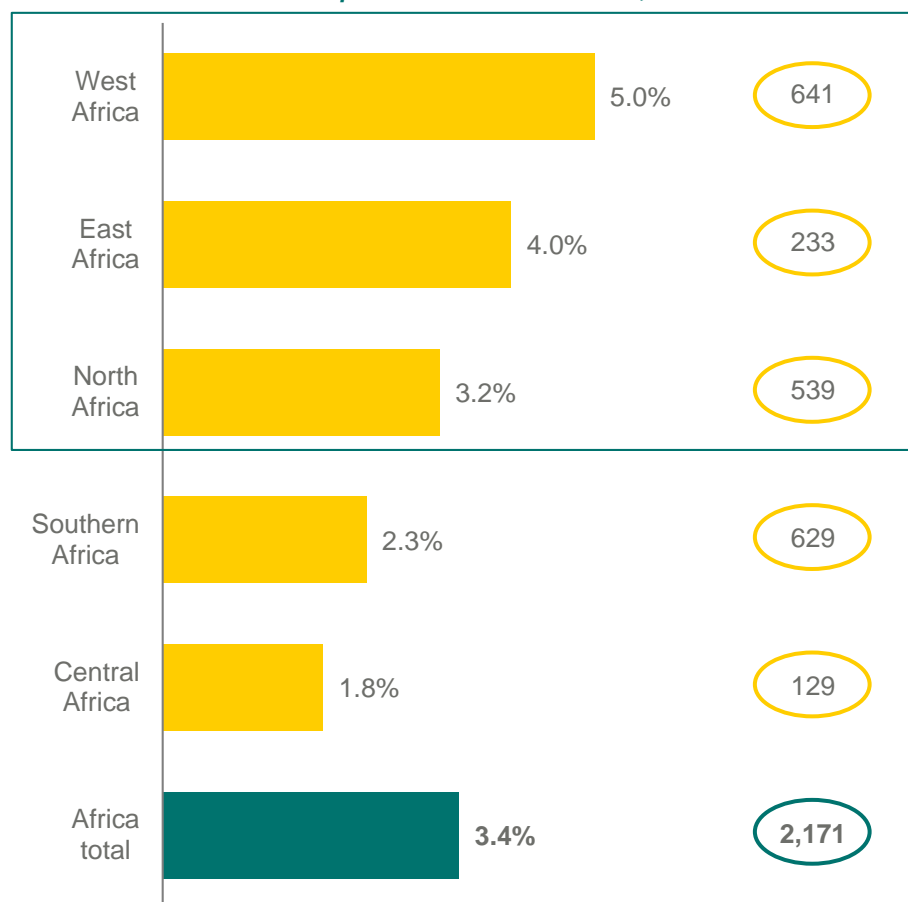
Africa has strong secular growth drivers...

Strong GDP growth across the continent

Real GDP growth (2018)

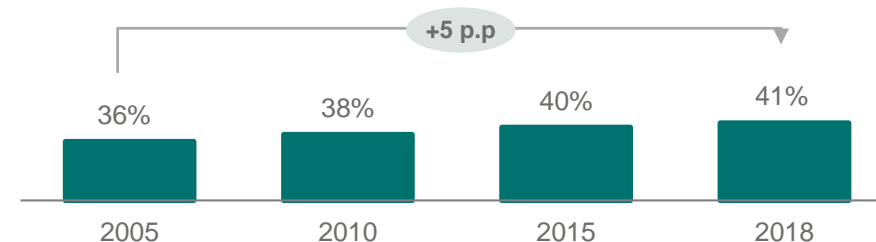
Total GDP (2018, US\$bn)

83% of Afreximbank's loan portfolio is located in East, West and North Africa³



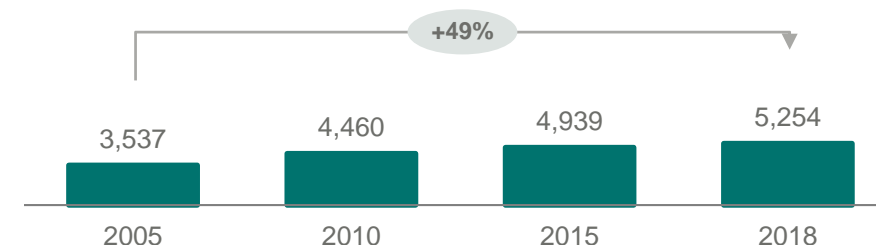
Increasing share of urban population...

Urban population as % of total, Africa total¹



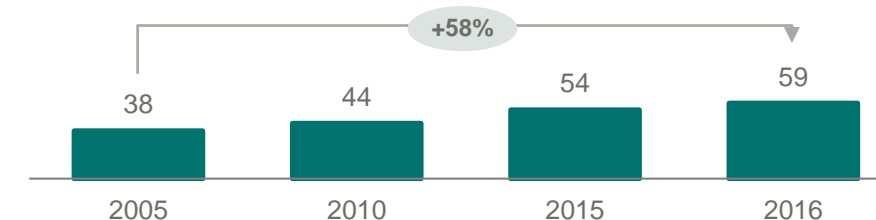
...rising national income and strengthening middle class...

GDP per capita in constant prices, PPP, US\$, Africa total¹



...and strong foreign direct investment flows

Foreign direct investments, US\$bn, Africa total²



Source: IMF, AfDB, UNCTAD

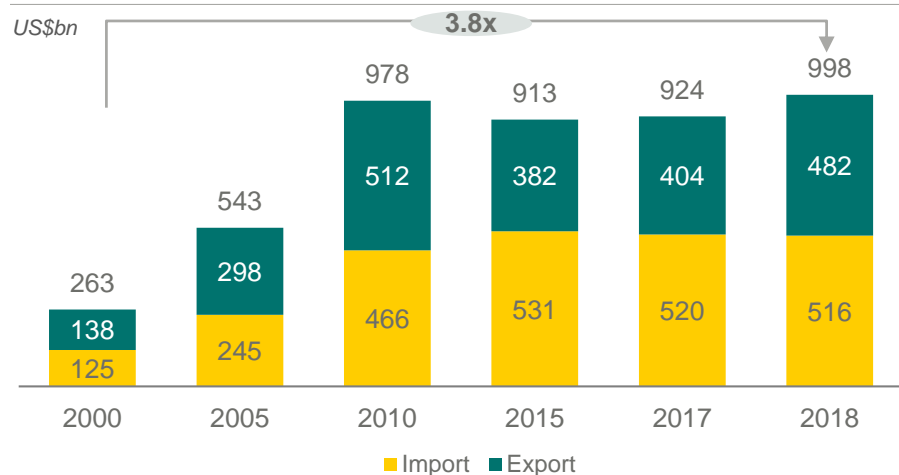
¹ Africa Trade Report 2019, Afreximbank, trade data as of 2017, population data based on 2019 estimates

² As of 2017, AfDB

³ As of December 2018

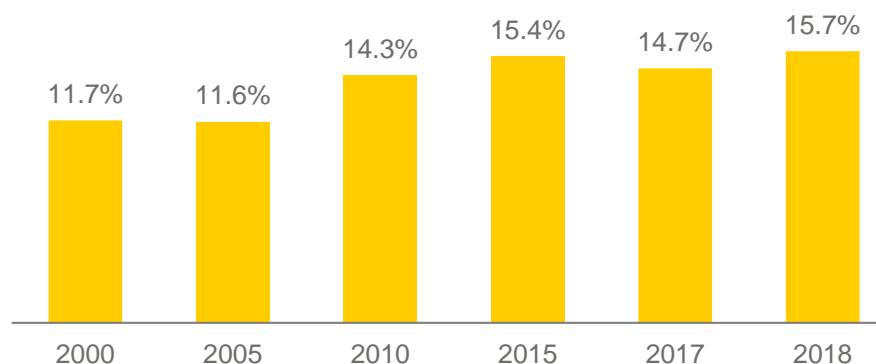
...compounded by the impressive African trade dynamics

African trade volume have shown strong growth...



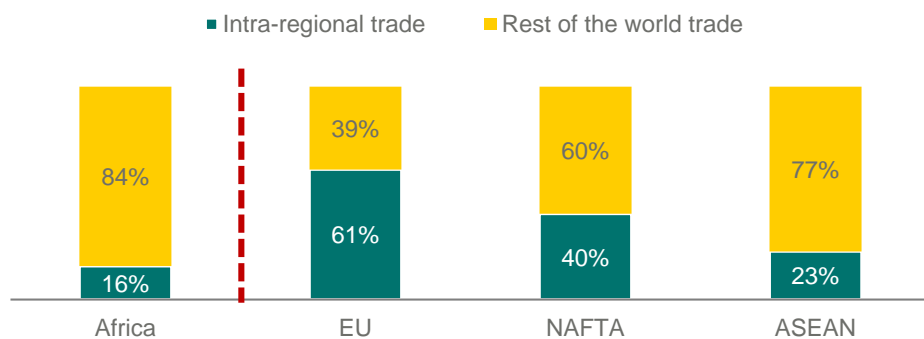
...driven by increasing intra-African trade flows

Share of Intra-African trade flows in total African trade flows

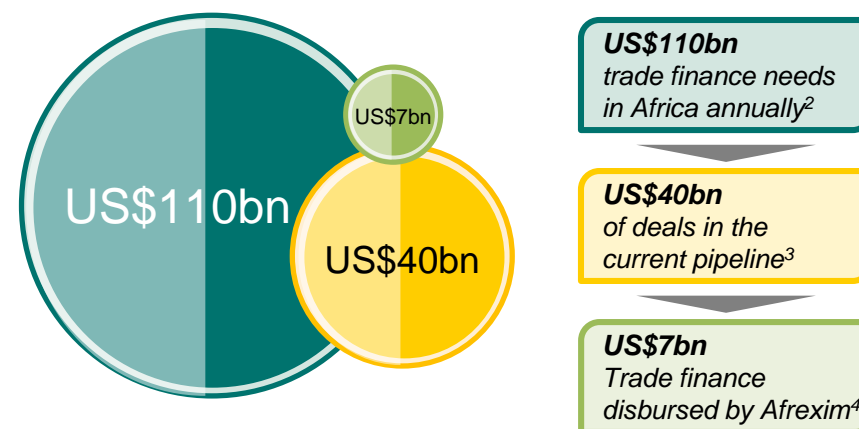


Large room for growth across the world

Structure of trade flows by destinations¹



Current trade finance gap provides opportunity for further growth



Source: IMF, AfDB, UNCTAD

¹ 2018 data for Africa, 2017 for others

² As of 2017, AfDB

³ Deals under the review based on the received applications

⁴ In 2018

The African Continental Free Trade Area Agreement (“AfCFTA”) – a game changer for Intra-African trade

In March 2018, African countries signed a **landmark trade agreement**, the African Continental Free Trade Area Agreement (AfCFTA)

The agreement commits countries to **remove tariffs on 90% of goods**, progressively **liberalize trade in services**, and **address numerous non-tariff trade barriers**



If successfully implemented, the agreement will create a **single African market** of **over a billion consumers** with a total **GDP of over US\$2.5 trillion**, which will make Africa the **largest free trade area in the world**



Afreximbank is the financial engine behind the AfCFTA and recently **committed a US\$1 billion facility** designed to ease the transition to free trade

The Bank announced the in **June 2019 the launch of PAPSS** (Pan-African Payment and Settlement System), designed to allow payments for goods and services and intended as **the first digital payment system across the entire continent**



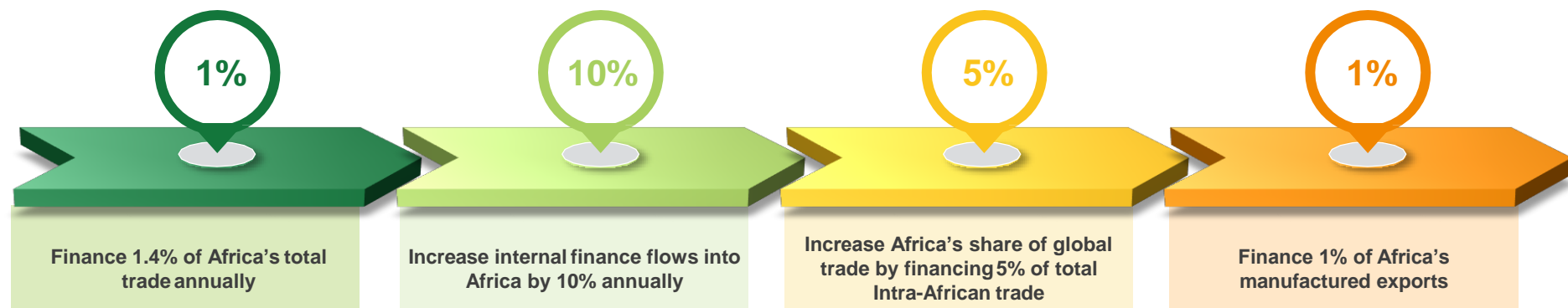
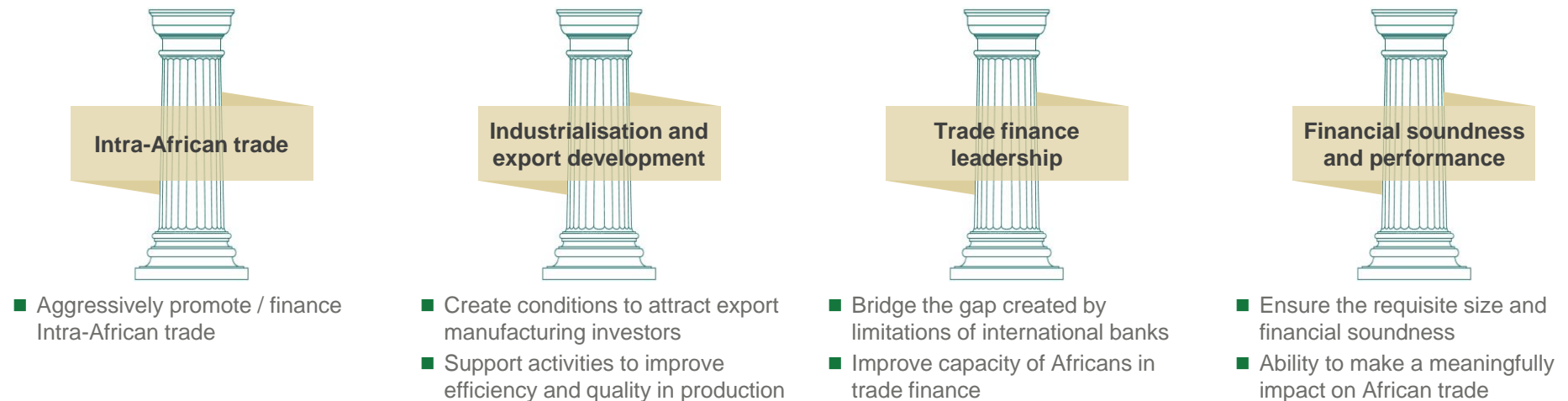
AfCFTA will be a game changer for stimulating Intra-African trade

- It is projected, through the sole removal of tariffs on goods, to **increase the value of intra-African trade by between 15% and 25%**, depending on liberalization efforts, in 2040, compared to a situation with no AfCFTA in place
- Alternatively, the **share of intra-African trade would increase by nearly 40% to over 50%**, depending on the ambition of the liberalization, between the start of the implementation of the reform (2020) and 2040

Afreximbank is the centre of this significant transformation of African trade

Clearly defined strategy to further strengthen existing leadership in the African trade finance market with key value upsides for Afreximbank

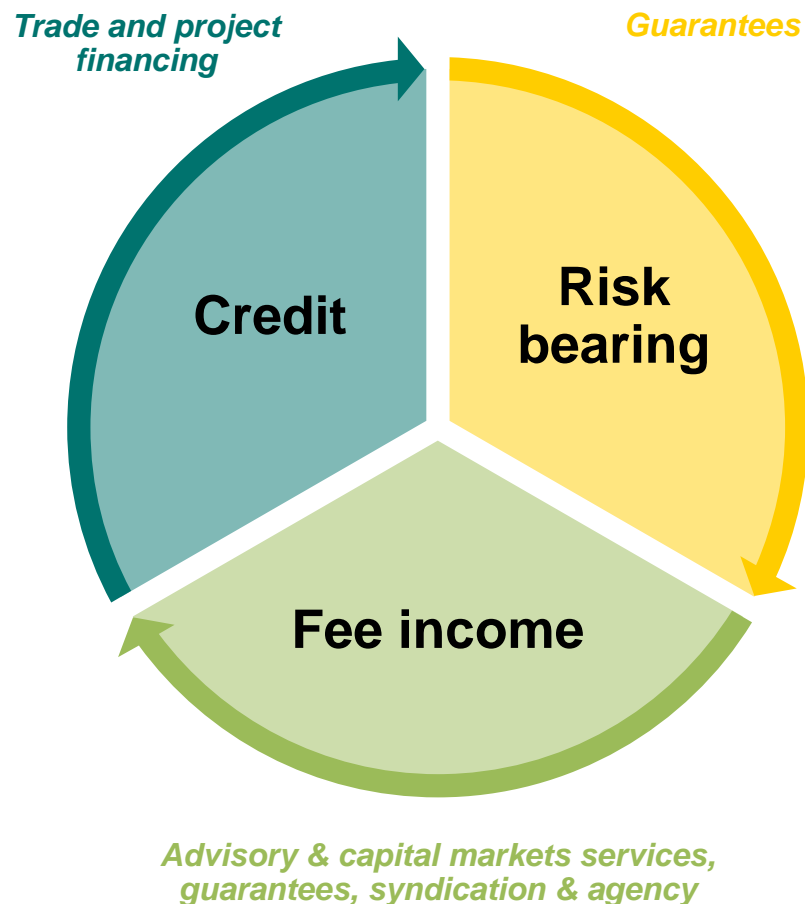
“Impact 2021” - The Fifth Strategic Plan was launched in December 2016 and focuses on four areas



The Plan aims to disburse cumulatively US\$25bn over the five-year period

Innovative and diverse product offering to access new sources of revenues

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 formalise 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
Guarantees	Afreximbank Guarantee Program	<ul style="list-style-type: none"> Products range from short term-trade guarantees and working capital solutions to bond facilities for export and trade Caters to mid-cap entities and SMEs
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

... and a network of international strategic partnerships



Case study: Launch of the Pan African Payment and Settlement System (PAPSS)

What is PAPSS?

- Central financial market infrastructure to support payment arrangements to expand international trade of African States
- Set up to drive economic and financial integration across Africa
- A centralised payment and settlement infrastructure:
 - Defines a common framework for transacting, clearing and settling cross-border transactions
 - Will operate independently of domestic payment systems
 - Allows participants to exchange payments in local currency on daily basis

Benefits of the PAPSS

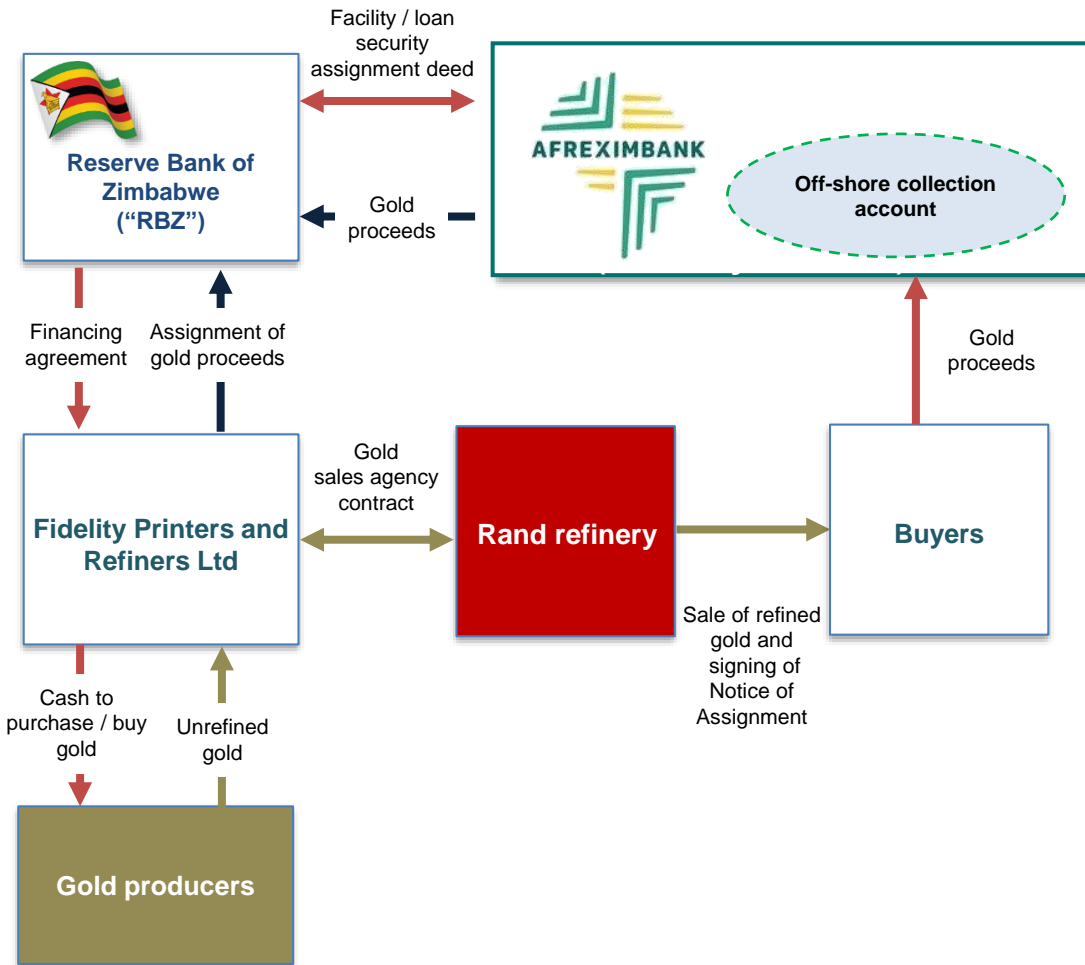
	Expansion of intra-Africa trade and investment flows
	Attraction of investment capital
	Creation of new business opportunities and employment across Africa
	Diversification of trade
	Liquidity cost savings
	Reduction in operational costs for central and commercial banks

*“The introduction of this **simplified, low-cost and risk-controlled** interoperable payment, clearing and settlement system will **facilitate trade and other economic activities** among African countries. In effect, it is intended to make payments under intra-African trade possible, **directly, in the local currencies of all African countries**. If a Nigerian company wants to buy goods from a Ghanaian supplier, the Nigerian entity will pay for the goods in Naira, while the Ghanaian supplier will get paid in the Ghanaian Cedi. **Afreximbank will do the clearing and settlement**”*

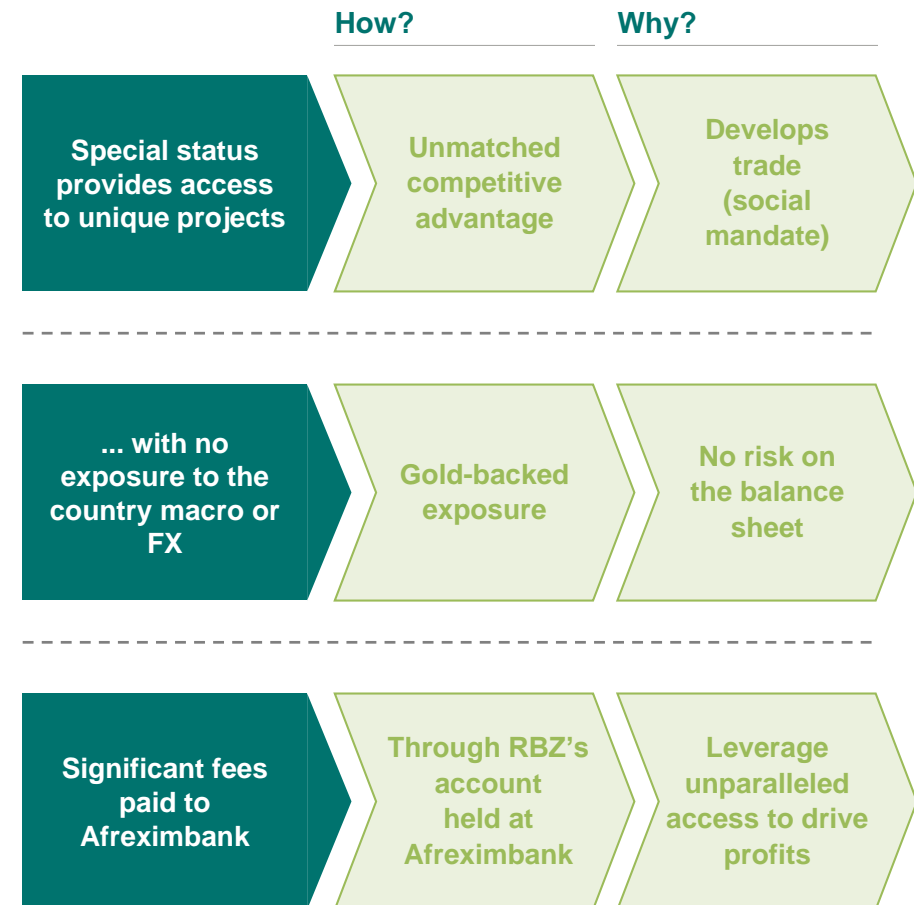


Dr. Benedict Oramah
President of Afreximbank

Selected example of Afreximbank creating value with no balance sheet risk exposure in Zimbabwe



Afreximbank created significant value for all parties involved



Strong business performance in 2018 with outperformance of targets

Selected targets for 2018

Trade finance leadership	Intra-African trade	Industrialisation and export development	Financial soundness and performance	
US\$2.3bn disbursement in support of direct trade finance	Increase share of the bank's intra-Africa trade loan portfolio to 13%	Provide financing support to 6 manufacturing projects	32 countries to benefit from the Afreximbank's products	Mobilise US\$200m in new equity
				

Selected achieved targets

Trade finance leadership	Intra-African trade	Industrialisation and export development	Improve business development and shareholder engagement	Financial soundness and performance
US\$2.4bn Disbursed US\$3.5 Leveraged financing per US\$1 committed 64 new relationships	25% share of Intra-African trade in loan portfolio Trade fair Facilitated Inaugural Intra-African Fair Certification centre Commence construction	6 projects Financing US\$1.1bn US\$327m Trade enabling infrastructure projects 2 industrial parks Supported with construction	50 countries Benefitted from the products Four new countries Ratified the Establishment Agreement New equity investors Three non-participating countries	US\$338m New equity Achieved CAR 25% NPL ratio 3%

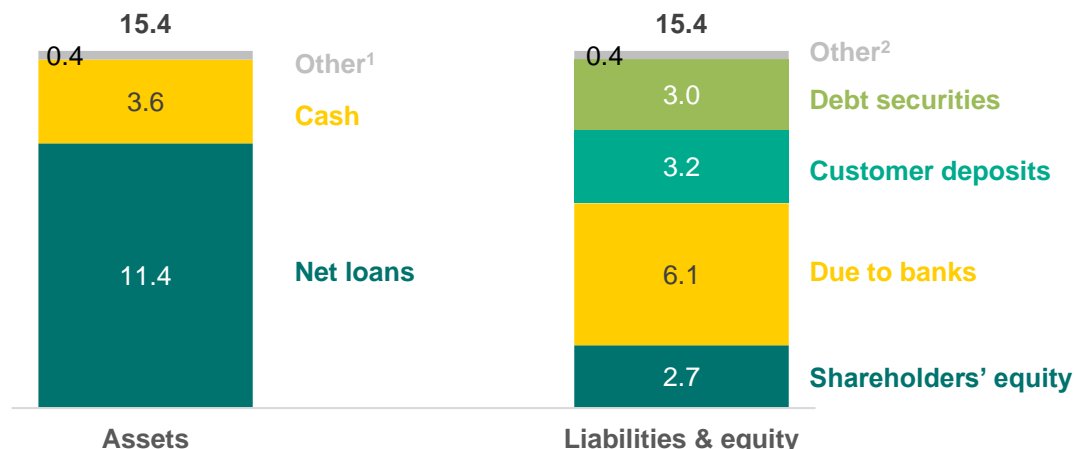
A close-up photograph of a hand holding a silver pen, pointing at a financial chart displayed on a screen. The chart features a white line graph with a green trend line, set against a dark background with blue and green data points. The hand is positioned on the right side of the frame, with the pen tip touching the screen. The overall image has a blue and green color scheme with a wavy pattern overlay.

3

Financial performance and medium term expectation

Well-managed business with sound asset quality, strong capital position and consistently delivering double digit returns

Balance sheet composition (US\$bn, Jun-19)



Key metrics	FY'18	H1'19
Gross loans CAGR (15-18)	22.7%	
Cost / Income	17.9%	17.4%
RoAE ³	11.8%	10.5%
NPL ratio ⁴	3.0%	3.0%
Total NPL coverage ⁵	132%	127%
CET1 ratio ⁶	23.9%	21.6%

Source: Company information

¹ Other assets include derivative assets, financial instruments, property and equipment and intangible assets among others; ² Other liabilities include derivative liabilities and other liabilities;

³ Return on average equity; ⁴ NPL ratio: impaired loans / gross loans; ⁵ Total NPL coverage: (accumulated provisions + value of collateral) / impaired loans; ⁶ CET1 ratio is defined as CET1 capital over total risk-weighted assets

Key comments

Sizeable balance sheet of US\$15.4bn with >20% historical growth

c.74% of balance sheet comprises of revenue generating loans

Sound asset quality with sub 3% NPL ratio and >100% total NPL coverage (including collateral)

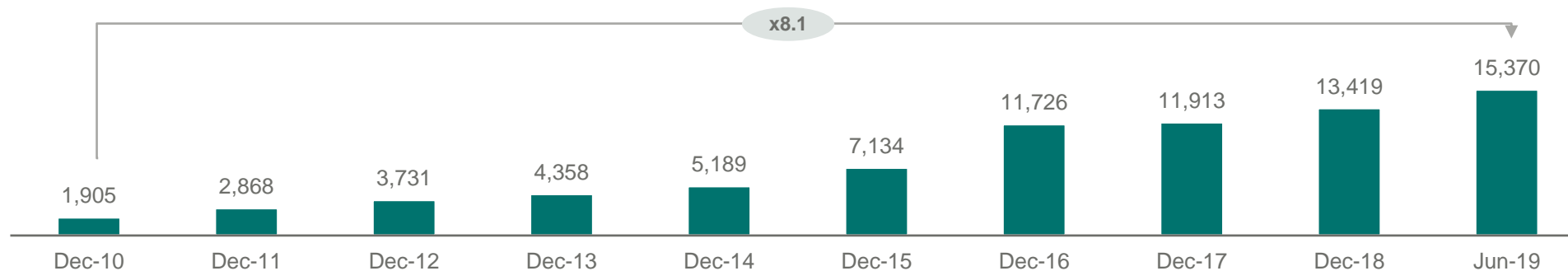
One of the most efficiently managed banks in Africa with consistent >10% RoAE

Strong capital position with CET1 ratio of above 20%

Strong financial performance driven by robust and growing balance sheet profile...

Healthy asset growth...

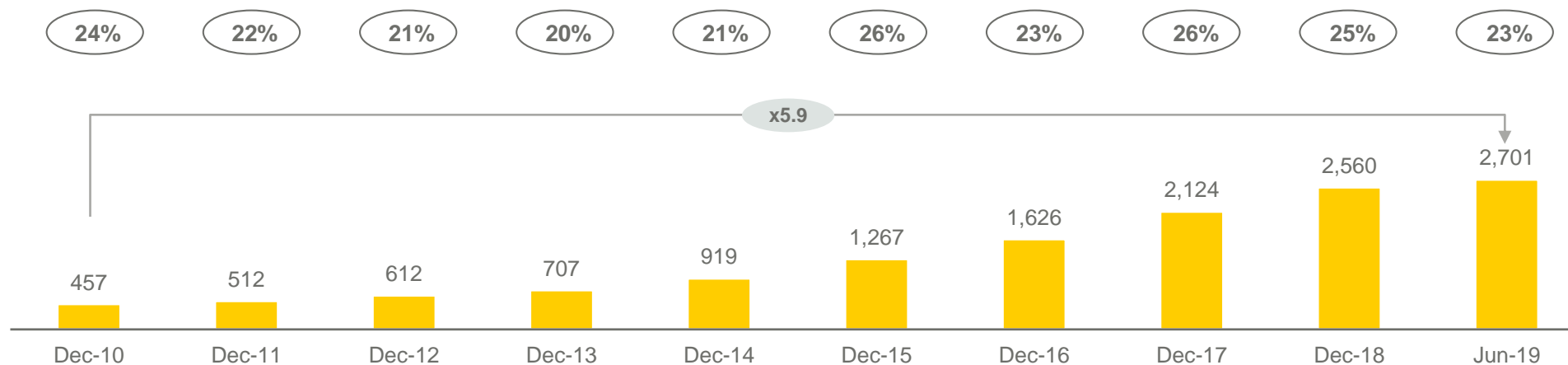
Total assets, US\$mm



... supported by strong capital generation

Shareholders' equity, US\$mm

CAR

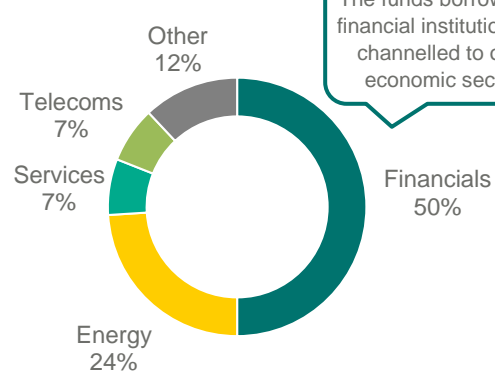
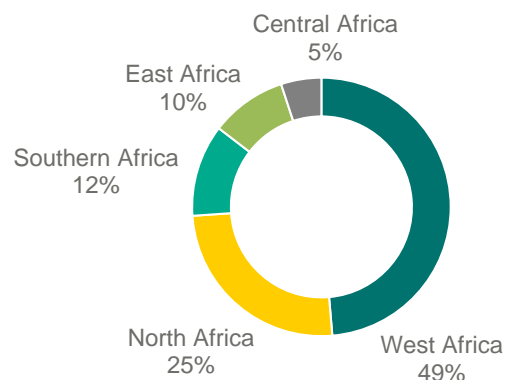


Source: Company information

... with sound asset quality and liquidity...

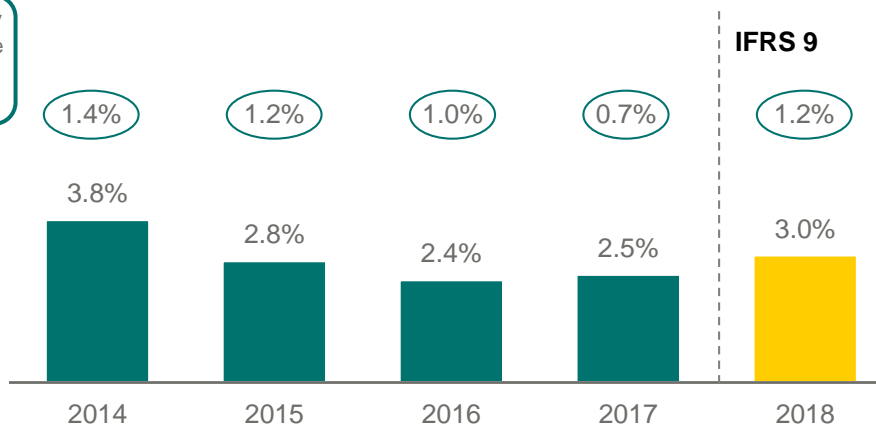
Diversified lending portfolio across countries and industries...

December 31, 2018



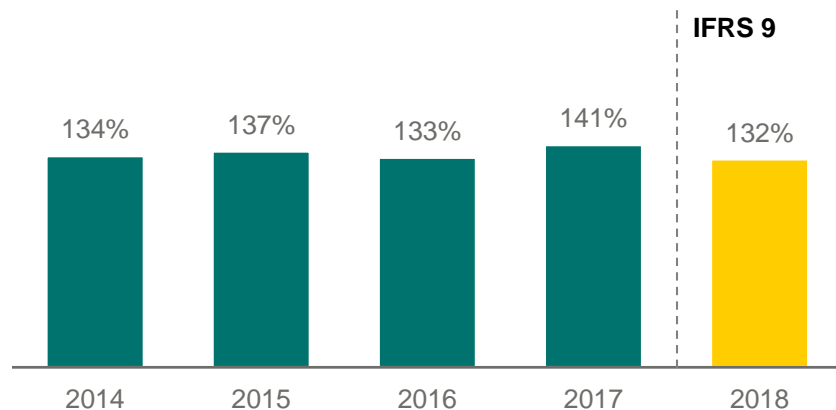
The funds borrowed by financial institutions are channelled to other economic sectors

... with low NPL ratio¹...



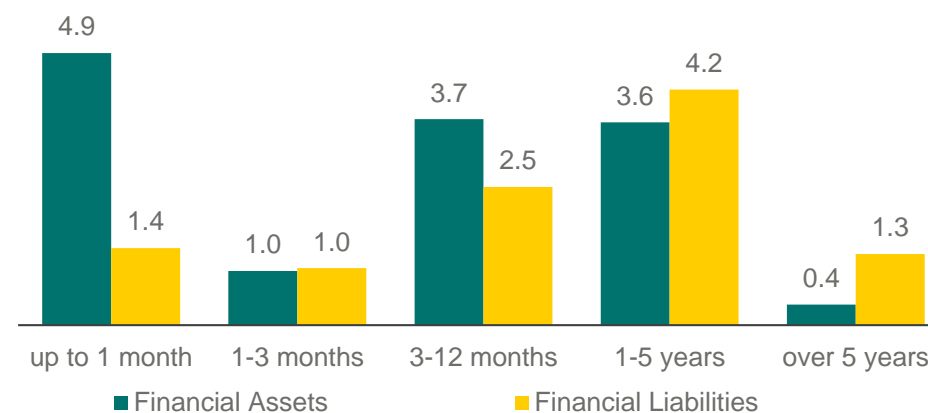
(%) Cost of risk over average net loans

... and strong NPL coverage²



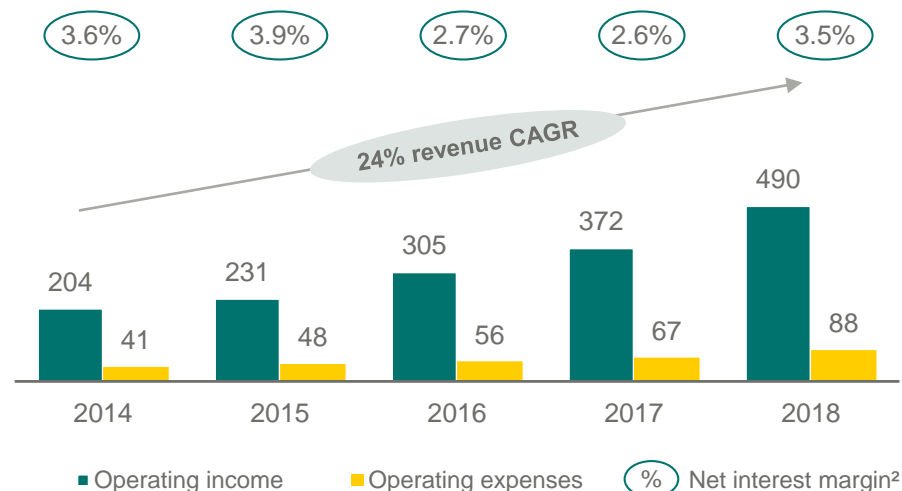
Afreximbank has ample liquidity to cover its liabilities (Dec-18)

US\$bn

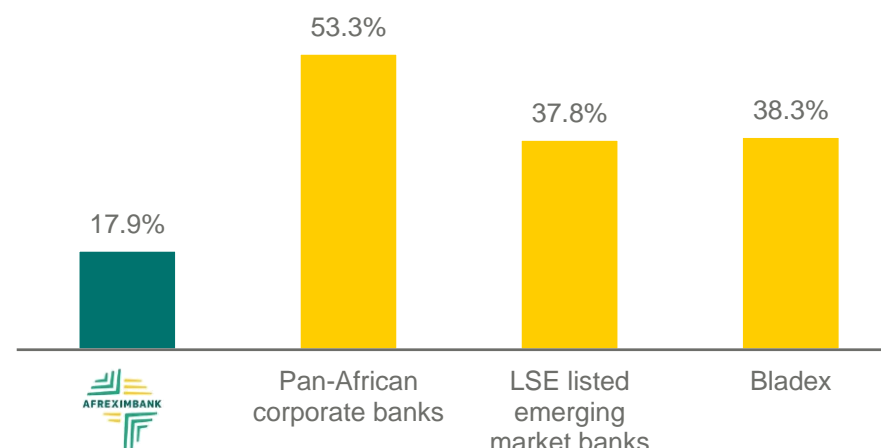


...and consistently delivering double digit profitability and payout ratio

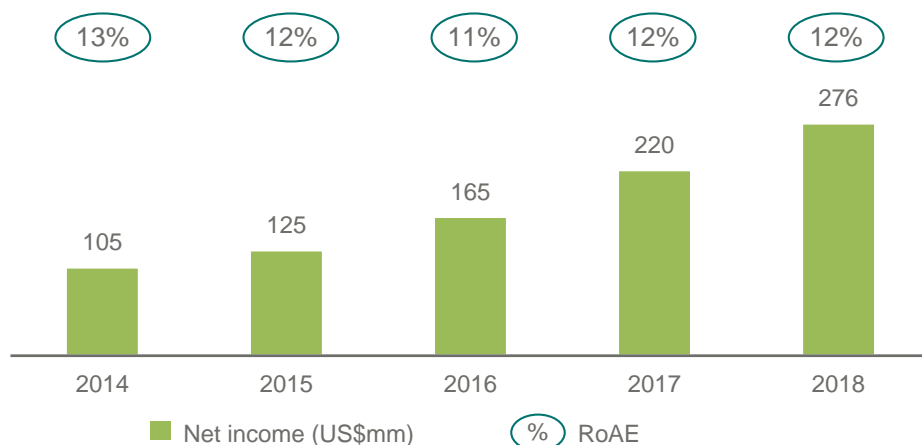
Strong revenue growth...



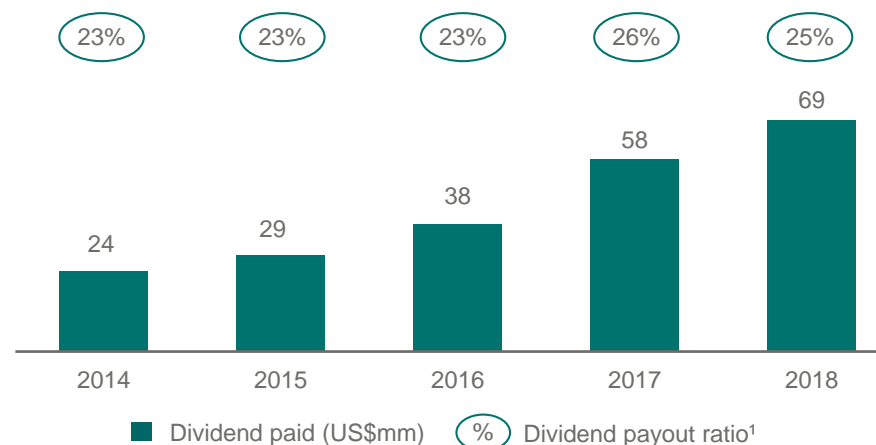
... supported by industry leading Cost / Income ratio (2018)



Solid track record of profitability...



... and consistent distribution of dividends



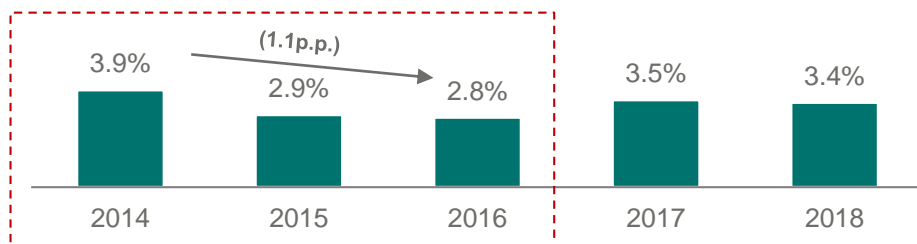
Source: Company financials

Note: Median value is used for the comparison vs. peers. Pan-African corporate banks include Absa, Nedbank, CIB, Banque Centrale Populaire, BMCE, Guaranty Trust Bank, Zenith Bank, Equity Bank, Banque Marocaine, Credit Agricole Egypt, Ecobank Transnational, BIAT, United Bank for Africa, Standard Chartered Ghana. LSE listed emerging market banks include NLB, Halyk Bank, Bank of Georgia, TBC, Atlas Mara. Listed MDBs include Bladex

¹ Dividends distributed from net income / net income; ² Calculated as net interest income over average interest-bearing assets

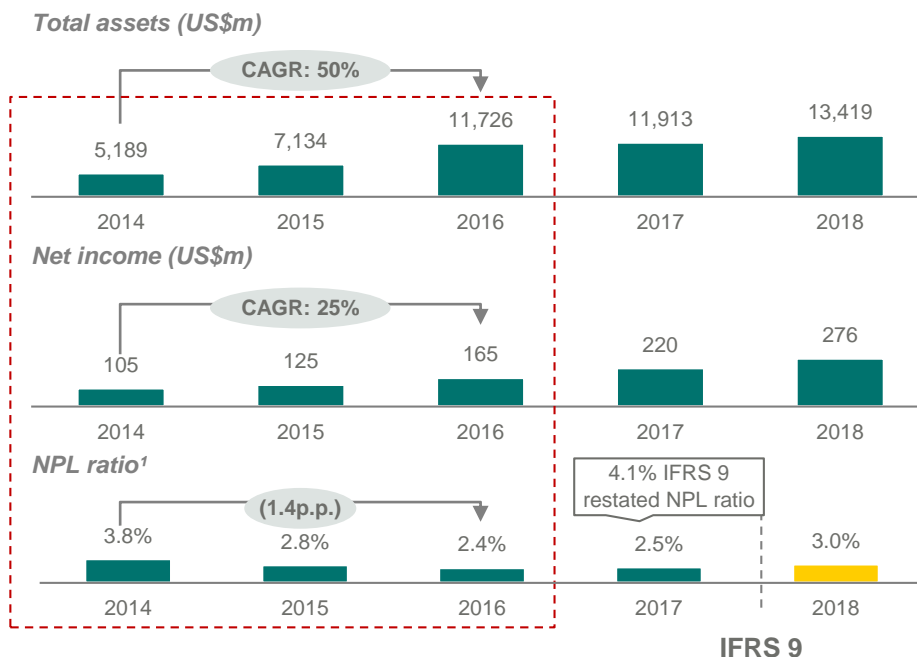
Case study: Afreximbank's intervention and performance through the recent economic downturn

Real GDP growth in Africa



African macro and commodity crisis

Achieving strong & resilient growth despite macro headwinds



IFRS 9

How did Afreximbank do this?

Reactivity

- Due to the 2015 crisis, a new program: the Counter-Cyclical Trade Liquidity Facility ("COTRALF") was set up
- COTRALF was a 2 year emergency facility provided to member countries and aimed at supporting their liquidity

Innovation

- Afreximbank engineered emergency facility under the following objectives:
 - Respond to situations demanding significant trade support from countries
 - Help Central Banks bridge trade finance funding gaps related to international trade payments

Risks managed

- Self-liquidating nature of the financed facilities, high-quality collateral backing and the use of central banks as implementation partners helped mitigate the following risks:
 - Country risk
 - Credit and performance risk
 - Forex risk
 - Assets assailment risk

No NPL increase post COTRALF

Outcome

- Total utilisation reached US\$9.5bn, which have been fully repaid
- This success significantly increased the relevance of Afreximbank, with 10 additional new member countries joining

Source: Company financials, African development Bank Statistics and International Monetary fund

¹ Impaired loans / Total gross loans

Financial targets and medium-term expectation

	2018 target	2018 achieved	Met target?	Medium-term expectation
Loan growth guidance	US\$9.0 – 10.0bn	US\$11.1bn	✓	10% - 15%
NPL ratio	<3.0%	3.0%	✓	3.0% - 4.0%
Net interest margin	>3.0%	3.5%	✓	3.0% - 3.5%
Return on average assets	>2.0%	2.2%	✓	2.0% - 2.2%
Dividend payout ratio	25%	25%	✓	20% - 26%
Capital adequacy ratio	>20%	25%	✓	>20%

Source: Company information



4

Key takeaways

Leading banking franchise at the epicentre of intermediating Africa's trade growth



- 1 Strong secular growth drivers compounded by the impressive African trade dynamics
- 2 Supranational status with a low-risk proposition supported by special privileges and immunities
- 3 Well-established public-private partnership model with strong international strategic alliances
- 4 Achieves long-lasting positive developmental impact via its specific operating model and mandate
- 5 Highly efficient operations driven by the wholesale banking model and the use of trade finance intermediaries
- 6 Strong and liquid balance sheet profile with a solid capital position
- 7 Consistent track record of robust earnings and dividends
- 8 Clearly defined strategy to further strengthen existing leadership in the African trade finance market with key value upsides for Afreximbank

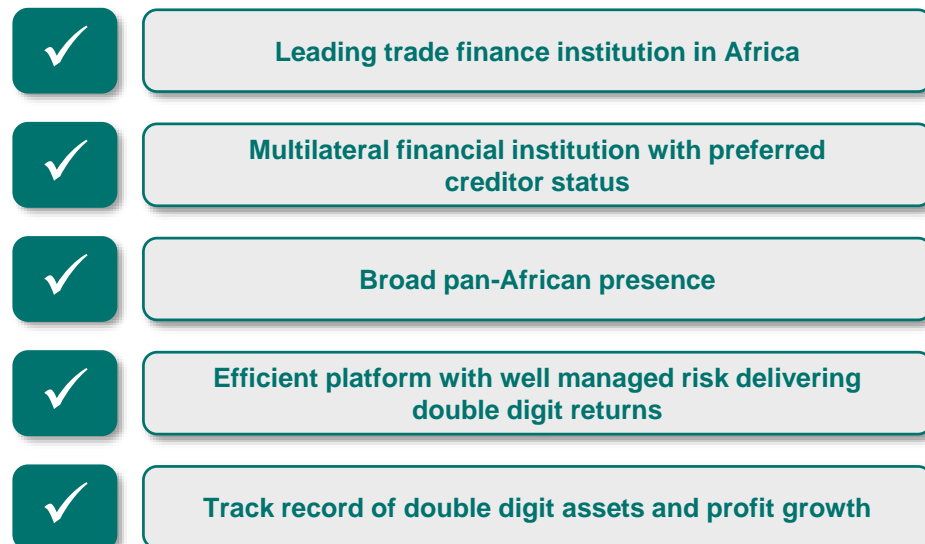


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Appendix

Afreximbank is a pan-African trade finance institution covering 51 out of 55 countries in Africa

Afreximbank snapshot



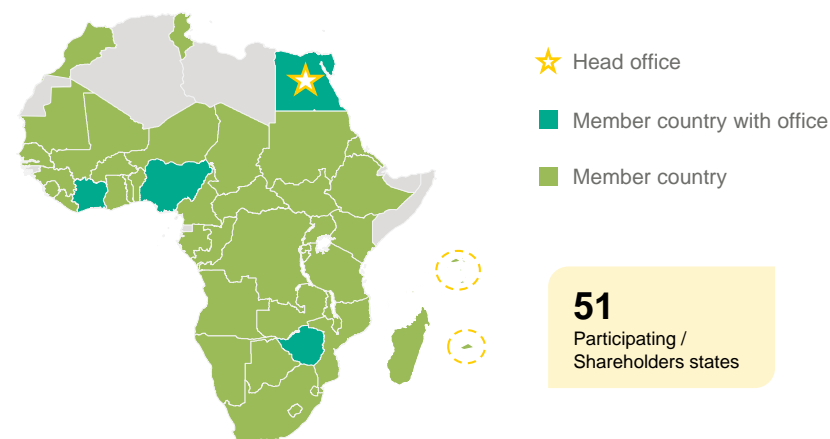
Selected key financials

US\$m	2016	2017	2018	H1'19	CAGR ¹
Balance sheet					
Net loans	10,148	8,546	11,134	11,395	4.7%
Total assets	11,726	11,913	13,419	15,370	11.4%
Shareholders' equity	1,626	2,124	2,560	2,701	22.5%
Income statement					
Operating income	305	372	490	265	20.1%
Net income	165	220	276	138	18.6%
Key ratios					
Net interest margin ²	2.7%	2.6%	3.5%	3.3%	
Cost / Income ratio ³	18.4%	17.9%	17.9%	17.4%	
Cost of risk ⁴	1.0%	0.7%	1.2%	1.6%	
RoAE ⁵	11.4%	11.8%	11.8%	10.5%	
NPL ratio ⁶	2.4%	2.5%	3.0%	3.0%	
CET1 ratio ⁹	22.4%	25.5%	23.9%	21.6%	
CAR ¹⁰	22.8%	25.9%	25.0%	23.0%	

Source: Company information

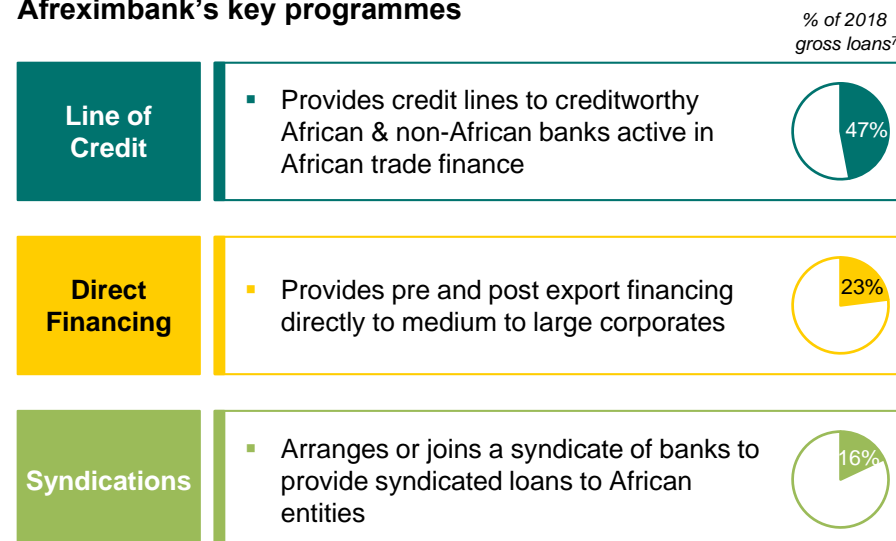
¹ CAGR over 2016 – H1'19 period (CAGR for income statement numbers based on annualised H1'19 numbers); ² Calculated as net interest income over average interest-bearing assets; ³ Calculated as operating expenses over operating income; ⁴ Calculated as loan loss provisions over average net loans; ⁵ Calculated as net income over average equity; ⁶ As reported as of December 31, 2017, restated December 31, 2017 NPL ratio – 4.08%; ⁷ Remaining 12% of gross loans consists of other types of loan products; ⁸ Impaired loans / Total gross loans; ⁹ CET1 ratio is defined as CET1 capital over total risk-weighted assets; ¹⁰ Capital adequacy ratio

Pan-African presence of Afreximbank



Afreximbank aims to include all 55 African nations as participating states

Afreximbank's key programmes



Balance sheet snapshot

	(US\$m)	2015	2016	2017	2018	1H19	CAGR (15-18)
	Cash and cash equivalents	824	1,269	3,215	1,918	3,605	33%
1	Loans and advances to customers	6,061	10,148	8,546	11,134	11,395	22%
	Derivative assets	23	9	4	4	7	(46%)
	Prepayments and accrued income	175	242	82	134	128	(9%)
	Financial investments (HTM)	0	30	30	168	168	
	Other assets	49	28	36	61	67	7%
2	Total assets	7,133	11,726	11,913	13,419	15,370	23%
	Due to banks	2,679	4,051	4,231	5,148	6,110	24%
	Debt securities in issue	1,734	2,091	2,882	3,028	3,029	20%
	Deposits and customer accounts	1,308	3,778	2,149	2,365	3,172	22%
	Other liabilities	146	179	527	318	357	30%
3	Total liabilities	5,866	10,100	9,789	10,859	12,669	23%
	Share Capital	511	734	1,033	1,271	1,300	35%
	Warrants	46	99	92	192	167	61%
	Reserves	354	364	475	594	594	19%
	Retained earnings	355	429	524	503	640	12%
4	Total Equity	1,266	1,626	2,124	2,560	2,701	26%
	Letter of credit	76	245	320	422	1,352	77%
	Guarantees	438	500	377	436	1,281	(0%)
5	Off balance sheet items	514	745	697	858	2,633	19%
4	Capital adequacy ratio	26.0%	22.8%	25.9%	25.0%	23.0%	
	Equity / total assets	18%	14%	18%	19%	18%	
6	NPL ratio	2.8%	2.4%	2.5%	3.0%	3.0%	

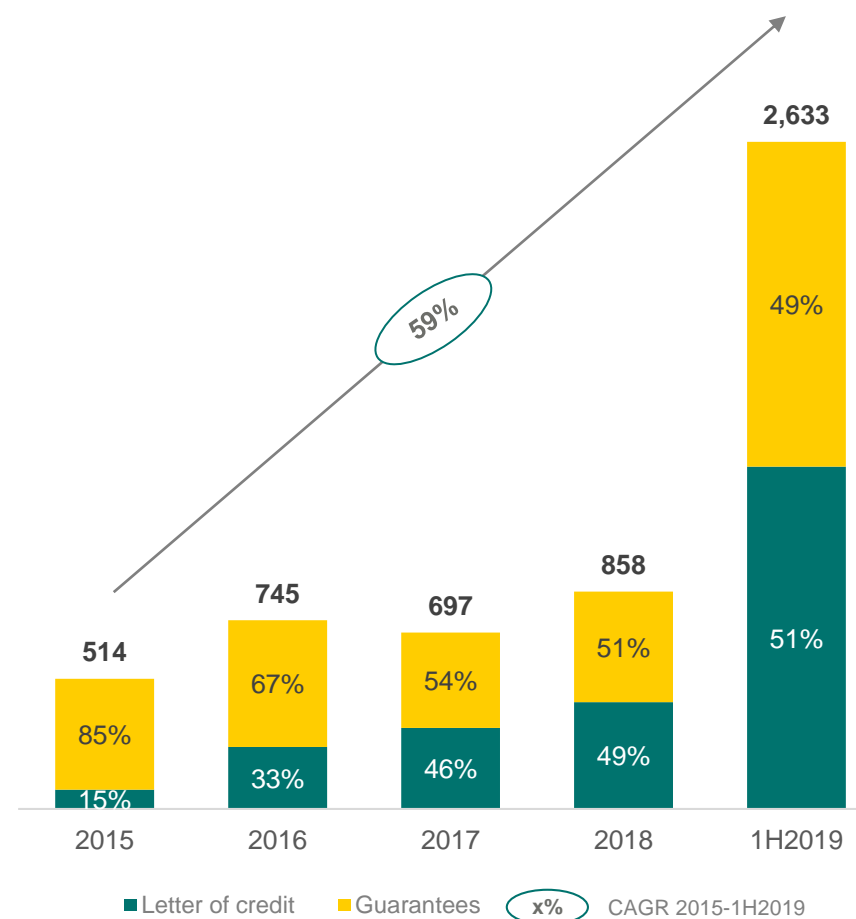
- 1 - Historically delivered strong lending growth of >20% (CAGR 2015-18)
 - Loans and advances to customers declined in 2017 due to winding down of facilities under COTRALF
- 2 - Total assets growth also supported by growth in liquid assets (30%) in addition to loan book growth
 - c.15% asset growth in 1H19 vs 2018, driven by increase in cash balance by US\$1.7bn. Intent to deploy liquidity into lending opportunities in the 2nd half of the year
- 3 - Diversified funding sources continue to support the Bank's lending operations; bank funding accounts for 50% of total funding pool as of 1H19
- 4 - 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%, above target of 20%
- 5 - Growth in off-balance sheet items driven by increased volumes of letters of credit and guarantees issued
- 6 - The Bank has been able to maintain stable asset quality whilst growing the loan portfolio with NPL ratios between 2.4% - 3.0%

Off-balance sheet items

Overview of contingent liabilities

- The Bank enters into off-balance sheet arrangements in the normal course of its business
- These arrangements, which may involve elements of credits in excess of amounts recognised on the balance sheet, primarily include:
 - Credit agreements signed and pending disbursement
 - Letters of credit
 - Financial guarantee of contracts
- These services are normally provided on a fee paying basis
- Credit risk associated with these transactions is minimal on the grounds that the Bank deals exclusively with creditworthy counterparties
- The bank has achieved significant growth in fee income from advisory mandates on off-balance sheet activities such as guarantees
- The year-on-year decrease of 6.5% from 31 December 2016 to 31 December 2017 was primarily due to decrease in guarantees as some facilities expired
- The year-on-year increase of 23% from 31 December 2017 to 31 December 2018 was primarily due to the increase in the overall volume of letters of credit and guarantees issued over the period

Share of contingent liabilities (US\$m)



Income statement snapshot

(US\$m)	2015	2016	2017	2018	1H19 ⁶	CAGR (15-18)
Interest and similar income	372	484	606	709	473	24%
Interest and similar expense	(173)	(211)	(268)	(305)	(229)	21%
Net interest and similar income	199	273	338	404	244	27%
Net fee and commission income	30	30	30	84	20	42%
Other operating income	2	2	4	2	1	(6%)
1 Operating income	231	305	372	490	265	28%
Personnel expenses	(26)	(32)	(39)	(47)	(25)	22%
General and admin expenses	(18)	(19)	(25)	(36)	(18)	27%
D&A expense	(4)	(5)	(3)	(4)	(3)	(0%)
2 Operating expense	(48)	(56)	(67)	(88)	(46)	22%
Other expenses	12	2	(19)	(7)	12	n.a.
Operating profit	195	251	286	395	231	27%
Loan impairment charges	(63)	(83)	(63)	(119)	(93)	23%
Other impairments & accrued income	(7)	(3)	(3)	0	0	n.a.
Profit for the year	125	165	220	276	138	30%
Dividends proposed	29	38	58	69	-	34%
Net interest margin ²	3.9%	2.7%	2.6%	3.5%	3.3%	
Net fee & commission margin ³	0.6%	0.3%	0.2%	0.7%	0.1%	
Cost / income ⁴	20.9%	18.4%	17.9%	17.9%	17.4%	
3 Cost of risk⁵	1.2%	1.0%	0.7%	1.2%	1.6%	
4 Return on average equity (RoAE)	11.5%	11.4%	11.8%	11.8%	10.5%	
Return on average assets (RoAA)	2.0%	1.8%	1.9%	2.2%	1.9%	

Source: Company information

¹ COTRALF – Counter-Cyclical Trade Liquidity Facility

² Net interest & similar income / average interest-earning assets (average over 12 months)

³ Net fee & commission income / average interest-earning assets (average over 12 months)

- 1 - Historically strong revenue growth (c.30% CAGR) on the back of strong underlying asset growth, higher LIBOR rate trajectory and increase in share of advisory related fee income
- 2 - Total operating expenses increased by c.20% driven by growth in professional staff recruitment and various strategic initiatives pursued by the bank
- However, the Bank benefits from operational leverage driving cost to income ratio lower, from c.21% in 2015 to c.17% in 1H19
- 3 - CoR within 2%, with recent trend reflecting one-off impacts due to adoption of IFRS9
- 4 - Historically, consistent delivery of profitability above 11% on the back of improving margins, efficiency and a well managed CoR profile
- Stable dividend payments to shareholders with dividend pay-out ranging between 23% - 26%

⁴ Operating expense / operating income

⁵ Loan loss provisions / average net loans

⁶ 1H19 ratios annualized where applicable