

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 5th 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.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	31/3/2018 US\$000	31/12/2017 US\$000	31/3/2017 US\$000
ASSETS			
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 3 2 9	3 5 7 4	4 138
Prepayments and accrued income	308 512	298 102	275 231
Financial investments - held to maturity	30 268	30 268	30 268
Other assets	3 796	2 931	2 3 7 8
Property and equipment	32 168	32 838	24 109
Intangible Assets	1 224	1 248	733
Total assets	11 285 783	11 913 477	12 462 279
LIABILITIES			
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
Total liabilities	9 091 802	9 789 443	10 757 281
CAPITAL FUNDS			
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
Total capital funds	2 193 981	2 124 034	1 704 998
Total liabilities and capital funds	11 285 783	11 913 477	12 462 279

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 Rule8(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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	Mar 2018	Mar 2018		Mar 2018	Mar 2017
	US\$000	US\$000		US\$000	US\$000
Interest and similar income	150 044	146 342	CASHFLOW FROM OPERATING ACTIVITIES		
Interest and similar expense	(69 340)	(60 910)			
Net interest and similar income	80 704	85 432	Profit for the period	53 857	75 969
Fee and commission income	380	7 802	Adjustment for non-cash items:		
Fee and commission expense	(2 357)	(2 114)	Depreciation and amortization of intangible assets & property and	1 0 5 6	0.1
Net fee and commission income	(1977)	5 688	equipment	1 056	2.00
			Allowance for impairment on loans and advances	(2 427)	2 98
Other operating income	745	778	Impairement on accrued income	209	
			Net loss from cash flow hedge	9 5 7 4	
Operating income	79 472	91 898		62 269	79 77
			Changes in :		
Personnel expenses	(10 006)	(8 167)	Prepayments and accrued income	(10 619)	(33 816
General and administrative expenses	(7 3 1 0)	(4 297)	Hedging derivatives instruments	333	(726
Depreciation and amortisation expense	(1056)	(814)	Other assets	(865)	69
Operating expense	(18 372)	(13 278)	Other liabilities	(308 417)	35 49
			Deposits and customer accounts	(475 576)	291 51
Exchange adjustments	113	338	Loans and advances to customers	573 738	(697 914
Fair value loss from derivatives	(9 574)		Net cash inflows from operating activities	(159 137)	(324 988
Operating profit before impairment and provisions	51 639	78 958			
			CASH FLOWS FROM INVESTING ACTIVITIES		
Loan impairment charges	2 427	(2 989)			
Impairment in other assets & accrued income	(209)	_	Purchases and additions to property and equipment & intangible assets	(362)	(377
			Net cash outflows from investing activities	(362)	(377
PROFIT FOR THE PERIOD	53 857	75 969			
			CASH FLOWS FROM FINANCING ACTIVITIES		
OTHER COMPREHENSIVE INCOME					
			Net cash from capital subscriptions and share premium	16 089	2 02
Other comprehensive income to be reclassified to profit or loss in subsequent periods			Dividends paid	(2 796)	(6 327
Cashflow hedges	_	639	Net increase in due to banks and debt securities	79 487	342 88
Total other comprehensive income to be reclassified			Net cash inflows from financing activities	92 780	338 57
to profit or loss in subsequent periods	_	639			
			Net increase in cash and cash equivalents	(66 719)	13 21
Total other comprehensive income		639	Cash and cash equivalents at 1 january	3 214 573	1 269 080
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	53 857	76 608	CASH AND CASH EQUIVALENTS	3 147 854	1 282 294

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2018

	Share Capital	Share Premium	Warrants	General Reserve	Asset Revaluation Reserve		Project preparation facility Fund reserve	Retained Earnings	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
	/ 7 0 0 1 C		04.700		40 / 74		7		
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