AFRICAN EXPORT-IMPORT BANK

# ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2023

## DIRECTORS' COMMENTARY

This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20 and Section 8.8 of the Securities Act of Mauritius 2005.

## REVIEW OF FINANCIAL PERFORMANCE

### INTRODUCTION

The abridged financial statements of the Bank and its wholly owned subsidiaries (together referred to as 'the Group') for the three-month period ended 31 March 2023 include Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statement of Cash Flows, and the accompanying commentary. The Consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

This communiqué discusses the Group's financial performance focusing on factors that influenced the outcome.

### OPERATING ENVIRONMENT

The difficult global operating environment, which followed the outbreaks of the COVID-19 and the Ukraine crisis in 2020 and 2022 respectively, persisted during the quarter ended 31 March 2023, with the most recent bank failures in the United States exacerbating market uncertainties in the financial services markets.

The bank failures, though isolated to three medium-sized banks, triggered a sharp decline in global stock prices of financial institutions, raising fears of a contagion effect across the financial services sector.

Despite the easing of supply-chain disruptions during the quarter in review following the significant containment of the COVID-19 strains that spread in 2022, most notably in China, the effects of the Ukraine crisis and the geopolitical tensions kept prices of food, commodities, and energy elevated. Global inflation, while expected to marginally fall, remained stubbornly high during the quarter.

On the back of the aforementioned challenges experienced in the operating environment, the rate of global economic growth is anticipated to decline from 3.4 percent in 2022 to 2.8 percent in 2023, before gradually increasing and levelling off at 3.0 percent.

The depressed activity in the developed economies spilled over to the developing economies, with lower commodity prices adding a further strain to most African economies. However, the high oil prices that were seen throughout the quarter were a big boost to the oil-producing African countries. However, because most African nations were net importers of Black Sea–produced agricultural inputs (fertilisers, chemicals, and machinery), grains, vegetable oils, and petroleum, their import bills since 2022 increased significantly as a result of the shortages that followed the outbreak of the Ukraine crisis. The escalation of import bills, coupled with higher borrowing costs, resulted in a deterioration of the net debt positions of most African economies, including the largest economies (Egypt, Nigeria, and South Africa). Furthermore, with the strengthening of the US dollar against the backdrop of comparatively weaker economic fundamentals, most African currencies devalued during the period under review.

Many African countries faced inflation rates exceeding two-digit levels as a result of the combined effect of high import costs and high borrowing costs. At the end of March 2023, the annual consumer price inflation rates for Africa's three largest economies, Egypt, Nigeria, and South Africa, were estimated at 34 percent, 22 percent, and 7.1 percent, respectively.

While remaining largely subdued, average economic growth rates for Africa are ahead of both the global average and the average for the developed economies due to the continent's capacity to maintain commodity exports, including oil, in the face of rising demand for these commodities. The high oil prices that prevailed during the quarter strengthened the growth prospects, with the average GDP growth rate for the continent anticipated to increase to 4 percent in 2023–2024, up from 3.8 percent in 2022.

Notwithstanding the difficulties presented by the challenging operating environment and the market uncertainties, the Group's management are decisively focused on ensuring that the Group plays its part in mitigating the impact of these challenges on the African economies. In this regard, the Group management remained committed to the following:

a) Enhancing the Bank's direct response to the adverse economic effects of the Ukraine crisis through continued disbursements under the Ukraine Crisis Adjustment Trade Financing Programme for Africa (UKAFPA) facility. As at 31 March 2023, the Bank approved funded and unfunded facilities amounting to US$9 billion (gross) under this programme, with the pipeline exceeding US$15 billion since the approval of the programme in March 2022. The approved UKAFPA facilities supported the importation of essential supplies, such as oil, gas, fertilisers, grains, and agricultural inputs. Additionally, the programme supported member states in meeting maturing trade payments obligations;

b) The Bank raised an additional US$48.5 million in newly paid-in equity during the quarter ended on 31 March 2023, bringing the total paid-in equity raised under the Bank's general capital increase (GCI II) to a discounted total of US$1.33 billion (US$1.75 billion before discount adjustment or US$2.63 billion including callable capital). Aiming to raise US$6.5 billion in new equity, of which US$2.6 billion is paid-in equity, the cumulative amounts raised to date surpassed the GCI II targets. The GC II equity is crucial in assisting with the implementation of important aspects of the Bank's Sixth Strategic Plan, such as fostering intra-African trade, deepening the implementation of the African Continent Free Trade Agreement (AfCFTA), boosting industrialisation and export manufacturing, and strengthening the Bank's financial capacity;

c) Implementation of the Diaspora Strategy following the establishment of the Partnership Agreement with the Caribbean Community (CARICOM). In March 2023, the Bank's Board approved the opening of the Bank's CARICOM Office in Barbados. This followed the approval of the US$1.5 billion credit limit by the Board of Directors of Afreximbank to support eligible CARICOM states. The Partnership Agreement made in the form of a Treaty was signed by 10 out of the 15 CARICOM countries, grants Afreximbank the same privileges and immunities as granted by African States that are party to the Afreximbank Establishment Agreement;

d) the Pan African Payment and Settlement System (PAPPS) which continued commercial operations and expanded both central and commercial local membership during the period; and

e) increasing FEDA's high-impact investments within the continent as FEDA entities closed additional deals, bringing the total investments to US$181.4 million as at 31 March 2023. In line with the Bank and FEDA mandates, these investments are expected to play a critical role in facilitating industrialisation, improving export development, and promoting intra-African trade growth, as well as complementing the Group's efforts in ensuring the success of the AfCFTA.

### FINANCIAL HIGHLIGHTS

Notwithstanding the uncertainties in the operating environment, the Group once again delivered solid results. Management is pleased to report that the Group's unaudited financial performance for the three months ended 31 March 2023 (1Q'2023) was ahead of 31 March 2022 (1Q'2022) performance, in line with plans.

The Bank achieved:

- Gross income level of US$547.9 million during the quarter ended 31 March 2023, an increase of 107 percent from 1Q'2022;
- Net Interest Income increase of 75 percent to reach US$296.0 million compared to 1Q'2022;
- Net Income increase of 88 percent to reach US$169.4 million, compared to the 1Q'2022 level of US$90.1 million;

The Bank achieved (continued):

- Net Loans and advances growth of 3 percent, at US$23.6 billion as at end 1Q'2023, over the closing position of US$23.0 billion at the end of 31 December 2022 (FY'2022);
- High Liquid assets ratio of 12 percent of the Bank's Total assets as at 1Q'2023 (FY2022: 15 percent), in line with internal benchmarks;
- Total assets and unfunded book as at 31 March 2023 of US$30.4 billion, were at 2 percent, slightly lower compared to the FY'2022 position of US$31.1 billion;
- Nonperforming loan (NPL) ratio as at 1Q'2023 of 3.46 percent compared to 3.40 percent at FY'2022;
- Return on average shareholders' equity and a return on average assets of 12.87 percent (2022: 9.91 percent) and 2.51 percent (FY'2022: 1.87 percent), respectively; and
- Capital adequacy ratio closed at sound levels of 27 percent at 1Q'2023 (FY'2022: 27 percent).

At Group level, performance also improved significantly as:

- Net Income of the Group of US$171.2 million compared to US$89.1 million recorded for the period ended 1Q'2022, represented growth of 92 percent; and
- A return on average shareholders' equity and a return on average assets reached 12.89 percent (FY:2022: 9.91 percent) and 2.54 percent (FY'2022: 1.87 percent), respectively.

A more detailed analysis of the performance of the Group is presented hereunder:

## STATEMENT OF COMPREHENSIVE INCOME

The Bank's considerable contribution in the Group's lending and other fee-generating activities resulted in the Group's Net interest income, Net interest margin, and Fees and commission income being strongly influenced by the Bank's performance.

### Net Interest Income and Margin

Net Interest Income of the Bank grew by 75 percent to reach US$296.0 million during 1Q'2023, compared to the 1Q'2022 level of US$169.3 million. This was largely as a result of a US$269.8 million increase in Interest and similar income, which was ahead of the US$133.7 million increase in Interest expense. The increase in the Interest income was on account of the growth in interest-bearing assets and comparatively higher benchmark interest rates. Similarly, the Interest expense growth, from US$76.1 million for 1Q'2022 to US$209.8 million recorded for 1Q'2023 was mainly driven by relatively higher benchmark interest rates.

Net Interest Margin (NIM) for 1Q'2023, at 4.40 percent (1Q'2022: 3.13 percent), improved on account of higher yields driven by the higher interest rate environment and efficient liability management.

### Fees and commission income

The Bank earned its Fees and commission income largely from Guarantees, Letters of credit (LCs), and Advisory services. Income from Guarantees and LCs grew by 25 percent to reach US$19.7 million for 1Q'2023 (1Q'2022: US$15.7 million).

The Bank earned total Advisory fees amounting to US$2.2 million, on account of Advisory mandates concluded during 1Q'2023, (1Q'2022: US$1.2 million).

## OPERATING EXPENSES

Total Operating expenses of the Bank increased by 37 percent to US$54.4 million for 1Q'2023, (1Q'2022:US$39.8 million). The 37 percent growth in Operating expenses largely reflected the impact of growth in business activities and volumes, in addition to inflationary pressures. Personnel expenses rose by 24 percent while General and Administrative expenses rose by 54 percent.

The Bank's Personnel and General and Administrative expenses accounted for 92 percent of the total Operating expenses. Personnel and General and administrative rose in line with the implementation of plans to strengthen organisational capacity to support the growth in business volumes and implementation of strategic initiatives under the sixth strategic plan of the Bank.

The Group recorded total Operating expenses of US$55.5 million for 1Q'2023 (1Q:2022: US$40.8 million). The total Operating expenses of the subsidiary entities for 1Q'2023 amounted to US$1.1 million (1Q'2022: US$0.9 million), largely driven by Personnel expenses of US$0.7 million, (1Q2022: US$0.6 million), and Administrative expenses of US$0.4 million, (1Q2022: US$0.3 million).

The Cost-to-Income ratio of the Bank stood at 17 percent at 1Q'2023 compared to 21 percent as at 1Q'2022, well within the Bank's strategic upper limit of 30 percent.

The Cost-to-Income ratio of the Group stood at 17 percent at 1Q'2023 compared to 22 percent as at 1Q'2022.

## EXPECTED CREDIT LOSSES ON FINANCIAL INSTRUMENTS

The credit-impaired loans (nonperforming loans or NPLs) represented 3.46 percent of total Loans and advances as at 31 March 2023 (FY'2022: 3.40 percent). The NPL ratio and the expected credit loss (ECL) charges of US$110.3 million in 1Q'2023 (1Q'2022: US$56.9 million) were assessed as adequate for the outstanding Loans and advances and other financial instruments falling within the ambits of IFRS-9.

As shown in the Table 1, net Loans and advances classified under IFRS-9 as Stage 1 and Stage 2 were US$23.4 billion (FY2022: US$22.7 billion) at 1Q'2023 and represented 97 percent (FY2022: 97 percent) of total gross Loans and advances. This evidenced the sound quality of the portfolio as well as the low probability of significant losses arising in the near future. This outcome also reflected the prudence of the Bank's Structured Trade Finance–based lending and robust risk management practices, critical for reduced risk operations under uncertain environments.

Table 1: IFRS 9 Staging of Loans and advances to customers

| IFRS 9 STAGING - LOANS AND ADVANCES | | | | |
|---|---|---|---|---|
| | 31 March 2023 | | | |
| | 3M'2023 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | US$000 | US$000 | US$000 | US$000 |
| Gross Amount | 21,705,964 | 2,074,627 | 852,829 | 24,633,419 |
| | | | | |
| Loss allowance | (57,239) | (348,151) | (350,796) | (756,186) |
| Suspended interest | - | - | - | (232,745) |
| **Total provisions** | (57,239) | (348,151) | (350,796) | (988,931) |
| **Carrying amount** | **21,648,725** | **1,726,475** | **502,033** | **23,644,488** |

| IFRS 9 STAGING - LOANS AND ADVANCES | | | | |
|---|---|---|---|---|
| | 31 December 2022 | | | |
| | FY'2022 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | US$000 | US$000 | US$000 | US$000 |
| Gross Amount | 21,099,883 | 1,914,034 | 808,810 | 23,822,727 |
| | | | | |
| Loss allowance | (52,854) | (259,204) | (335 870) | (647 929) |
| Suspended Interest | - | - | (208,457) | (208,457) |
| **Total provisions** | (52,854) | (259,204) | (544,327) | (856,386) |
| **Carrying amount** | **21,047,029** | **1,654,830** | **264,483** | **22,966,341** |

*Stage 1 - Financial instruments with no significant increase in credit risk since recognition or having low credit risk at reporting date.*

*Stage 2 - Financial instruments with significant increase in credit risk since recognition but do not have objective evidence of impairment.*

*Stage 3 - Financial instruments with objective evidence of impairment at reporting date.*

## STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position showed that the Group's financial position remained strong and liquid. A detailed discussion of the status of assets and liabilities as at 31 March 2023 is presented hereunder.

### ASSETS

The Bank's total assets decreased marginally by 0.53 percent from US$27.9 billion as at 31 December 2022 (FY'2022) to reach US$27.7 billion as at 1Q'2023. The key components of the total assets are Loans and advances and Cash and cash equivalents, which accounted for 85 percent (FY'2022: 82 percent) and 12 percent (FY'2022: 15 percent) of Total assets, respectively. Cash and cash equivalents balances closed 1Q'2023 at US$3.2 billion (FY'2022: US$4.1 billion), representing a decrease of 22 percent. Net loan disbursements during the quarter amounted to US$677.1 million, resulting in Loans and advances, reaching US$23.6 billion at the end of 1Q'2023 (FY'2022: US$23 billion), an increase of about 3 percent.

Total assets increased by 25 percent from US$22.2 billion at 1Q'2022 to US$27.7 billion at 1Q'2023. This growth was underpinned by a 30 percent increase in Loans and advances, which grew from US$18.1 billion at 1Q'2022 to US$23.6 billion at 1Q'2023.

Guarantees and LCs of the Bank (unfunded book) closed 1Q'2023 at US$1.1 billion (FY2022: US$1.09 billion, 1Q'2022: US$1.8 billion) and US$1.6 billion (FY2022: US$2.2 billion, 1Q'2022: US$1.9 billion), respectively. As a result, Total assets and the unfunded book of the Bank stood at US$30.4 billion as at 1Q'2023, in comparison to US$31.1 billion as at FY'2022 and US$25.9 billion at 1Q'2022.

## ASSETS (continued)

The Bank's Liquid assets to Total assets ratio of 12 percent, as at 1Q'2023, (FY'2022 and 1Q'2022: 15 percent) was maintained to support future loan disbursements and to execute its normal business activities for the remainder of 2023, including meeting maturing debt obligations. Additionally, the high cash balances held will enable the Bank to intervene in a timely manner in response to any unexpected market shocks.

The Group's Total on-balance-sheet assets were US$27.7 billion as at 1Q'2023. Included in the Group's Total assets as at 31 March 2023 were FEDA Holdings' private equity investments, amounting to US$181.4 million (FY'2022: US$153.3 million) and Property and equipment of US$0.4 million (FY'2022: US$0.3) owned by FEDA entities.

## LIABILITIES

The Bank's Total liabilities decreased slightly to US$22.3 billion at 1Q'2023 from a position of US$22.7 billion recorded at FY'2022. This reduction was mainly on Deposits and customer accounts which closed 1Q'2023 at US$7.9 billion compared to US$8.3 billion position of FY'2022. Money market deposits at US$1.6 billion were slightly lower than US$1.7 billion as at FY'2022. Compared to FY'2022, Debt securities in issue and Due to banks at 1Q'2023 remained relatively unchanged at US$3.4 billion and US$9.2 billion, respectively.

Total liabilities increased by 24 percent from US$18 billion at 1Q'2022 to US$22.3 billion at 1Q'2023. This growth was largely to support increased lending activities.

As at 31 March 2023, Total borrowings (Due to banks and Debt securities in issue) accounted for 56 percent of the Bank's liabilities (FY'2022: 55 percent; 1Q'2022: 57 percent). Deposits and customer accounts accounted for 35 percent of the Bank's Total liabilities (FY'2022: 36 percent; 1Q'2022: 32 percent) and Money market deposits accounted for 7.3 percent of the Bank's Total liabilities (FY'2022: 7.3 percent; 1Q'2022: 8.2 percent). This funding mix enabled the Bank to maintain sufficient liquidity and effectively manage the cost of borrowings despite the current effects of high benchmark rates.

Included in the Group's Total Liabilities position as at 31 March 2023 was a total of US$3.6 million (FY'2022: US$3.4 million) relating to liabilities payable by subsidiary entities to third parties.

## SHAREHOLDERS' FUNDS

The Group's Shareholders' Funds rose by 4 percent to reach US$5.4 billion as at 31 March 2023 (FY'2022: US$5.2 billion). The growth was attributable to fresh equity contributions from existing shareholders amounting to US$48.5 million and internally generated capital from Net income of US$171.1 million. The Bank's callable capital, a significant proportion of which was credit enhanced as part of the Bank's Capital Management Strategy, amounted to US$3.2 billion as at 31 March 2023 (FY'2022: US$3.1 billion).

The increase in Shareholders' funds to US$5.4 billion in 1Q'2023 from US$4.2 billion in 1Q'2022 can be attributed mainly to the remarkable support received from Shareholders through the GCI II programme, as well as the internally generated capital, which is represented by Net income.

## CONCLUSIONS AND OUTLOOK

The performance of the Bank for the three months ended 31 March 2023 was significantly better compared to the same period last year. The Bank closed the quarter ended 31 March 2023 with a healthy financial position as evidenced by the satisfactory profitability levels, sound liquidity position, and strong capital levels to support both existing and future business volumes. Additionally, notwithstanding the prevailing uncertainties in the operating environment, the Bank maintained a high-quality portfolio of Loans and Advances.

The Group Management will continue to focus on improving trade efficiency by harnessing the benefits offered by several integrated technology-driven initiatives, including Africa Trade Exchange (ATEX), the MANSA platform, PAPSS, Trade and Investment Regulations Platform (TRIP), and the Trade information Portal (TIP). These initiatives, collectively making up the Africa Trade Gateway, will set the bank on a path to becoming a digital bank of the future.

The Group Management is confident that the Group is well positioned to play a significant and meaningful role in mitigating the negative effects of a rapidly changing operating environment for the benefit of member countries, given the reported strong financial position, the solid shareholder support, as well as the robust strategic measures put in place under the Group's Sixth Strategic Plan. This is despite the ongoing challenges presented by the increasing geopolitical tensions, particularly the Ukraine crisis, and the turmoil in the global financial system.

## GROUP FINANCIAL RATIOS

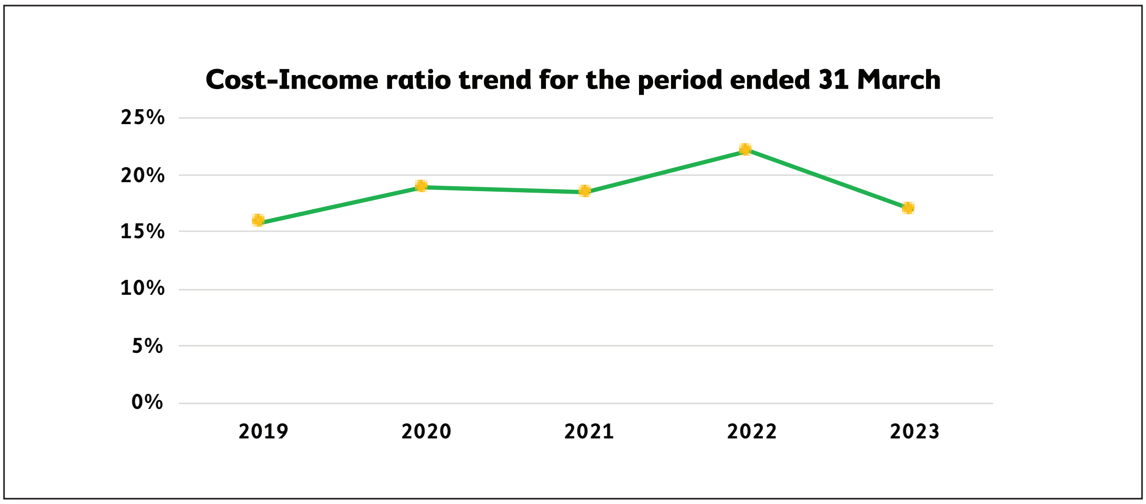
| Financial ratios | Mar-23 | Dec-22 | Mar-22 |
|---|---|---|---|
| **Profitability** | | | |
| Return on average assets (ROAA) | 2.54% | 1.87% | 1.63% |
| Return on average equity (ROAE) | 13.00% | 10% | 8.86% |
| **Operating efficiency** | | | |
| Cost-to-income ratio | 17% | 22% | 22% |
| **Asset Quality** | | | |
| Non-performing loans ratio (NPL) | 3.46% | 3.40% | 3.51% |
| Loan loss coverage ratio | 100% | 100% | 115% |
| **Liquidity** | | | |
| Cash/Total assets | 12% | 15% | 15% |
| **Capital Adequacy** | | | |
| Capital Adequacy ratio | 27% | 28% | 26% |

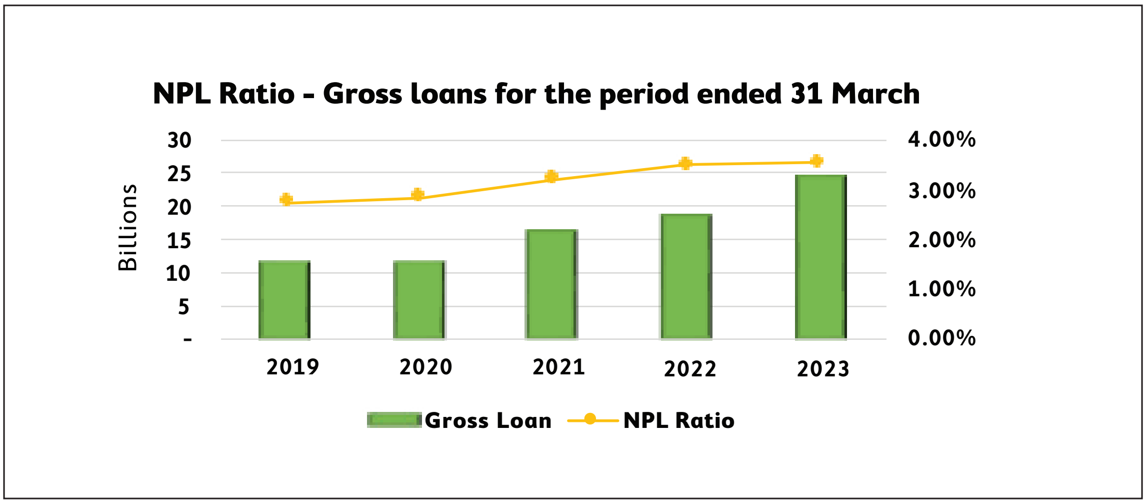
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

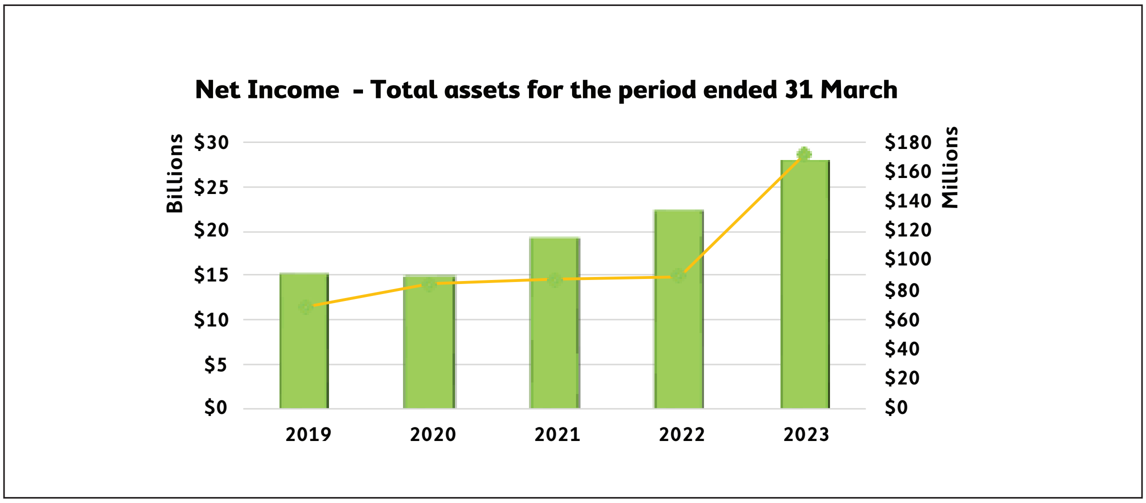
| | GROUP | | | BANK | | |
|---|---|---|---|---|---|---|
| | March 2023 US$000 | December 2022 US$000 | March 2022 US$000 | March 2023 US$000 | December 2022 US$000 | March 2022 US$000 |
| **ASSETS** | | | | | | |
| Cash and cash equivalents | 3 207 797 | 4 099 624 | 3 395 519 | 3 207 355 | 4 099 238 | 3 395 519 |
| Derivative assets held for risk management | - | - | 13 | - | - | 13 |
| Financial assets at fair value through profit or loss | 181 448 | 196 263 | 100 981 | - | 42 500 | 62 921 |
| Loans and advances to customers | 23 644 488 | 22 966 341 | 18 146 087 | 23 644 488 | 22 966 341 | 18 146 087 |
| Prepayments and receivables | 115 802 | 126 945 | 99 942 | 115 373 | 126 969 | 104 979 |
| Financial investments at amortised cost | 290 046 | 244 118 | 246 719 | 290 046 | 244 118 | 246 719 |
| Other assets | 103 981 | 55 981 | 19 975 | 103 981 | 56 940 | 19 975 |
| Property and equipment | 162 858 | 162 213 | 96 569 | 162 480 | 162 002 | 96 569 |
| Intangible assets | 11 127 | 11 506 | 12 804 | 11 127 | 11 506 | 12 804 |
| Investment in subsidiaries | - | - | - | 200 505 | 184 380 | 66 769 |
| **Total assets** | **27 717 546** | **27 862 991** | **22 118 610** | **27 735 355** | **27 893 995** | **22 152 355** |
| **LIABILITIES** | | | | | | |
| Derivative liabilities held for risk management | 50 251 | 48 578 | 20 651 | 50 251 | 48 578 | 20 651 |
| Money market deposits | 1 623 817 | 1 664 654 | 1 480 947 | 1 623 817 | 1 664 654 | 1 480 947 |
| Due to banks | 9 212 113 | 9 146 841 | 6 885 846 | 9 212 113 | 9 146 841 | 6 885 846 |
| Deposits and customer accounts | 7 852 387 | 8 246 748 | 5 771 294 | 7 864 099 | 8 268 791 | 5 794 713 |
| Debt securities in issue | 3 375 200 | 3 368 112 | 3 443 367 | 3 375 200 | 3 368 112 | 3 443 367 |
| Other liabilities and provisions | 177 333 | 181 265 | 363 044 | 173 776 | 178 860 | 360 948 |
| **Total liabilities** | **22 291 101** | **22 656 198** | **17 965 149** | **22 299 256** | **22 675 837** | **17 986 472** |
| **CAPITAL FUNDS** | | | | | | |
| Share capital | 860 628 | 849 504 | 673 236 | 860 628 | 849 504 | 673 236 |
| Share premium | 1 946 668 | 1 909 267 | 1 305 254 | 1 946 668 | 1 909 267 | 1 305 254 |
| Warrants | 183 915 | 183 914 | 160 952 | 183 915 | 183 914 | 160 952 |
| Reserves | 1 156 592 | 1 156 592 | 996 969 | 1 156 592 | 1 156 592 | 996 969 |
| Retained earnings | 1 278 643 | 1 107 516 | 1 017 050 | 1 288 296 | 1 118 881 | 1 029 472 |
| **Total capital funds** | **5 426 445** | **5 206 793** | **4 153 461** | **5 436 099** | **5 218 158** | **4 165 883** |
| **Total liabilities and capital funds** | **27 717 546** | **27 862 991** | **22 118 610** | **27 735 355** | **27 893 995** | **22 152 355** |

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

| | GROUP | | BANK | |
|---|---|---|---|---|
| | March 2023 US$000 | March 2022 US$000 | March 2023 US$000 | March 2022 US$000 |
| Interest income using the effective interest method | 515 302 | 245 476 | 515 302 | 245 476 |
| Interest expense using the effective interest method | ( 209 858) | ( 76 114) | ( 209 858) | ( 76 114) |
| Other interest expense | ( 6 806) | ( 41) | ( 9 492) | ( 41) |
| **Net interest income** | **298 638** | **169 321** | **295 952** | **169 321** |
| Fee and commission income | 24 622 | 17 616 | 24 622 | 17 616 |
| Fee and commission expense | ( 1 346) | ( 2 278) | ( 1 346) | ( 2 278) |
| **Net fee and commission income** | **23 276** | **15 338** | **23 276** | **15 338** |
| Other operating income | 7 997 | 1 284 | 7 997 | 1 284 |
| Personnel expenses | ( 25 278) | ( 20 360) | ( 24 586) | ( 19 799) |
| General and administrative expenses | ( 26 464) | ( 17 266) | ( 26 069) | ( 16 891) |
| Depreciation and amortisation expense | ( 3 754) | ( 3 152) | ( 3 729) | ( 3 152) |
| Exchange adjustments | ( 6 616) | ( 912) | ( 6 754) | ( 912) |
| Fair value gain from financial instruments at fair value through profit/loss | 13 605 | 1 818 | 13 605 | 1 818 |
| Credit losses on financial instruments | ( 110 277) | ( 56 925) | ( 110 277) | ( 56 925) |
| **PROFIT FOR THE PERIOD** | **171 127** | **89 146** | **169 415** | **90 082** |


Cost-Income ratio trend for the period ended 31 March
25%
20%
15%
10%
5%
0%
2019
2020
2021
2022
2023


NPL Ratio - Gross loans for the period ended 31 March
Billions
30
25
20
15
10
5
-
4.00%
3.00%
2.00%
1.00%
0.00%
2019
2020
2021
2022
2023
Gross Loan
NPL Ratio


Net Income - Total assets for the period ended 31 March
Billions
$30
$25
$20
$15
$10
$5
$0
Millions
$180
$160
$140
$120
$100
$80
$60
$40
$20
$0
2019
2020
2021
2022
2023

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

| | 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 2021** | 849 504 | 1 909 267 | 183 915 | 1 104 894 | 40 722 | 10 977 | 1 107 516 | **5 206 793** |
| **Total comprehensive income** | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 171 127 | **171 127** |
| **Total comprehensive income** | - | - | - | - | - | - | 171 127 | **171 127** |
| **Transactions with equity owners of the Bank** | | | | | | | | |
| Issued and Paid In capital during the period | 11 124 | 37 401 | - | - | - | - | - | **48 525** |
| **Balance as at 31 March 2023** | **860 628** | **1 946 668** | **183 915** | **1 104 894** | **40 722** | **10 977** | **1 278 644** | **5 426 445** |
| | | | | | | | | |
| **Balance as at 31 December 2021** | 647 312 | 1 219 219 | 160 952 | 938 629 | 46 156 | 12 184 | 927 904 | **3 952 357** |
| Total comprehensive income | | | | | | | | |
| **Profit for the period** | - | - | - | - | - | - | 89 146 | **89 146** |
| **Total comprehensive income** | - | - | - | - | - | - | 89 146 | **89 146** |
| **Transactions with equity owners of the Bank** | | | | | | | | |
| Issued and Paid in capital during the period | 25 924 | 86 035 | - | - | - | - | - | **111 959** |
| **Balance as at 31 March 2022** | **673 236** | **1 305 254** | **160 952** | **938 629** | **46 156** | **12 184** | **1 017 050** | **4 153 462** |

## BANK STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

| | 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 2022** | 849 504 | 1 909 267 | 183 915 | 1 104 893 | 40 722 | 10 977 | 1 118 881 | **5 218 158** |
| **Total comprehensive income** | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 169 415 | **169 415** |
| **Total comprehensive income** | - | - | - | - | - | - | 169 415 | **169 415** |
| **Transactions with equity owners of the Bank** | | | | | | | | |
| Issued and Paid In capital during the period | 11 124 | 37 401 | - | - | - | - | - | **48 525** |
| **Balance as at 31 March 2023** | **860 628** | **1 946 668** | **183 915** | **1 104 893** | **40 722** | **10 977** | **1 288 296** | **5 436 098** |
| | | | | | | | | |
| **Balance as at 31 December 2021** | 647 312 | 1 219 219 | 160 952 | 938 629 | 46 156 | 12 184 | 939 389 | **3 963 842** |
| Total comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 90 082 | **90 082** |
| Total comprehensive income | - | - | - | - | - | - | 90 082 | **90 082** |
| Transactions with equity owners of the Bank | | | | | | | | |
| Issued and Paid in capital during the period | 25 924 | 86 035 | - | - | - | - | - | **111 959** |
| **Balance as at 31 March 2022** | **673 236** | **1 305 254** | **160 952** | **938 629** | **46 156** | **12 184** | **1 029 472** | **4 165 883** |

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

| | GROUP | | BANK | |
|---|---|---|---|---|
| | March | March | March | March |
| | 2023<br>US$000 | 2022<br>US$000 | 2023<br>US$000 | 2022<br>US$000 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Profit for the period** | **171 127** | **89 146** | **169 415** | **90 082** |
| **Adjustment for net interest income and non-cash items:** | | | | |
| Credit losses on financial instruments | 110 277 | 56 925 | 110 277 | 56 925 |
| Depreciation of property and equipment | 2 457 | 2 120 | 2 457 | 2 120 |
| Amortisation of intangible assets | 1 272 | 1 031 | 1 272 | 1 031 |
| Fair value gain on derivative instruments | ( 13 605) | ( 1 818) | ( 13 605) | ( 1 818) |
| | **271 528** | **147 404** | **269 816** | **148 341** |
| **Changes in:** | | | | |
| Prepayments and receivables | 11 249 | 3 414 | 11 596 | 3 309 |
| Derivatives instruments | 15 278 | 5 775 | 15 278 | 5 775 |
| Other assets | ( 41 120) | 55 685 | ( 40 856) | 55 685 |
| Other liabilities | ( 6 090) | 35 824 | ( 5 210) | 34 993 |
| Financial investments held at fair value | ( 27 685) | 35 437 | ( 27 685) | 35 437 |
| Money market deposits | ( 40 837) | 69 873 | ( 40 837) | 69 873 |
| Deposits and customer accounts | ( 404 692) | ( 45 919) | ( 404 692) | ( 45 919) |
| Loans and advances to customers | ( 788 424) | ( 26 777) | ( 788 424) | ( 26 777) |
| **Net cash (used in)/generated from in operating activities** | **( 1 010 793)** | **280 716** | **( 1 011 014)** | **280 716** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Payments for property and equipment | ( 645) | ( 334) | ( 478) | ( 334) |
| Payments for software and development costs | ( 379) | ( 635) | ( 379) | ( 635) |
| **Net cash outflow on investing activities** | **( 1 024)** | **( 969)** | **( 858)** | **( 969)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Cash from capital subscriptions and share premium | 48 525 | 111 959 | 48 525 | 111 959 |
| Dividends paid | ( 895) | ( 1 431) | ( 895) | ( 1 431) |
| Net movement in due to banks and debt securities | 72 360 | ( 42 527) | 72 360 | ( 42 527) |
| **Net cash inflows from financing activities** | **119 990** | **68 001** | **119 990** | **68 001** |
| **Net (decrease)/increase in cash and cash equivalents** | ( 891 827) | 347 748 | ( 891 881) | 347 748 |
| Cash and cash equivalents at 1 January | 4 099 624 | 3 047 771 | 4 099 238 | 3 047 771 |
| **CASH AND CASH EQUIVALENTS AT PERIOD END** | **3 207 797** | **3 395 519** | **3 207 355** | **3 395 519** |

## ABOUT AFRICAN EXPORT IMPORT BANK

African Export-Import Bank (the Bank) is a multilateral trade finance institution, established in October 1993. It commenced operations in September 1994. The Bank is headquartered in Cairo, Egypt.

## MANDATE

The Bank's mandate is to promote, finance and facilitate intra-and extra-African trade while operating commercially.

## AFREXIMBANK WHOLLY OWNED SUBSIDIARY ENTITIES

The Bank has 100 percent controlling interests in FEDA Holdings and FEDA Investments Company and FEDA Capital, which were incorporated in September 2021. FEDA has been established by Afreximbank to facilitate foreign direct investment flows into Africa's trade and export sectors and to fill the equity funding gap on the Continent. The Bank incorporated Afreximbank Insurance Management Company (AfrexInsure) during 2021. The objective of this vehicle is to help Africa to retain a sizeable proportion of the trade-related insurance premium written on the continent. With effect from 31 December 2021, the Bank started consolidating the FEDA and AfrexInsure subsidiary entities.

## SHAREHOLDING

The Bank has four classes of shareholders, Class A (African Governments and or their designated 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). Class A, B, and C shares are partially paid upon subscription (40 percent) 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 its Class D shares on the Stock Exchange of Mauritius. The percentage of total shareholding of the Bank as at 31 March 2023 is as follows:

| Class | Type of Shareholder | Percentage of total shareholding (%) |
|---|---|---:|
| A | African Governments and or their designated institutions and African Multilateral institutions | 62.37 |
| B | African financial institutions, and private investors in Africa | 27.18 |
| C | Non-African institutions | 7.08 |
| D | Any investor – Depository Receipts issued by the Bank on the Stock Exchange of Mauritius | 3.37 |
| | Total | 100.00 |

## NET ASSET VALUE

The Group Net Asset Value (NAV) shown below is calculated taking into account the impact of the Warrants issued by the Bank:

| | 31 March 2023 | 31 December 2022 |
|---|---:|---:|
| NAV per share (US$) | 60 200 | 58 500 |
| NAV per Depository Receipt (US$) | 6.02 | 5.85 |

## DIVIDENDS

The Group'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. During the March 2023 Board meetings, the Directors proposed a dividend appropriation amounting to US$159.4 million (2021: US$112.7 million), subject to approval by the shareholders at the next Annual General Meeting to be held in June 2023. The financial statements for the three-month period ended 31 March 2023 do not reflect the dividend payable, which will be accounted for in equity as an appropriation of Retained earnings in the year ending 31 December 2023 after approval by shareholders.

## NOTES

The Group is required to publish financial results for the three-month period ended 31 March 2023 as per Listing Rule 12.19 of the SEM. The abridged unaudited financial statements for the three months period ended 31 March 2023 ("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 2022.

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

Copies of the abridged unaudited financial statements and the Statement of direct and indirect interests of each officer of the Group, 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 31 March 2023 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

12 May 2023

## FORWARD-LOOKING STATEMENTS

This document has information which constitute forward-looking statements as described with words like 'should', 'would', 'may', 'could', 'expect', 'anticipate', 'estimate', 'project', 'intend', 'believe'.

By their very nature, these statements require the Management of the Bank and its Subsidiaries to make assumptions that are subject to risks and uncertainties, especially uncertainties related to the financial, economic, regulatory, and social environment within which the Group operates. Some of these risks are beyond the control of the Group and may make actual results that are obtained to vary materially from the expectations inferred from the forward-looking statements. Risk factors that could cause such differences include regulatory pronouncements, credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational, reputational, insurance, strategic, legal, environmental, and other known and unknown risks. As a result, when making decisions with respect to the Bank, subsidiary entities, or the Group as a whole, we recommend that readers apply further assessment and should not unduly rely on the forward-looking statements.

Any forward-looking statement contained in this document represents the views of the Management of the Bank and its Subsidiaries as well as the Boards of Directors of the Bank and its Subsidiaries as of the date hereof, and they are presented for the purpose of assisting the Group's investors and analysts to understand the Group's financial position, priorities, anticipated financial performance in relation to the current period, and, as such, may not be appropriate for other purposes. The Management of the Bank and its Subsidiaries do not undertake to update any forward-looking statement, whether written or verbal, that may be made from time to time, by it or on its behalf, except as required under applicable relevant regulatory provisions or requirements.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