



INVESTOR UPDATE

FIRST QUARTER 2018

RESULTS PRESENTATION

11 MAY 2018

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

Transforming Africa's Trade

Afreximbank Speakers



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Performance Highlights

***Dr. Benedict Oramah – President
and Chairman of the Board***

Performance Highlights

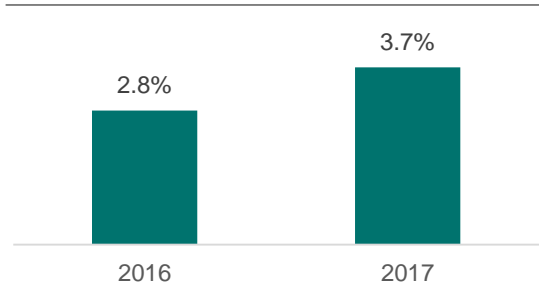
- Strong interest income: US\$ 150m in first quarter (Q1-2017: US\$145m)
- Solid Shareholders' Funds of US\$2.2bn (FY-2017: US\$2.1bn)
- Basic Earnings per share of US\$1,364 (14 cents per DR)
- Improving Net Interest Margin of 2.9% (Q1-2017: 2.8%)
- Liquidity Ratio of 29.7% (FY-2017: 27%)
- Increased net asset value per share: US\$46,187 (\$4.6 per DR)

Economic Environment

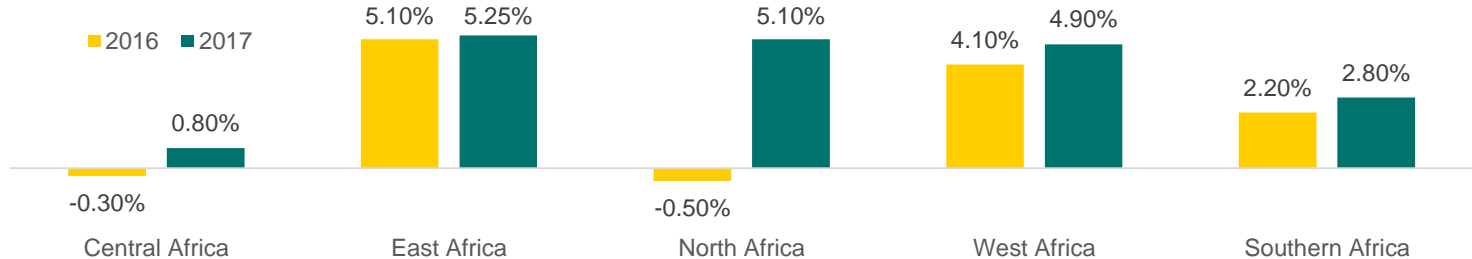
***Dr. Hippolyte Fofack – Chief
Economist***

Resilience of African economies

Africa's GDP Growth, %



GDP Growth – African Regions, %



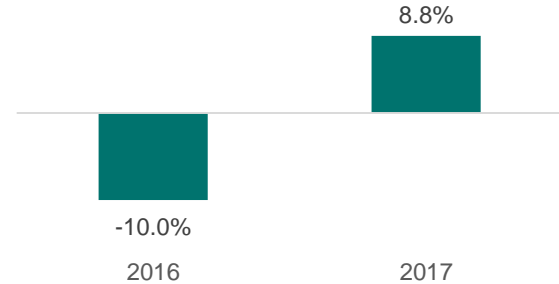
- Africa's GDP is estimated to have grown by 3.7% in 2017 from 2.8% recorded in 2016.
 - Africa's growth was supported expansion across all regions and particularly strong growth in three regions: East, North and West Africa..
 - East Africa, North Africa and West Africa grew their respective economies by 5.25%, 5.1% and 4.9% in 2017.
- The resilience is supported by a number of factors, including (i) **synchronized global growth acceleration**, (ii) **Improvement in commodity terms of trade**, (iii) **continued diversification of sources of growth and trade**, (iv) growing cross-border investment, (v) increased infrastructure expenditure, (vi) continued expansion of service sectors especially banking and telecommunications, and (vii) **effectiveness of counter-cyclical policies and macroeconomic reforms**;

Source: IMF, World Bank, Afreximbank Research

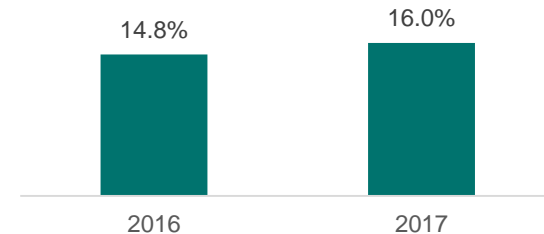
Africa's Trade Performance

- The value of global trade grew by 10.4% in 2017 after a 2.9% decline in 2016, to reach US\$35.3 trillion;
- Consistent with gradual strengthening of the global economy, continued tightening of trade links between major developing economies in the South and Africa, and the steady recovery in global commodity prices, the value of the region's total merchandise trade rose by about 2.1 percent to US\$833 billion in 2017;
- Africa's merchandise exports grew by 2.3 percent after contracting 15.7 percent in 2016 while merchandise imports which also recovered grew by 1.9 percent in 2017, compared to a 24 percent contraction in 2016;
- Intra-African Trade grew by 8.83 percent in 2017 while extra-African trade grew by 0.9 percent. The much stronger acceleration of intra-African trade suggests that the recovery of overall African trade was largely driven by intra-regional trade dynamics. As a share of total African trade, intra-African trade reached 16 percent in 2017, compared to 14.8 percent in 2016;
- The ratification and implementation of the African Continental Free Trade Area (AcFTA) Agreement signed in March 2018 will help sustain African trade and drive the process of industrialization and structural transformation of African economies;

Intra African Trade Merchandise Growth, %



Intra-Africa Trade / Africa Trade, %



Source: IMF, World Bank, Afreximbank Research

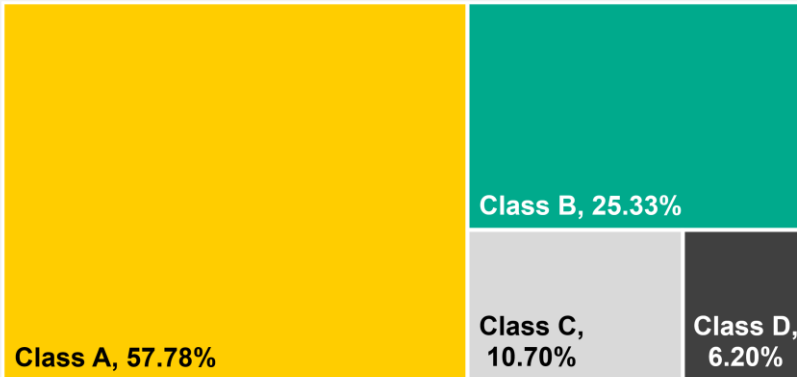
Capital and Shareholding Structure

***Dr. George Elombi – EVP
Governance, Legal and Corporate
Services***

Capital and Shareholding Structure

*"Afreximbank has a diverse shareholder base, with **146 shareholders from over 40 countries**"*

Shareholding Structure, by Class



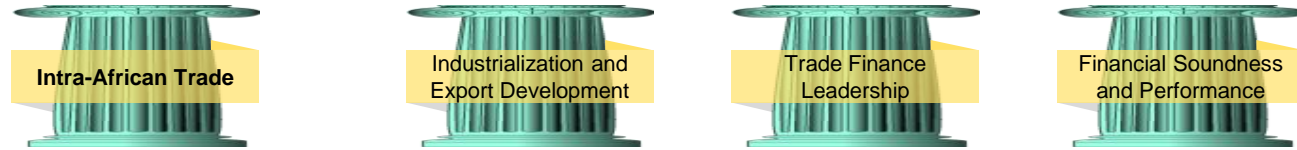
- The Bank's share capital is divided into four classes (Class A, B, C and D). Currently, these classes of shares can only be allotted as follows:
 - **Class A Shares (45 shareholders):** African governments and/or their central banks, the African Development Bank, African continental, regional and sub-regional financial institutions and economic organizations.
 - **Class B Shares (86 shareholders):** African national financial institutions and African private investors.
 - **Class C Shares (14 shareholders):** International financial institutions and economic organizations, non-African financial institutions and non-African private investors.
 - **Class D Shares (1 shareholder):** Any entity or person, whether or not falling within one of the above classes. The only shareholder here facilitated the issuance of our Depository Receipts.

Strategy Highlights

***Dr. Robert Ochola – Director,
Strategy and Innovation***

Our Strategy is aimed at Transforming Africa

The Fifth Strategic Plan was launched in December 2016 and will focus on four broad areas



Strategic Initiatives (2017 – 2021)

- Focus on core themes of Create, Connect, and Deliver to promote and finance Intra-African Trade (“IAT”)
- Coordinate the key players in intra-Africa trade.
- **Core Targets:**
 - Increase IAT volume by more than 50% by 2021
 - Increase IAT share of total trade to 22%
 - Grow the IAT portfolio to USD3bn by 2021
 - Support growth of IAT by financing 5% of total intra-African trade
 - Grow IAT financing volumes by 49% (y-o-y)

- **Catalyse:** Promote infrastructure developments
- **Produce:** Finance and support activities that improve production quality and efficiency
- **Trade:** Facilitate trading through financing and supporting institutions that provide market access
- **Core Targets:**
 - Support the development industrial parks and Special economic Zones
 - Launched AFGAP
 - Setup FUNFED
 - Increase financing of manufactured exports and services by 10%
 - Improve EXDE value addition by 32%

- Financial and non-financial interventions to bridge the gap created by reduced activities or limitations of international banks
- **Financial:** Expand existing trade finance products as well as innovate
- **Non-financial:** Focus on improving the capacity of Africans in the area of trade finance
- **Core Targets:**
 - Finance 7% of Africa’s total trade annually
 - Finance 1% of Africa’s manufactured exports

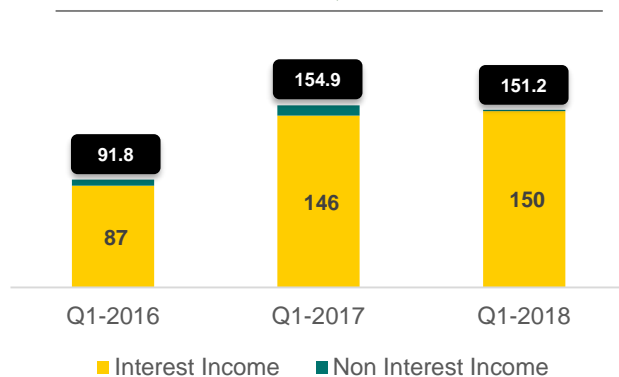
- Ensure the requisite size and financial soundness to be able to meaningfully impact African trade
- **Core Targets:**
 - Achieve USD3.5bn capitalization by 2021
 - Mobilize US\$1billion fresh equity
 - Maintain a ROE of 11%
 - Maintain a minimum capital adequacy ratio of 20%
 - Keep cost to income ratio lower than 30%

Review of Financial Results

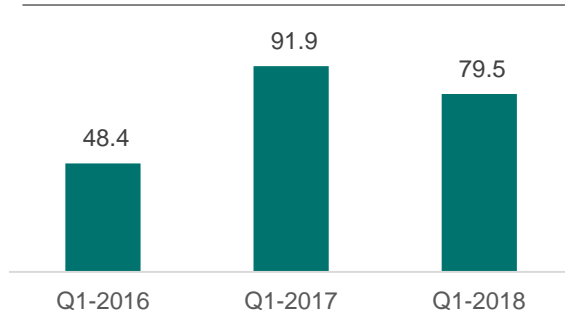
***Mr. Denys Denya – EVP Finance,
Admin and Banking Services***

Review of Income

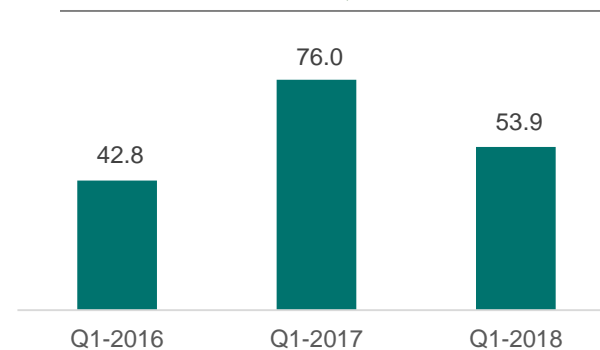
Gross Income, US\$ million



Operating Income, US\$ million

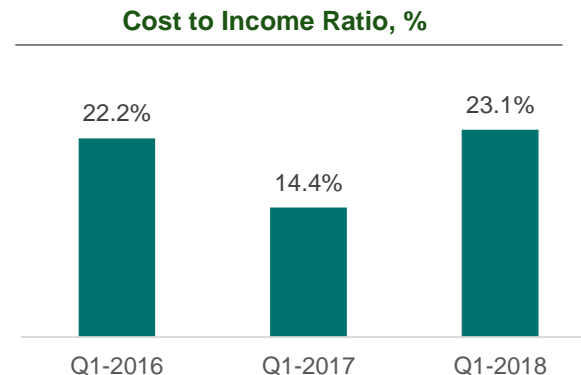
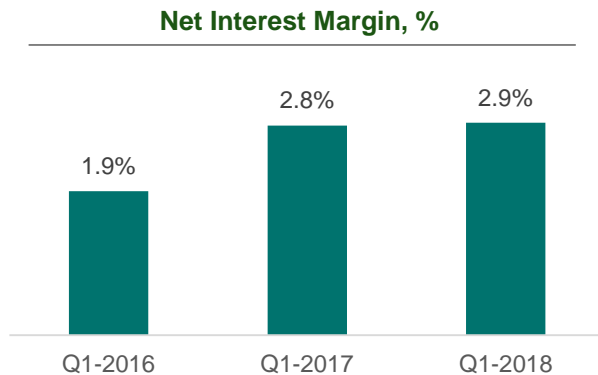


Net Income, \$million



- Gross income of \$151million was generated in the first quarter of 2018 (Q1-2017: \$155million). Decline resulted from lower fee income.
- Operating income dipped to \$80million due to lower fee income and higher interest expense (higher weighted average cost of funds).
- As a result, net Income for the period was \$54 million (\$76 million in 2017). This was due to lower operating income and higher OPEX (increased headcount, business development expenses).

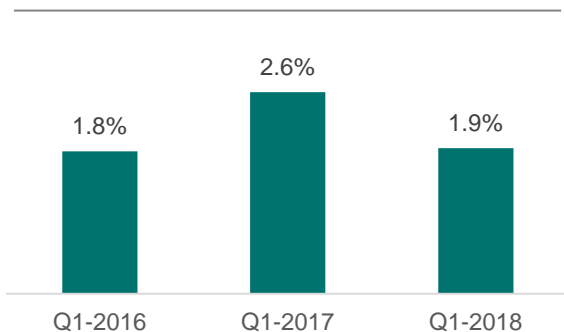
Review of Operating Efficiency



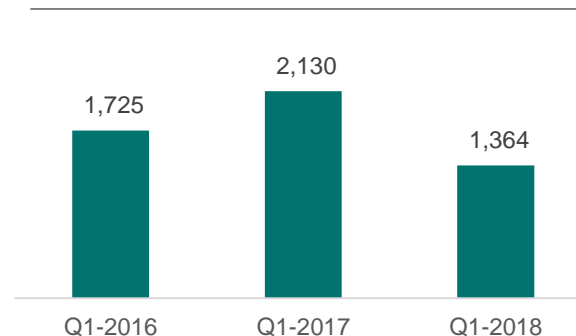
- Net interest margin was 2.9% in 2018 (2017: 2.8%), due to the replacement of COTRALF with new facilities that attract higher interest margins.
- Low cost to income ratio levels was maintained at 23%, Compared to last year, cost to income ratio increased as a result of 38% increase in operating costs to \$18.4 million and 14% decline in operating income to \$79.5million..

Analysis of Shareholders' Return

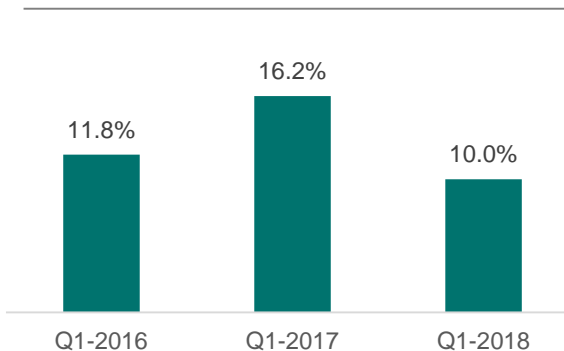
Return on Average Assets, %



Basic Earnings Per Share, \$



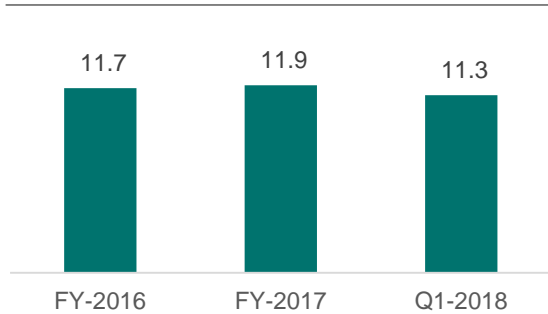
Return on Average Equity, %



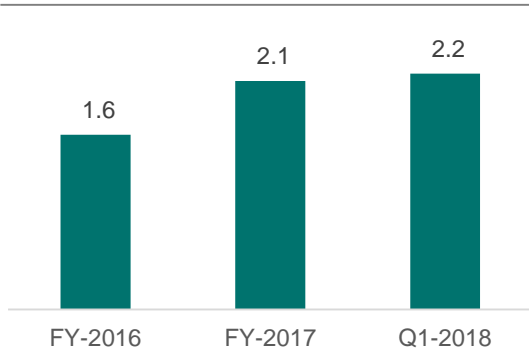
- Return on Average Assets was 1.9% in 1Q2018 (1Q2017: 2.6%), while Return on Average Equity was 10% (lower than 16.2% recorded last year) .
 - ROAA and ROAA declined due to lower revenues, higher cost/income and fair value loss on derivatives, now accounted for in income statement..
- Basic EPS of \$1,364 equivalent to 14 cents on each DR. EPS is expected to increase in subsequent quarters as business conditions and income improve.

Strong and Liquid Balance Sheet Position

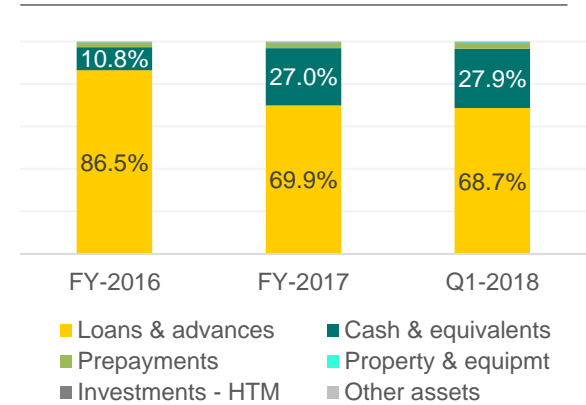
Total Assets, \$billion



Solid Equity Base, \$billion



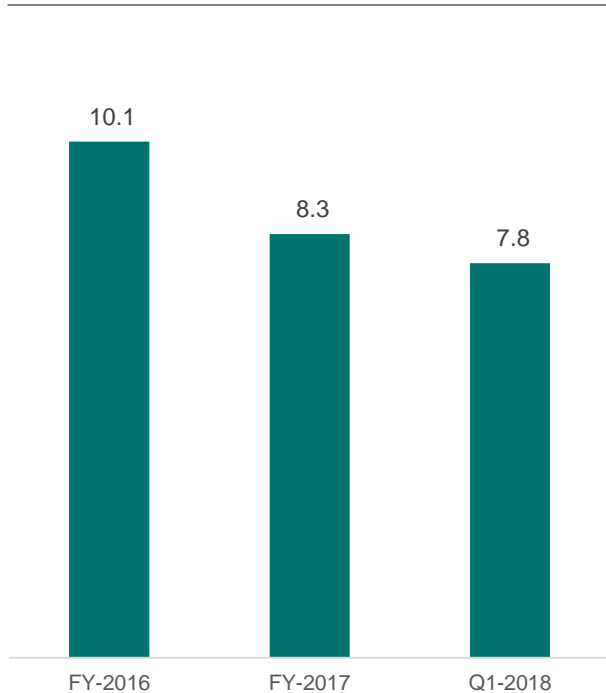
Asset Composition, %



- Our total assets remained stable at \$11.3 billion (FY2017: \$11.9 billion). Reduction is explained by decline in average gross loan book during the quarter.
- About 69% of assets are loans and advances (FY2017: 70%), while cash constituted 28% (FY2017: 27%). Cash position increased due to repayment of COTRALF facilities
- Shareholders' funds increased to \$2.2 billion in the first quarter due mainly to profit retained in the first quarter.

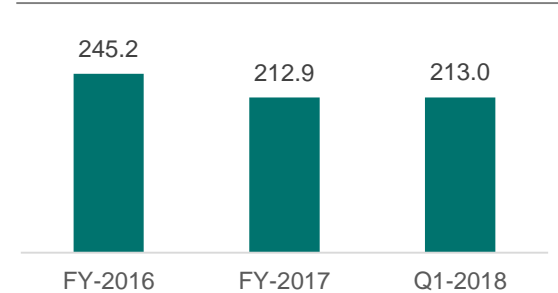
Temporary Decline in Loans due to COTRALF

Loan Book, \$billion



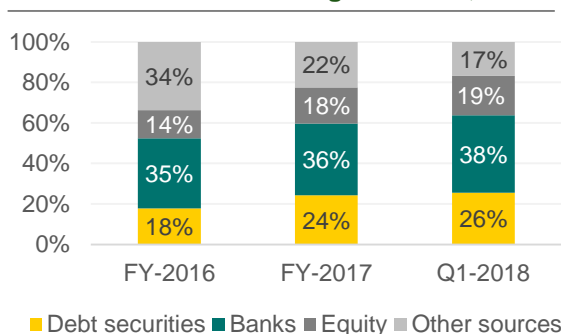
- Loan balance as at March 2018 was \$7.8 billion (FY2017: \$8.3 billion). The further decline resulted from additional repayments (\$1.1billion) under the COTRALF programme, while disbursements were lower (\$0.48billion)
- The Bank expects that loan book will grow during the year due to the good pipeline of deals awaiting approval.
- Value of impaired loans was stable at \$213million in Q1, despite a decline in average gross loan balance.

Impaired Loans, \$million

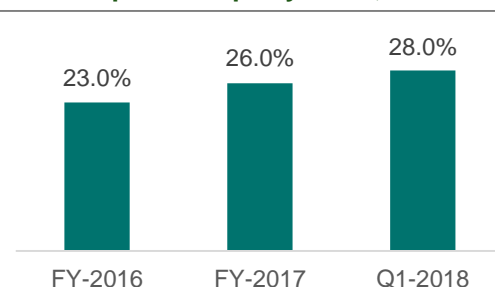


Funding, Liquidity and Capital Adequacy

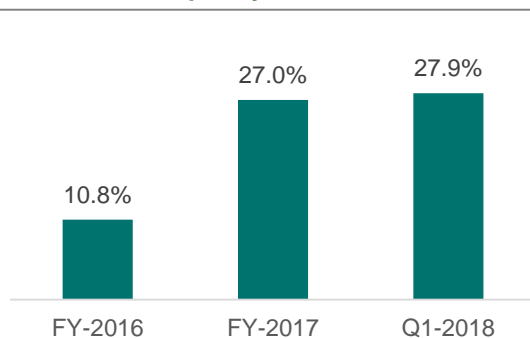
Balance Sheet Funding Structure, %



Capital Adequacy Ratio, %



Liquidity Ratio, %



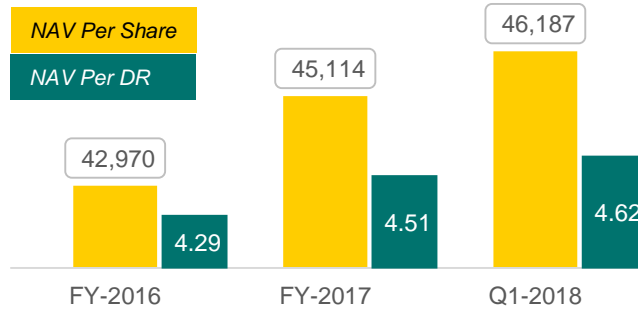
- The structure of our balance sheet remains diversified, as the Bank continues to harness Africa
- Funding from other sources represent deposits under the Bank's Central Banks' Deposit (CENDEP) Programme.
- Liquidity ratio of 28% was mainly driven by increased cash position during the quarter to fund expected disbursements in 2018.
- Afreximbank achieved a strong capital adequacy ratio of 28% in the first quarter. The ratio increased on the back of higher capital base and lower total risk weighted assets.

Investment Case

***Mr. Mhamed Laraqui – Senior
Manager, Equity Mobilisation and
Investor Relations***

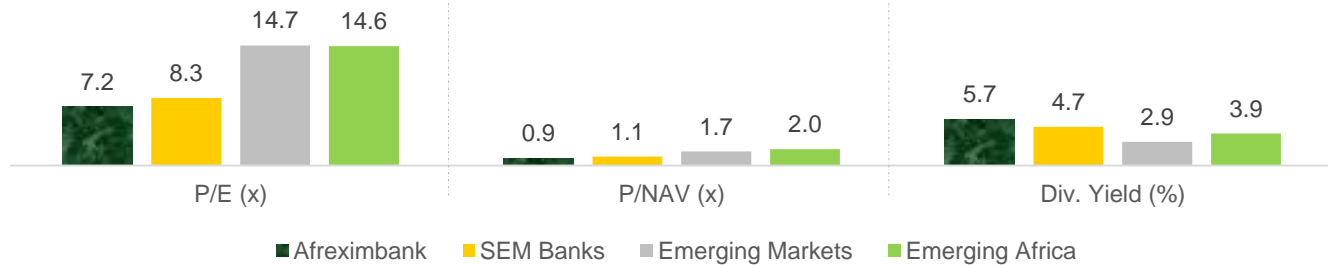
Afreximbank's DRs Remain Compelling

Growing Net Asset Value Per Share / DR, \$



- In the first quarter of 2018, Afreximbank has grown its NAV per share by \$1,073 in the first quarter of 2018. NAV/share now \$46,187.
- Valuations of the DRs are fair compared to Banks listed in Mauritius:
 - P/NAV of 0.9x is a discount to valuation for emerging market securities and SEM Banks.
 - Dividend yield of 5.7% is higher than what SEM Banks and Emerging Market securities offer

Comparison with SEM and Emerging Market Peers



Source: SEM, Bloomberg and Star Capital

Conclusion and Outlook

***Dr. Benedict Oramah – President
and Chairman of the Board***

Outlook for 2018

Financial Parameter	FY-2017	FY-2018
Total Assets (US\$ billion)	11.9	12.0
Loans and Advances (US\$ billion)	8.3	9.0 – 10
Net Income (US\$ million)	220.5	230 – 250
Return on Average Assets (ROAA)	1.9%	1.7% – 2.0%
Return on Average Equity (ROAE)	11.8%	10% – 12%
Capital Adequacy Ratio (CAR)	26%	Over 20%

Q & A

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