



AFRICAN EXPORT-IMPORT BANK

ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

DIRECTORS' COMMENTARY

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.

GENERAL INFORMATION

African Export-Import Bank (the Bank) is a multilateral trade finance institution, established in October 1993. It commenced 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), Kampala (Uganda) and is currently setting up a regional office in Central Africa in Yaoundé (Cameroon). 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, companies and private investors), class C (non-African institutions) and class D (any investor). Classes A, B and C shares are partially paid upon subscription (40%) while class D shares are fully paid. Class D shares were created in 2012 to facilitate the Bank's entry into the equity capital market. In October 2017 the Bank listed Depository Receipts backed by class D shares on the Stock Exchange of Mauritius.

REVIEW OF FINANCIAL PERFORMANCE

INTRODUCTION

The financial statements of the Bank for the half year ended 30 June 2020 include Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and the accompanying notes. This review discusses the Bank's financial statements for this period, paying attention to factors that influenced the outcome.

STATEMENT OF COMPREHENSIVE INCOME

Operating Environment

The outbreak of COVID-19 was first reported in December 2019 and by early March 2020 the World Health Organisation (WHO) had declared it a pandemic. Governments the world over, took measures aimed at containing the spread of the virus which measures led to significant contraction in economic activities. The Bank report its half year, 2020 financial results under this dark shadow cast by the COVID-19 pandemic. The economic impact of the COVID-19 pandemic has been severe. The African economy is expected to contract for the first time in 25 years. The pandemic has had a sudden and profound impact on global markets. Business operations across Africa and the world have also been negatively impacted in various ways, including supply chain disruptions and shortages of essential goods and services. The most affected sectors include oil and gas, aviation, transport and tourism, education, entertainment, electronics, consumer and luxury goods.

To assist the African continent in managing the impact of COVID-19 pandemic, the Bank launched a Pandemic Trade Impact Mitigation Facility (PATIMFA) aimed at supporting African sovereigns, commercial banks and the corporates in meeting trade debt payment

obligations, maintaining access to international trade finance, facilitating the procurement of COVID-19 containment materials, food and agricultural input as well as promoting manufacturing of medical and health care products within Africa. As at 30 June 2020, the Bank had disbursed in excess of US\$3.5 billion under this PATIMFA. In line with the Bank's operating model, these facilities were generally highly secured. Facilities issued under PATIMFA have been the main driver of the growth in the loan book from US\$12.03 billion as at 31 December 2019 to US\$15.21 billion as at the end of June 2020.

In response to the deteriorating economic conditions during the period, the Bank took a number of steps to enable it to deal effectively with the emerging challenges, such as instituting working from home arrangements across all its offices, ensuring availability of adequate liquidity and reviewed its loan portfolio with a view to assessing vulnerabilities. On the basis of extensive reviews performed and the Bank's vast experience in managing episodic shocks, the quality of the portfolio of Loans and Advances remained satisfactory as at 30 June 2020. The Bank, through its Loan Quality Committee (LQC), is actively, and with notable success, proactively implementing measures to ameliorate the effects of the pandemic on the Bank and its clients' operations. Where necessary, the Bank is taking a more conservative approach in assessing forward looking information in line with IFRS 9: "Financial Instruments" to ensure that adequate provisions are held on the loan portfolio.

The Bank also actively engaged with African Union for the mobilisation of resources to support the implementation of Continental Strategy Against COVID-19. A grant in an amount of US\$3 million was made available to complement the net amount of US\$3 billion committed under PATIMFA. A significant amount of the grant was channelled to the COVID-19 Special Fund, created by the African Union (AU), and the African Center Disease Control (Africa CDC).

Financial Results

Notwithstanding the challenging operating environment, the Bank's financial performance for the six months period ended 30 June 2020 remained solid. The Directors are pleased to report that the unaudited financial performance for the period was ahead of the results reported for 30 June 2019 and in line with expectation.

The Bank achieved a 10% growth in net income year on year, amounting to US\$150.75 million (2019: US\$137.63 million). The major driver was the strong growth in net fee and commission income, which rose by 134%. Net Interest income closed the period at US\$285.71 million (2019: US\$243.93 million), a significant increase in a declining interest rate environment.

In line with expectation, the Bank achieved a Return on Average Equity (ROAE) of 10.35% (2019: 10.46%) and a Return on Average Assets (ROAA) of 1.78% (2019: 1.90%) for the six months period ended 30 June 2020, reflecting the impact of the PATIMFA facilities disbursed towards the end of the period.

The Bank's Capital Adequacy Ratio remained strong at 23%

(31 December 2019: 23%) in line with the Bank's Capital Management Policy targets. A more detailed analysis of the Statement of Comprehensive Income is presented below.

Net Interest Income and Margin

Net interest income for the six months ended June 2020 grew by 17%, reaching US\$285.71 million (2019: US\$243.93 million) largely due to the decline in Interest expense which closed the period at US\$180.10 million compared to US\$221.41 million reported for the same period in 2019. The decrease in Interest expense was as a result of a decline in the average cost of funds which was positively impacted by a combination of a general downward trend in market interest rates and a cost-effective funding mix.

The Bank's Net Interest Margin (NIM) stood at 3.68%, compared to prior year level of 3.28%. The NIM for the Bank remains satisfactory and is in line with expected average yields achieved on the Bank's interest-bearing assets.

Non-Interest Income

Fee and commission income amounted to US\$53.03 million for the half year 2020, an increase of 117% compared to US\$24.74 million recorded during the same period in 2019. This increase was driven by strong growth in Advisory fee income, which grew by 141% to close the period at US\$41.61 million (2019: US\$17.23 million). In addition, Guarantee fee income at US\$6.74 million (2019: US\$2.41 million) grew by 179%, in line with the strategic thrust of the Bank to grow this line of business by focusing on driving the Bank's guarantee programme.

Operating Expenses

Total operating expenses increased by 19% reaching US\$55.04 million (2019: US\$46.07 million). The increase was mainly driven by staff costs which grew by 25% to reach US\$31.69 million (2019: US\$25.35 million) due to implementation of planned increase in staff numbers to strengthen organizational capacity. The Bank's administration expenses increased by 5% to US\$19.33 million, from US\$18.34 million recorded for June 2019 period. Depreciation and amortisation expenses increased by 69% mainly due to the acquisition of new information technology (IT) related software and equipment, in line with the Bank's strategic drive to enhance automation of its processes and activities in a bid to continuously improve operating efficiency levels.

Although Operating Expenses increased by 19% during the period under review compared to prior year, the Bank's Cost to Income ratio declined to 16% (2019: 17%) on account of significant revenue growth. The achieved ratio remained satisfactory and relatively lower compared to industry averages.

EXPECTED CREDIT LOSSES (PROVISIONS) ON FINANCIAL INSTRUMENTS

The short-term impact of COVID-19 has resulted in widespread reduction in commercial activities, significant volatility in asset prices, interest and foreign exchange rates, as well as physical disruption to global supply chains and working practices. The sudden and profound economic and social impact of the COVID-19 pandemic prompted a revision of the global economic outlook which necessitated a review of the Bank's assumptions on expected credit loss (ECL), particularly with respect to Forward Looking Information (FLI).

The Bank's key assumption on the economic outlook incorporated in the estimation of ECL as at 30 June 2020 is that socio-economic disruptions alluded to earlier are likely to be of a temporary nature and will be alleviated by large scale Government interventions. The negative impact of the pandemic has, however, inevitably resulted in increased credit risk and Management of the Bank has reflected this by means of an ECL overlay. The overlay has been applied across all customers, both at an individual and portfolio level. This overlay will

be evaluated continuously in line with the perceived risks.

The resultant charge to Statement of Comprehensive Income amounted to US\$136.28 million as at 30 June 2020 compared to a charge of US\$93.17 million recorded during the same period last year. The Bank's level of Non-Performing Loans (NPLs) at 3.47% (31 December 2019: 2.78%) was within the acceptable strategic upper limit of the Bank at 4%.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position shows the position of the Bank's assets and liabilities as well as its Net Worth or Shareholders' Funds at the reporting date. A detailed discussion of assets and liabilities with respect to the half year period ended 30 June 2020 is presented hereunder.

Assets

The Bank's total assets increased by 34% from US\$14.44 billion as at 31 December 2019, to US\$19.35 billion as at 30 June 2020. The increase in Total Assets was largely driven by a 76% increase in Cash and cash equivalents which, as at 30 June 2020 amounted to US\$3.91 billion compared to US\$2.23 billion as at 31 December 2019. The high liquidity level was necessary to deal with the uncertainties occasioned by COVID-19 pandemic. Loans and advances grew, on a net basis, by 26% to close the period at US\$15.20 billion, underpinned by disbursements of PATIMFA related loans which were needed to support the effort on containing the consequences of the pandemic.

The increase in Cash and cash equivalent balances resulted in the Bank closing the period with a healthier Liquid Asset to Total Assets ratio of 20% compared to 15% recorded as at 31 December 2019. The Bank has adequate liquidity to fund the planned disbursements in the second half of the year and beyond to ensure that targeted annual business volumes are achieved, while maintaining a sound liquidity position.

Liabilities

Total liabilities of the Bank increased from US\$11.64 billion recorded as at 31 December 2019 to US\$16.33 billion as at 30 June 2020. The change in total liabilities position was mainly as a result of a 108% increase in Deposits and customer accounts on the back of an increase in customer deposits held as part of the structural elements under the PATIMFA lending arrangements. The Bank's borrowing balances (Due to Banks and Debt securities in issue) increased by 20% from US\$8.31 billion in December 2019 to US\$10 billion in June 2020 as the Bank raised additional funding in order to fund the growth in loan assets and as a precautionary measure given the current market uncertainties occasioned by the pandemic.

The increase in liabilities was necessary in order to enhance liquidity to support the Bank's expected business growth. As at 30 June 2020 total borrowings accounted for 61% of the Bank's liabilities compared to 71% recorded as at 31 December 2019. As at 30 June 2020 and 31 December 2019 Deposits and customer accounts accounted for 27% and 18% of total liabilities, respectively.

SHAREHOLDERS' FUNDS

The Bank's Shareholders' Funds rose by 11% to reach US\$3.02 billion as at 30 June 2020 from US\$2.80 billion as at 31 December 2019. The strong capitalisation of the Bank reflects solid support by existing shareholders and continued strong internal capital generation capacity. The Bank's callable capital, which has been credit enhanced as part of the Bank's capital management strategy, amounted to US\$1.18 billion as at 30 June 2020 (2019: US\$ 911 million).

STATUS OF STRATEGIC INITIATIVES

Implementation of Afreximbank's Africa Trade Gateway, a technology ecosystem of a number of technology driven initiatives, including the MANSA platform, the Pan African Payment and Settlement System (PAPSS), Trade information Portal (TIP), The Trade and Investment Regulations Platform (TRIP) and Corporate Internet Banking were slowed down due to restricted movements and lockdowns occasioned by COVID-19. Nonetheless, other aspects of the projects requiring less physical movements and contacts, continued unabated. Upon full implementation, these initiatives will transform the Bank into a digital Bank of the Future. The digital platforms together with the Managing General Agency (MGA) initiative, intended to generate insurance brokerage fees on deals originated by the Bank, as well as fees to be earned from implementation of the African Collaborative Transit Guarantee Scheme, will drive and augment the Bank's fee income.

CONCLUSIONS AND OUTLOOK

Despite the prevailing uncertainties in the operating environment due to the impact of the COVID-19 pandemic, the performance of the Bank for the six months period ended 30 June 2020 was better compared to the same period last year. The quality of the Bank's portfolio of Loans and Advances remained sound. In line with expectation, the Bank closed the period with a healthy financial standing reflected in satisfactory profitability levels, health liquidity and strong capital levels to support both existing and future business volumes.

In the context of the current challenging operating environment due to recent and rapidly evolving adverse effects of the COVID-19 outbreak, Management is confident that the reported solid financial position, together with the robust strategic measures put in place to proactively manage the adverse COVID-19 induced effects, provides a strong foundation for the business going forward. The Bank will continue to focus on maintaining a delicate and guarded balance between profitability, liquidity and safety, with the goal of maintaining a decent net interest margin and delivering a profitable and sustainable growth and quality assets.

NET ASSET VALUE ("NAV")

The NAV per share at 30 June 2020 amounted to US\$54,793 (2019: US\$52,648), equivalent to U\$5.5 (2019:US\$5.3) per Depository Receipt (DR).

DIVIDENDS

The Bank's dividend policy has remained the same with dividends declared and paid once a year based on annual audited Financial Statements and after approval by shareholders at the Annual General Meeting. The shareholders approved a dividend appropriation amounting to US\$78,829,000 (2018: US\$68,970,000), at the Annual General Meeting held in June 2020. The June 2020 financial statements reflect the dividend payable, which has been accounted for in equity as an appropriation of Retained Earnings subsequent to the approval. The approved dividend equates to US\$0.254 (2018: US\$0.252) per Depository Receipt.

KEY PERFORMANCE METRICS (%)

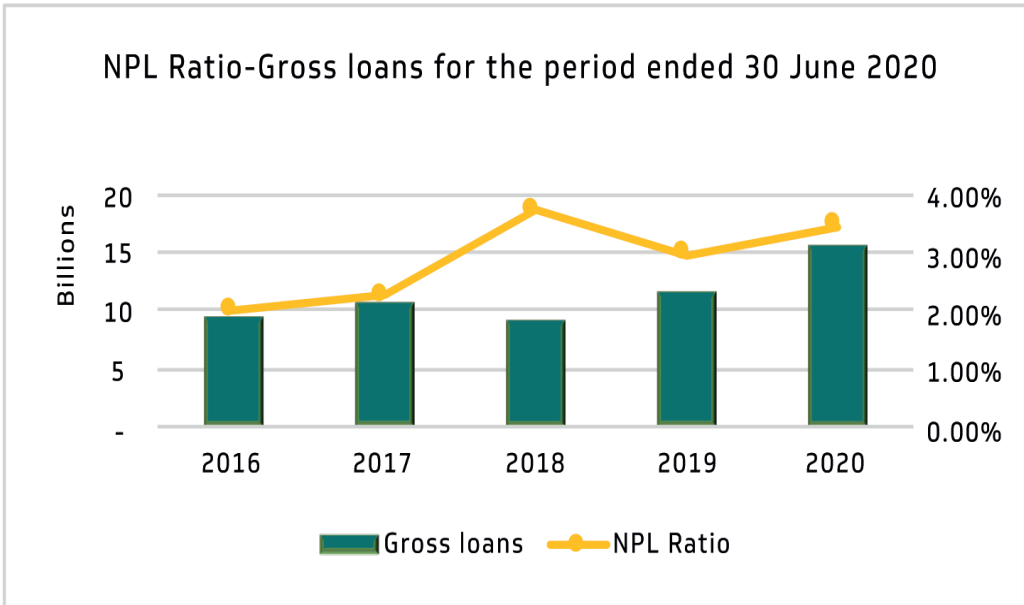
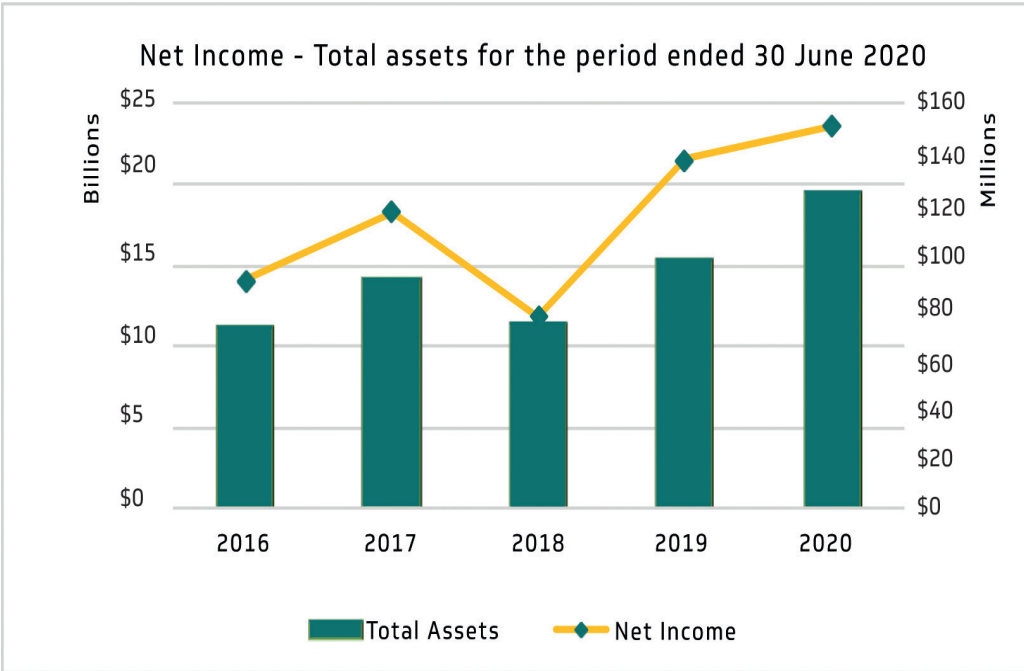
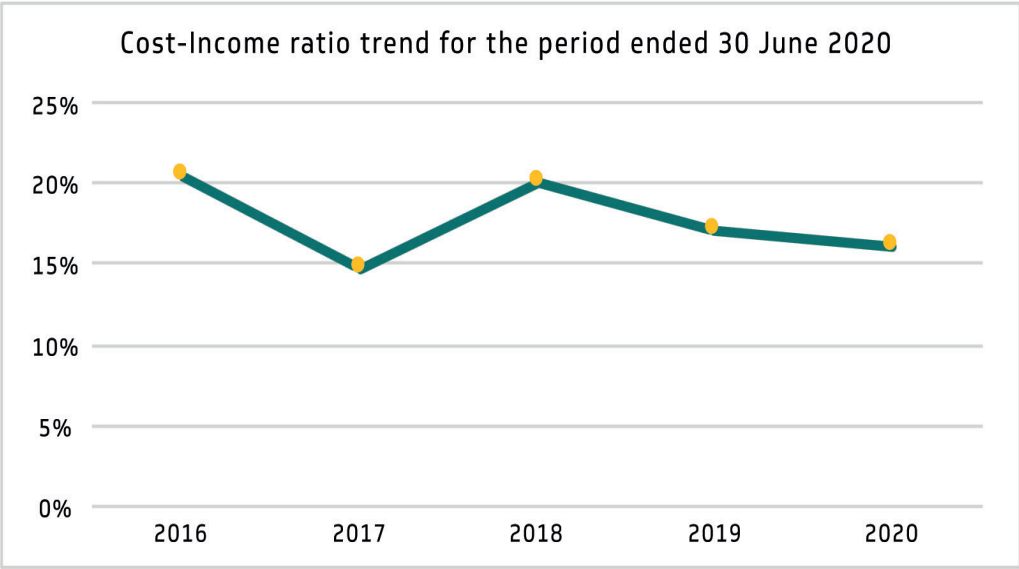
Financial ratios	Jun-20	Dec-19	Jun-19
Profitability			
Return on average assets (ROAA)	2%	2%	2%
Return on average equity (ROAE)	10%	10%	11%
Operating Efficiency			
Cost -to -income ratio	16%	17%	17%
Asset Quality			
Non-performing loans ratio (NPL)	3.47%	2.78%	2.96%
Loan loss coverage ratio	121%	118%	127%
Liquidity			
Cash/Total assets	20%	15%	23%
Capital Adequacy			
Capital Adequacy ratio (Basel II)	23%	23%	22%

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	30-Jun-2020 US\$000	31-Dec-2019 US\$000	30-Jun-2019 US\$000
ASSETS			
Cash and cash equivalents	3,912,210	2,225,470	3,605,339
Derivative assets held for risk management	11,208	541	6,628
Loans and advances to customers	15,196,376	12,029,548	11,395,028
Prepayments and accrued income	73,022	82,647	128,432
Financial investments at amortised cost	88,878	29,238	167,785
Other assets	9,621	11,598	18,391
Property and equipment	48,130	48,814	38,653
Intangible Assets	10,845	11,707	10,199
Total assets	19,350,290	14,439,564	15,370,455
LIABILITIES			
Derivative liabilities held for risk management	4,632	4,935	9,289
Money market deposits	1,584,172	931,620	-
Due to banks	6,917,524	5,225,516	6,110,050
Deposits and customer accounts	4,366,329	2,102,814	3,172,183
Debt securities in issue	3,081,812	3,080,608	3,029,399
Other liabilities and provisions	374,825	291,999	348,208
Total liabilities	16,329,294	11,637,493	12,669,129
CAPITAL FUNDS			
Share capital	551,348	550,548	513,096
Share premium	902,116	899,192	786,715
Warrants	143,283	-	166,756
Reserves	721,371	721,369	594,541
Retained earnings	702,878	630,962	640,218
Total capital funds	3,020,996	2,802,071	2,701,326
Total liabilities and capital funds	19,350,290	14,439,564	15,370,455

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	Jun-2020 US\$000	Jun-2019 US\$000
Interest and similar income using the effective interest method	466,759	473,365
Interest and similar expense using the effective interest method	(180,103)	(221,411)
Other interest and similar expense	(948)	(8,029)
Net interest and similar income	285,708	243,925
Fee and commission income	53,030	24,474
Fee and commission expense	(5,662)	(4,213)
Net fee and commission income	47,368	20,261
Other operating income	594	482
Personnel expenses	(31,689)	(25,354)
General and administrative expenses	(19,333)	(18,336)
Depreciation and amortisation expense	(4,013)	(2,375)
Exchange adjustments	(850)	(330)
Fair value gain / loss from financial instruments at FVTPL	9,242	12,530
Credit losses on financial instruments	(136,281)	(93,170)
PROFIT FOR THE PERIOD	150,745	137,632
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	150,745	137,632



STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	Share Capital US\$000	Share Premium US\$000	Warrants US\$000	General Reserve US\$000	Asset Revaluation Reserve US\$000	Project preparation facility Fund reserve US\$000	Retained Earnings US\$000	Total US\$000
Balance as at 31 December 2019	550,548	899,192	-	669,471	36,901	15,000	630,962	2,802,074
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	150,745	150,745
Other comprehensive income								
Asset revaluation reserve	-	-	-	-	-	-	-	-
Total other comprehensive income								
Total comprehensive income							150,745	150,745
Transactions with equity owners of the Bank								
Transfer to general reserve	-	-	-	-	-	-	-	-
Depreciation transfer: buildings	-	-	-	-	-	-	-	-
Warrants issue	-	-	143,283	-	-	-	-	143,283
Issued and Paid in capital during 2020	800	2,924	-	-	-	-	-	3,724
Dividends for year 2019	-	-	-	-	-	-	(78,829)	(78,829)
Balance as at 30 June 2020	551,348	902,116	-	669,471	36,901	15,000	702,878	3,020,996
Balance as at 31 December 2018	506,300	764,790	191,531	551,228	28,313	15,000	502,585	2,559,747
Total comprehensive income								
Profit for the year	-	-	-	-	-	-	137,632	137,632
Other comprehensive income								
Total other comprehensive income								
Total comprehensive income								137,632
Transactions with equity owners of the Bank								
Issued and Paid in capital during 2019	6,796	21,925	-	-	-	-	-	28,721
Warrants retirement	-	-	(24,775)	-	-	-	-	(24,775)
Balance as at 30 June 2019	513,096	786,715	166,756	551,228	28,313	15,000	640,217	2,701,325

STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 30 JUNE 2020

	Jun-2020 US\$000	Jun-2019 US\$000
CASHFLOW FROM OPERATING ACTIVITIES		
Profit for the period	150,745	137,632
Adjustment for non-cash items:		
Depreciation and amortization of intangible assets & property and equipment	4,013	2,373
Allowance for impairment on loans and advances	136,281	93,170
Fair value adjustment from derivatives	(9,242)	(12,530)
	281,797	220,646
Movement in operating assets and liabilities:		
Decrease in prepayments and accrued income	9,626	13,100
Increase in derivative assets held for risk management	(1,728)	(5,965)
Decrease/(increase) in other assets	1,978	(4,403)
(Decrease)/increase in other liabilities	(13,867)	63,345
Increase in money market deposits	652,552	-
Increase in deposits and customer accounts	3,955,523	806,798
Increase in loans and advances to customers	(3,200,768)	(366,325)
	1,685,113	727,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases for property and equipment	(1,771)	(847)
Purchases for software and development costs	(697)	(4,224)
Net cash (used in) / inflow from investing activities	(2,468)	(5,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash received from capital subscriptions and share premium	3,726	28,721
Retirement of warrants	-	(24,775)
Dividends paid	(835)	(2,952)
Increase in debt securities in issue	1,204	3,202,593
Repayments of borrowed funds and debts securities	-	(2,238,806)
Net cash inflows from financing activities	4,095	964,781
Net increase in cash and cash equivalents	1,686,740	1,686,904
Cash and cash equivalents at 1 January	2,225,470	1,918,435
CASH AND CASH EQUIVALENTS AT 30 JUNE	3,912,210	3,605,339
Represented in:		
Cash and Cash Equivalent as presented in the statement of financial position	3,912,210	3,605,339
CASH AND CASH EQUIVALENTS AT 30 JUNE	3,912,210	3,605,339

NOTES

The Bank is required to publish financial results for the six months ended 30 June 2020 as per Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the six months ended 30 June 2020 (“financial statements”) have been prepared in accordance with the requirements of IFRS and the SEM Listing Rules.

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 2019.

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) El-Maahad 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. The Board of Directors accepts full responsibility for the accuracy of the information contained in these financial statements. Directors are not aware of any matters or circumstances arising subsequent to the period ended 30 June 2020 that require any additional disclosure or adjustment to the financial statements.

On Behalf of the Board

African Export-Import Bank

Executive Secretary

SBM Securities Limited

SEM Authorised Representative and Sponsor

14 August 2020

ADDITIONAL NOTE

The Bank continues to monitor the markets to find the appropriate window to launch its initial public offering on the London Stock Exchange in the medium term.

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