The African Export-Import Bank
2025 Renminbi Bonds
Base Offering Circular

Under the African Export-Import Bank 2025-2027 Renminbi Bond Issuance Programme (the "**Programme**"), the African Export-Import Bank ("**Afreximbank**," the "**Bank**" or the "**Issuer**") may, from time to time, over a period of up to two years, from the date of the issuance by the National Association of Financial Market Institutional Investors ("**NAFMII**") of a notice of acceptance of registration with respect to the Programme, issue Renminbi-denominated bonds (the "**Bonds**") in an aggregate principal amount of up to RMB4 billion on China's Interbank Bond Market (the "**Interbank Market**").

Each series of the Bonds will be underwritten by the principal underwriter(s) to be specified in the supplemental offering circular for that series of the Bonds (the "**Supplemental Offering Circular**").

The Bonds constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Negative Pledge (as further described in Term of the Bonds in the Supplemental Offering Circular), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

The Bonds are to be delivered and settled through the book-entry facilities of the Interbank Market Clearing House Co., Ltd. (also known as the "**Shanghai Clearing House**").

The transfer and trading of the Bonds on the secondary market after the completion of the issuance of the Bonds and the registration of the Bonds with the Shanghai Clearing House will be executed in accordance with applicable rules and regulations governing trading of bonds on the Interbank Market.

21 March 2025

IMPORTANT NOTICE

The registration of the Programme is effected under the "Frequent Issuer Programme" ("**FIP**"). This Base Offering Circular is prepared in accordance with the requirements of the applicable laws and regulations of the People's Republic of China ("**China**"), including the *Interim Measures for the Administration of Bonds Issued by Overseas Issuers on the National Interbank Bond Market (《全国银行间债券市场境外机构债券发行管理暂行办法》)*, the regulations and regulatory documents of the People's Bank of China ("**PBOC**"), the *Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (《外国政府类机构和国际开发机构债券业务指引》)* (the "**Guidelines**") and other relevant self-regulatory rules of NAFMII, including but not limited to the *Notice on Launching Pilot Programme to Streamline Panda Bond Registration and Issuance Mechanism (《关于开展熊猫债注册发行机制优化试点的通知》)* and the *Notice on Trial Implementation of Frequent Issuer Programme (FIP) (《关于试行"常发行计划"（FIP）的通知》)*. From the date hereof until the Issuer releases its audited annual financial statements as of and for the year ending 31 December 2024, this Base Offering Circular shall automatically form an integral part of the Issuer's information disclosure for any of its issuance(s) under the Programme. For each series of the Bonds, this Base Offering Circular and the Supplemental Offering Circular for that series of the Bonds shall together constitute an integral offering circular for that series of the Bonds. For any inconsistency between the Base Offering Circular and such Supplemental Offering Circular, the Supplemental Offering Circular shall prevail. Before investing in a series of the Bonds, investors should read this Base Offering Circular, the respective Supplemental Offering Circular and other relevant disclosure documents (as listed in "*Section 10: Disclosure Arrangements*") carefully, and make their own independent investment decisions.

The Supplemental Offering Circular referred to in this Base Offering Circular is a "supplemental offering circular" under the FIP regime prescribed in the *Notice on Launching Pilot Programme to Streamline Panda Bond Registratio*n and Issuance Mechanism and the *Notice on Trial Implementation of Frequent Issuer Programme (FIP)*.

From the date hereof until the Issuer releases its audited annual financial statements as of and for the year ending 31 December 2024, for each issuance(s) under the Programme, the Issuer undertakes to, based on the latest developments of the Issuer, prepare a Supplemental Offering Circular which updates, supplements and/or modifies the Base Offering Circular and, where applicable, corrects any information disclosed in the Base Offering Circular to disclose, on a timely basis, information relating to the Issuer and that series of the Bonds.

The Programme has been registered with NAFMII. The Issuer may, from time to time, for a period up to two years from the date of the issuance by NAFMII of a notice of acceptance of registration, issue, on the Interbank Market, the Bonds in an aggregate principal amount of up to RMB4 billion.

The Bonds will be offered to institutional investors on the Interbank Market. The registration of the Programme with NAFMII does not constitute an evaluation by NAFMII of an investment in the Bonds nor an assessment of the risks involved in an investment in the Bonds.

This Base Offering Circular is intended to provide investors with all of the necessary information, except for information relating to each series of the Bonds which is not known at the date of this Base Offering Circular and which can only be determined at the time of an individual issue of each series of the Bonds, as required by applicable laws of China. The Issuer, having made all reasonable inquiries, confirms that, as of the date hereof, the information in this Base Offering Circular is, to the best of its knowledge, true and accurate in all material respects and is not misleading in any material respect.

No person has been authorized by the Issuer or any principal underwriters for any series of the Bonds to give any information or to make any representation not contained in this Base Offering Circular, any Supplemental Offering Circular or any supplement hereto (if any) and, if given or made, such information or representation must not be relied upon as having been so authorized. Neither the delivery of this Base Offering Circular nor sale of any Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Offering Circular has been most recently supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Offering Circular has been most recently supplemented, or that any other information provided herein in connection with the Bonds is correct as of any time subsequent to the date hereof. Should any investor have any queries about this Base Offering Circular or any documents made available for inspection, it should consult its own securities brokers, legal advisors, professional accountants or other professional advisors.

The distribution of this Base Offering Circular or any Supplemental Offering Circular and the offering and sale of any Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Offering Circular or any Supplemental Offering Circular or any Bonds come are required by the Issuer to inform themselves about and to comply with such restrictions. In particular, such persons are required to comply with the restrictions on offer or sale of the Bonds and on distribution of this Base Offering Circular or any Supplemental Offering Circular and other information in relation to the Bonds set forth under "*Section 7: Selling Restrictions*."

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"). The Bonds may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Bonds may not be offered, sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

For each series of the Bonds, neither this Base Offering Circular nor the respective Supplemental Offering Circular constitutes an offer of, or an invitation by or on behalf of, the Issuer or the principal underwriters for that series of the Bonds to subscribe for, or purchase, any of that series of the Bonds in any jurisdiction in which such offer or invitation would not be lawful. For each series of the Bonds, neither this Base Offering Circular or the respective Supplemental Offering Circular nor any other information provided in connection with that series of the Bonds should be considered as a recommendation by the Issuer or the principal underwriters for that series of the Bonds that any potential investor should purchase any of that series of the Bonds. Each investor contemplating purchasing any Bonds should make its own independent assessment of the financial and other conditions of the Issuer, the investment value of such Bonds and the creditworthiness of the Issuer.

For each series of the Bonds, any acquisition and holding of such Bonds through subscription or transfer is deemed as the holder's consent to the relevant rights and obligations prescribed in this Base Offering Circular and the respective Supplemental Offering Circular.

Statement regarding Events of Default

For each series of the Bonds, if any of the following events (each an "**Event of Default**") occurs and is continuing: (a) non-payment of principal; (b) non-payment of interest; (c) breach of negative pledge; (d) breach of other obligations; (e) cross-default; (f) enforcement proceedings; (g) insolvency; (h) winding-up; (i) cessation of business; and (j) illegality, subject to the conditions included therein, such series of the Bonds shall immediately become due and payable. Please refer to Terms of each series of the Bonds included in the respective Supplemental Offering Circular for more information.

Statement regarding the internal authorisation on the issuance of Bonds

The authorization to borrow or enter into agreements for the borrowing or raising of funds for and on behalf of the Issuer (including the issuance of the Bonds) shall be on the premise that the aggregate principal amount of any such borrowings of the Issuer outstanding at any one time shall not cause the Issuer to have a capital adequacy ratio of less than twelve percent (12%) of capital against risk weighted assets calculated in accordance with the paper entitled "International Coverage of Capital Measurement of and Capital Standards: A Revised Framework" of June 2004 prepared by the Basel Committee on Banking Supervision, as from time to time amended, and on the basis of the audited financial statements of the Issuer nearest to the relevant calculation date. For each series of the Bonds, please refer to the Issuer's representations and warranties on the due authorization on the issuance of such series of the Bonds in the respective Supplemental Offering Circular.

Statement regarding Business Days

The "Business Days" referred to in this Base Offering Circular are business days on which commercial banks in Beijing, China are open for corporate business and the Depositary is open for trading, clearing and settlement of bonds.

Statement relating to forward-looking statements

This Base Offering Circular contains forward-looking statements in respect of the financial condition and operational status of the Issuer. Such forward-looking statements only indicate the Issuer's beliefs and expectations, instead of statements of the historical facts. Some expressions, e.g., "anticipate", "expect", "intend", "plan", "believe", "seek", "estimate", "potential" and "reasonably possible" and other combinations and similar wordings are all intended to enable the readers to identify forward-looking statements easily. As such representations are made based on the current plans, estimates and forecasts, investors should not overly rely on them while reading this Base Offering Circular. Such forward-looking statements have been made on the basis of the objective circumstances existing on the date when they were made, and it should not be assumed that such relevant statements have been amended or updated so as to reflect the latest information or events occurring thereafter. Forward-looking statements involve various inherent risks and uncertain factors. Many factors may result in actual results deviating from the situations expected or implied from such forward-looking statements, and under certain circumstances significant deviations may arise.

Statements regarding the accounting standards applicable to the Issuer

The audited consolidated financial statements of the Bank and its subsidiaries (together the Group) and the Bank as of and for the years ended 31 December 2021, 2022 and 2023 (together, the "**Financial Statements**") have been prepared in accordance with International Financial Reporting Standards ("**IFRS**")[1] as issued by the International Accounting Standards Board.

The abridged unaudited interim financial statements of the Group and the Bank as of and for the nine months ended 30 September 2024 ("**Interim Financial Statements**") have been prepared in accordance with the requirements of IFRS. The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the 2023 Audited Financial Statements (as defined below). The Interim Financial Statements have not been reviewed or reported on by the Group's external auditors.

Investors should read the financial information and indicators provided or referred to in this Base Offering Circular in conjunction with the consolidated financial statements of the Bank and the notes thereto.

Certain amounts and percentage figures included in this Base Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Statement relating to the language used for information disclosure

Certain documents prepared by the Issuer for public disclosure with respect to the Bonds have been prepared in both English and Chinese. Should there be any inconsistency between the two language versions, the Chinese version shall prevail. For the avoidance of doubt, the Financial Statements, the Interim Financial Statements and other corporate documents of the Issuer are in English and any Chinese translation of such documents should be read together with the relevant English version.

Access to information

Investors may obtain full access to this Base Offering Circular on the website of the Shanghai Clearing House (http://www.shclearing.com.cn), or China Money (http://www.chinamoney.com.cn), or at any other place, or on any other website or through any

[1] In 2023, IFRS issued by IASB was renamed as IFRS Accounting Standards.

other media as maybe otherwise designated during the offering period of the Bonds.

Statement relating to the foreign currency translation and rates of exchange

The Bank's functional and presentation currency is the US dollar. Amounts specified in "*Section 4: Description of the Issuer*" and "*Section 5: Selected Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations*" are expressed in USD. For illustration purposes only, the USD/CNY central parity rate expressed as the amount of CNY per USD, as published on http://www.chinamoney.com.cn/index.html by the China Foreign Exchange Trade System (the "**CFETS**"), a sub-institutional organization of PBOC, was 7.1738 on 28 February 2025.

Statement relating to "Bond Connect"

Offshore investors participating in the subscription of any Bonds through the "Bond Connect" regime must, in connection with the registration, custody, clearing and settlement of the Bonds and the remittance and conversion of funds, comply with all applicable laws and regulations, including the Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and the Hong Kong SAR released by PBOC (*《内地与香港债券市场互联互通合作管理暂行办法》*) published by the PBOC, as well as applicable rules of other relevant entities.

Statement relating to the governing law of the Bonds

The Bonds are governed by, and any dispute in connection with the Bonds should be resolved pursuant to, PRC law.

IMPORTANT NOTICE ON ENGLISH VERSION OF THE BASE OFFERING CIRCULAR

THIS VERSION OF THE BASE OFFERING CIRCULAR ("ENGLISH BASE OFFERING CIRCULAR") IS AN ENGLISH TRANSLATION OF THE CHINESE VERSION OF THE BASE OFFERING CIRCULAR ("CHINESE BASE OFFERING CIRCULAR") WHICH ACCOMPANIES THIS ENGLISH BASE OFFERING CIRCULAR.

THIS ENGLISH BASE OFFERING CIRCULAR:

1. **IS ONLY PROVIDED FOR YOUR REFERENCE;**
2. **IS OF NO LEGAL EFFECT;**
3. **MAY NOT BE AN ACCURATE TRANSLATION OF THE CHINESE BASE OFFERING CIRCULAR DUE TO THE DIFFERENCES IN GRAMMAR AND LEGAL TERMINOLOGIES. TERMS OR WORDS USED IN THE CHINESE BASE OFFERING CIRCULAR MAY HAVE DIFFERENT MEANINGS OR CONNOTATIONS COMPARED TO THE ENGLISH BASE OFFERING CIRCULAR;**
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5. **MUST NOT BE RELIED UPON IN MAKING ANY DECISION OR TAKING ANY ACTION OTHER THAN AS A GUIDE AS TO THE CONTENTS OF THE CHINESE BASE OFFERING CIRCULAR.**

THE CHINESE BASE OFFERING CIRCULAR PREVAILS OVER THE ENGLISH BASE OFFERING CIRCULAR FOR ALL PURPOSES AND UNDER ALL CIRCUMSTANCES (WHETHER OR NOT THE ENGLISH BASE OFFERING CIRCULAR AND THE CHINESE BASE OFFERING CIRCULAR ARE INCONSISTENT).

NEITHER THE ISSUER NOR ANY PRINCIPAL UNDERWRITER FOR ANY SERIES OF THE BONDS MAKES ANY REPRESENTATION OR WARRANTY AS TO THE TRUTHFULNESS OR ACCURACY OF THE ENGLISH BASE OFFERING CIRCULAR. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE ISSUER AND THE PRINCIPAL UNDERWRITERS FOR ANY SERIES OF THE BONDS DISCLAIM ALL LIABILITY FOR ANY ERRORS, OMISSIONS, DEFECTS OR MISREPRESENTATIONS IN, OR FOR ANY LOSS OR DAMAGES (WHETHER DIRECT OR INDIRECT, AND HOWSOEVER CAUSED) BY ANY PERSON WHO USES OR RELIES ON INFORMATION CONTAINED IN THE ENGLISH BASE OFFERING CIRCULAR.

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SECTION 1: DEFINITIONS

In this Base Offering Circular, unless otherwise specified or the context otherwise requires, the following terms shall have the following meanings:

"Afreximbank," "Bank" or "Issuer"	African Export-Import Bank
"Base Offering Circular" or "this Base Offering Circular"	the "African Export-Import Bank 2025 Renminbi Bonds Base Offering Circular" prepared by the Issuer for the purposes of the offering of Bonds, as amended and updated as at the date of the supplemental offering circular for each series of the Bonds
"Bonds"	RMB-denominated bonds to be issued by the Issuer from time to time under the Programme within two years from the date of the issuance by NAFMII of a notice of acceptance of registration
"Bondholders"	for each series of the Bonds, the holders of that series of the Bonds, whose names are listed on the register maintained by the Depositary
"Business Day"	any day on which commercial banks in Beijing, China are open for corporate business and the Depositary is open for trading, clearing and settlement of bonds
"CFETS"	China Foreign Exchange Trade System
"Charter"	the Charter of the Issuer adopted at the first general meeting of shareholders of the Issuer in Abuja in October 1993 following the signing of the Establishment Agreement as amended and supplemented from time to time
"China" or "PRC"	the People's Republic of China
"CIETAC"	China International Economic and Trade Arbitration Commission
"CIETAC Arbitration Rules"	the CIETAC's arbitration rules in effect at the time of applying for arbitration

"Circular 36"	the *Circular on Comprehensive Roll-out of the Pilot Programme for Transforming Business Tax to VAT issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.36)* (*《财政部、国家税务总局关于全面推开营业税改征增值税试点的通知》*)
"CNY," "Renminbi" or "RMB"	Renminbi, the lawful currency of China
"Credit Rating Agency" or "CCXI"	China Chengxin International Credit Rating Co., Ltd.
"Depositary"	Interbank Market Clearing House Co., Ltd. (also known as the "**Shanghai Clearing House**")
"day"	a calendar day
"Designated Disclosure Methods"	the disclosure of the relevant information through the websites of the Depositary (http://www.shclearing.com.cn), China Money (http://www.chinamoney.com.cn) and other platforms or methods (if any) designed by the regulators
"Egypt"	the Arab Republic of Egypt
"EIT"	enterprise income tax
"Establishing Agreement"	the Agreement for the Establishment of the African Export-Import Bank dated 8 May 1993
"Event of Default"	for each series of the Bonds, an event of default with respect to such series of the Bonds, as specified in the Terms of the Bonds in the respective Supplemental Offering Circular
"Financial Statements"	2021 Audited Financial Statements, 2022 Audited Financial Statements and 2023 Audited Financial Statements
"Group"	the Bank and its wholly owned subsidiaries

“Guidelines”	the Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (*《外国政府类机构和国际开发机构债券业务指引》*)
“Hong Kong”	Hong Kong, China
“IFRS”	International Financial Reporting Standards
“Interbank Market”	China’s interbank bond market
“Interim Financial Statements”	Afreximbank’s abridged unaudited consolidated financial statements for the half year ended 30 September 2024
“NAFMII”	National Association of Financial Market Institutional Investors
“Participating States”	states that have signed or subsequently acceded to the Establishing Agreement
“PBOC”	the People’s Bank of China
“Person”	any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof or any other entity
“Regulation S”	Regulation S under the U.S. Securities Act
“Shareholders”	shareholders of the Issuer
“Stamp Duty Law”	the *Stamp Duty Law of the People’s Republic of China (《中华人民共和国印花税法》)*
“Terms”	for each series of the Bonds, the terms of that series of the Bonds as set forth in “*Section 3: Terms of the Bonds and Offering Arrangements*” of the respective Supplemental Offering Circular (any reference to a particularly numbered Term shall be construed accordingly)

“Underwriter(s)”	for each series of the Bonds, an institution or institutions responsible for underwriting that series of the Bonds
“United States,” “U.S.” or “US”	United States of America
“US$,” “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	U.S. Securities Act of 1933, as amended
“VAT”	value-added tax
“2021 Audited Financial Statements”	Afreximbank’s audited consolidated financial statements as of and for the year ended 31 December 2021, including the notes thereto
“2022 Audited Financial Statements”	Afreximbank’s audited consolidated financial statements as of and for the year ended 31 December 2022, including the notes thereto
“2023 Audited Financial Statements”	Afreximbank’s audited consolidated financial statements as of and for the year ended 31 December 2023, including the notes thereto

SECTION 2: RISK FACTORS

The following section does not describe all of the risks and investment considerations (including those relating to each prospective investor's particular circumstances) with respect to an investment in any Bonds. For each series of the Bonds, prior to making an investment decision, each prospective investor should carefully consider the following risk factors, along with the risk factors (if any) disclosed in the respective Supplemental Offering Circular and the other matters set forth in this Base Offering Circular and the respective Supplemental Offering Circular. All of these factors may have a material adverse effect on the Issuer and/or the Bonds. In addition, prospective investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in any Bonds and should possess the appropriate resources to analyze such investment and the suitability of such investment for such investor's particular circumstances.

1. Risks relating to the Issuer

Risks relating to the Issuer's constitution and structure

As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, liquidity and corporate governance

The Establishment Agreement has the status of a treaty under public international law, and the Issuer is a creation of, and subject to, public international law. The Issuer's existence, powers, privileges, immunities, liabilities and operations are subject to, and governed by, the Establishment Agreement. The Issuer is not subject to regulation by any state. In this respect, under Article IX of the Establishment Agreement, the Issuer enjoys freedom from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature in the Participating States.

The capital adequacy position of the Issuer is controlled and closely monitored by the Board, and is disclosed in the audited financial statements of the Issuer. The Issuer has established a capital management policy (the "**Capital Management Policy**") that is based on the maintenance of a capital adequacy ratio that is in line with the recommendations of the Basel Committee on Banking Supervision (the "**Basel Committee**"), as amended from time to time. The Issuer currently applies standards from Basel III.

However, the Issuer is not subject to capital requirements by a regulatory body such as a central bank or equivalent institution and there can be no assurance that the Issuer will continue to maintain its Capital Management Policy or to comply with it or that its Capital Management Policy will continue to be in line with the recommended actions of the Basel Committee or any other internationally recognised capital adequacy standards. Non-compliance with the recommendations of the Basel Committee and its current liquidity framework could have a material adverse effect on the Issuer's access to external financing as well as to its business, financial position, results of operations and prospects.

In addition, the Issuer is not subject to any corporate governance laws or rules normally applicable to national corporations. Accordingly, the corporate governance standards adhered to by the Issuer as enshrined in the charter of the Issuer (the "**Charter**") may differ from those generally applicable to corporations organised under the laws of any particular jurisdiction, such as the United States, the United Kingdom, EU countries or other jurisdictions, and might be deemed inadequate by international investors.

Any future unavailability of capital markets and loan financing could have a material adverse effect on the growth of the Issuer's business

The Issuer has historically obtained financing for the growth of its loans and advances from syndicated and bilateral loans (including from Development Finance Institutions ("**DFIs**") such as the International Finance Corporation ("**IFC**") and the African Development Bank ("**AfDB**")) and, since 2009, through the international issuance of Eurobonds, Shareholder calls and other share issuances. However, if further bond issuances or other methods of capital markets financing are not possible on terms acceptable to the Issuer and both syndicated and bilateral loan financing are unavailable, this may inhibit the Issuer's ability to meet its growth targets and could trigger downgrades to the Issuer's credit ratings. A credit rating downgrade would likely increase the Issuer's funding costs and reduce its access to the debt capital markets, which could impair the Issuer's ability to obtain funding to grow its operations at meaningful levels in the medium term, any of which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Changes to the Charter in relation to Share Class composition or director appointment rights could result in a change in corporate governance

The Charter provides for a balanced governance structure, in terms of the distribution of shareholdings among African states, African banking institutions, the AfDB and other private sector and public sector organisations and their representation on the Board of Directors. Since the Issuer was only established relatively recently compared to major development banks, certain transitional measures and changes to the Issuer's governance structure have been required in the past and could be required in the future as the organisation grows and develops, which could give rise to changes in the relative proportions of each class of the Issuer's share capital and in the rights to appoint members of the Board of Directors. For example:

- prior to the amendment of the Charter at the reconvened Third Extraordinary General Meeting on 8 December 2012 (the "**Third EGM**"), the Charter required that the Issuer's authorised share capital, when fully subscribed, was to be distributed proportionally among the three categories of shareholders as 35% for Class A Shareholders, 40% for Class B Shareholders and 25% for Class C Shareholders;
- at the Third EGM, the Charter was amended to provide for a new category of Class D Shares, and the proportionate distributions were also amended such that a minimum of 35% of the authorised share capital is now to be held by Class A Shareholders, and up to 65% of the authorised share capital can be held by Class B, C and D Shareholders. Notably, Class D Shares can be held by any person, which could potentially include African states and others who are also eligible to hold Class A Shares; and
- Article 14 of the Charter states that the Class A, Class B and Class C Shares may be transferred only among holders of Shares of the respective class or to any third party who is eligible to become a holder of such class of Shares pursuant to Article 7 of the Charter. Class D Shares may be freely transferred without restriction to any person. Article 14 also contains a number of transitional provisions that have applied since the first issue of Class D Shares, including: (i) holders of Class B and Class C Shares may

apply to convert their shareholdings to Class D Shares, and (ii) Class B Shares that are 100% beneficially and legally owned by an African State may be converted to Class A Shares.

Changes to shareholdings by the conversion of Class B Shares or Class C Shares into Class D Shares could ultimately result in a change in the composition of the Board of Directors. In addition, there is no restriction on the number of Shares that may be held by any one individual shareholder or group of Shareholders, which could potentially lead to a concentration of ownership of the Issuer. As at the date of this Base Offering Circular, a concentration of ownership of the Issuer would not by itself result in an ability to appoint or remove a majority of the Board of Directors. However, if the Issuer's corporate governance structure and established practices were changed, whether by virtue of amendments to the Charter, further capital raises, ownership changes or otherwise, such that a concentration in control of the Issuer could result in an ability of any person or group of persons acting together to appoint or remove a majority of the Board of Directors, this may in turn have a material adverse effect on the investment policies and the lending activities of the Issuer and, consequently, the Issuer's business, financial condition, results of operations and prospects.

Risks relating to the Issuer's financial position, in terms of composition and exposures

Substantially all of the Issuer's assets, including its loans and advances, are to customers in Africa, with 44% from West Africa and 26% from North Africa as at 31 December 2023

While the Issuer exists to facilitate, promote and expand intra- and extra-African trade, its lending activities are currently concentrated in a relatively small number of countries in Africa. As at 31 December 2023, 44% of the Issuer's outstanding gross loans and advances were to borrowers in West Africa and 26% were to borrowers in North Africa.

Adverse developments impacting the borrowers, countries and/or regions that represent significant proportions of its loans and advances could result in difficulties in loan repayment and collection, as well as credit losses arising from these loans, which in turn could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Historically, the economies of some countries where the Issuer operates have periodically experienced significant volatility and economic instability. Global economic changes, including volatility in oil and other commodity prices, fluctuating exchange rates against the U.S. dollar, euro and/or other major global currencies and slower economic growth could have a significant adverse effect on the economic condition of these countries which in turn could result in challenges for the Issuer's customers being able to service their loans, and therefore could have a significant adverse impact on the Issuer's loans and advances and, as a result, on the Issuer's asset quality, prospects, profitability and financial condition.

African financial institutions are borrowers of a significant proportion of the Issuer's loans and advances

The Issuer's loans and advances are significantly concentrated to African financial institutions. As a result, the Issuer's business may be particularly subject to changes in economic conditions and systemic risks that affect financial institutions, in particular in Africa. Any negative shocks to economies in Africa, that adversely affect financial institutions that borrow from the Issuer, could adversely affect the Issuer's loans and advances and lead to credit losses. In addition, any increases in regulatory oversight and requirements imposed by the governments of Participating

States on the lending and trade finance activities of borrowers operating in their financial sectors could have an indirect impact on the Issuer's activities and business due to constraints on such borrowers' ability to onlend financing from the Issuer, and therefore could have a material adverse effect on its business, financial condition, results of operations and prospects.

Changes in the credit quality of the Issuer's borrowers and counterparties could materially adversely affect the Issuer's financial performance, and the Issuer's credit portfolio may not continue to grow at the same or similar rate as in recent years

The Issuer's net loans and advances portfolio increased from U.S.$18.2 billion as at 31 December 2021 to U.S.$26.8 billion as at 31 December 2023. No assurance can be given that, in the future, the Issuer's loans and advances will continue to grow at historic rates. Furthermore, any continuation of historical growth rates in the Issuer's loans and advances could expose the Issuer to increased credit risk, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations if the Issuer were to be unable to manage such increase in credit risk.

In particular, the Issuer's business is subject to risks related to the credit quality of its customers. As at 31 December 2023, loans and advances to customers amounted to 80.0% of the Issuer's total assets. A deterioration of the credit quality of the Issuer's customers, and/or a failure by the Issuer to correctly identify and manage such changes, could require increased allowances for expected credit losses, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

In addition, if the Issuer were to continue the growth in its loans and advances at its current rates, it could have a negative impact on the Issuer's capital adequacy ratios if the Issuer is unable to increase its capital at corresponding rates.

Local foreign exchange controls or currency devaluations may affect the Issuer's borrowers' ability to pay U.S. dollar or euro-denominated obligations

A significant number of the Issuer's loans and advances were U.S. dollar-denominated, and most of the remaining were Euro-denominated. Local country foreign exchange controls could restrict the ability of its borrowers, even if they are exporters, to acquire U.S. dollars or Euros to repay loans on a timely basis or at all, and/or that significant currency devaluation will occur, which could increase the cost, in local currency terms, to the Issuer's borrowers of acquiring U.S. dollars or Euros to repay loans. Any inability of the Issuer's borrowers to acquire U.S. dollars or Euros as a result of local foreign exchange controls, currency devaluation, or otherwise could affect their ability to repay their loans, which in turn could have a material adverse effect on the Issuer's business, results of operations, financial condition and cash flows.

A decline in the value of collateral or the illiquidity of the collateral securing the Issuer's loans may adversely affect the credit quality of its loans and advances

The Issuer takes collateral from the majority of borrowers. Collateral that may be accepted includes assignments of receivables, cash collateral, government securities (by way of bonds or guarantees) and pledges over assets. Downturns in the relevant markets or a general deterioration of economic conditions may result in reductions in the value of collateral securing loans to levels below the amounts of the outstanding principal and accrued interest on such loans. If collateral values decline, they may not be sufficient to cover uncollectable amounts on the Issuer's secured loans. A failure to recover the expected value of collateral may expose the

Issuer to losses, which could, in turn, have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

The Issuer's allowances for credit losses could prove inadequate to cover credit losses related to its loans and contingencies

Determining the appropriate level of allowances for expected credit losses necessarily requires the Board's and management's judgement, including assumptions and estimates made in the context of changing political and economic conditions in the regions and sectors to which the Issuer lends. In particular, on 1 January 2018, the Issuer implemented International Financial Reporting Standard 9 - Financial Instruments ("**IFRS 9**"). IFRS 9 replaced the "incurred credit loss" model used under International Accounting Standard 39 Financial Instruments: Recognition and Measurement with an "expected credit losses" model. The changes from incurred to expected credit losses requires professional judgement over various factors used in the calculation of expected credit losses, such as how macroeconomic scenarios affect the calculation. The application of the IFRS 9 impairment requirements could increase volatility in profit or loss of the Issuer. In response to the Covid-19 pandemic, the Issuer took a prudent approach in determining the "expected credit losses", in line with IFRS 9, to ensure that adequate allowances are held on loans and advances. To account for the expected increase in credit risk in line with IFRS 9, the Issuer's management applied an ECL overlay across all customers, both at individual and portfolio levels. The Bank's loan and advances, subject to credit risk, were US$28.33 billion as at 31 December 2023 and the allowance for expected credit losses recognized by the Bank on the loans and advances amounted to US$1.49 billion, for the year ended 31 December 2023.

The Issuer is exposed to liquidity risk

The Issuer monitors maturity mismatches between its assets and liabilities in order to minimise its liquidity risk. Although management believes that the Issuer's income and access to international capital markets and other financings will continue to allow it to meet its short-term liquidity needs, mismatches between its income and assets and the maturity of its indebtedness may negatively impact its liquidity position. Any inability to meet liquidity needs could adversely impact the evaluation of the Issuer's creditworthiness by counterparties and rating agencies, which could significantly limit its operating activities. Accordingly, if the Issuer were to be unable to manage its liquidity position successfully, this could have a material adverse effect on its business, results of operations, financial condition and cash flows.

Risks relating to the Issuer's operations

The Issuer is exposed to operational risks, including the risk of fraud by employees and third parties, failure to obtain proper internal authorisations, failure to properly document transactions, equipment failures, data protection and cybersecurity breaches, and errors by employees

The Issuer is exposed to operational risks, including the risk of fraud by employees and third parties, failure to obtain proper internal authorisations, failure to properly document transactions, equipment failures, data protection and cybersecurity breaches, and errors by employees. In particular, the Issuer's business depends on processing numerous complex transactions, and the recording and processing of these transactions are potentially exposed to the risk of human and technological errors, including miscalculations, or a breakdown in internal controls relating to the due authorisation of transactions. In light of the volume of transactions processed by the Issuer, errors may be repeated or compounded before they are discovered and rectified, and no assurance can be given that risk assessments made in advance will adequately estimate the costs of these errors. Moreover, the secure transmission of confidential information about customers and transactions is a critical part of the Issuer's business, and its measures for keeping such information secure from external threats could prove inadequate. Although the Issuer has put in place a system of internal controls that is designed to address the foregoing risks, there can be no assurance that operational problems or other errors will not occur, and that the failure to prevent these risks will not have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Any delays to, or failure to implement, business initiatives that the Issuer may undertake could prevent the Issuer from realising the anticipated revenues and benefits of the initiatives, divert the attention of its management, cause additional expenses, or cause other negative repercussions for the Issuer

The initiatives of the Bank may not be fully implemented within the time frame, which the Issuer expects, or at all. In addition, even if such initiatives are fully implemented, they may not generate revenues as expected or could result in an increase in costs and expenses in excess of budget and/or credit risks arising from new markets. Any delays in reaching agreement with strategic partners, or otherwise implementing the Issuer's strategic initiatives, could divert the attention of the Issuer's management, result in additional expense, prevent the Issuer from pursuing other initiatives or, ultimately, prevent the Issuer from realising the anticipated benefits of the initiatives, which could adversely affect the Issuer's business, financial condition, results of operations and prospects.

Increased risk perception in countries in Africa where the Issuer has large credit exposure could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs

The Issuer's ability to raise funds at an acceptable cost in part depends on its credit ratings and perceived credit risk amongst international lenders. A credit rating downgrade would likely increase the Issuer's funding costs and could reduce its access to the capital markets, whether debt or equity. In that case, the Issuer's ability to obtain the necessary funding to carry on its financing activities in Africa at meaningful levels could be adversely affected, which in turn could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Increased risk perception in any country in Africa where the Issuer has large exposures could trigger downgrades to the Issuer's credit ratings. Given the exposure of the Issuer to the Participating States, any downgrade in the sovereign credit rating of a substantial number of such Participating States could consequentially impact the Issuer's credit rating and may have a material adverse impact on the Issuer's business, financial condition, results of operations and prospects.

The Issuer faces certain risks dealing with epidemic and outbreaks, which could adversely affect the Issuer's business, results of operations and financial condition.

Any spread or new outbreaks of epidemics could cause a negative impact on the region's finances, as well as its socio-economic condition. Any spread or new outbreaks of disease could cause the affected region to be faced with financial, social, political and economic consequences resulting in a downturn in economic activity due to factors such as a decline in travel, trade, deferment of investment projects and the wait-and-see policy of some investors. All of these effects could have a significant impact on the Issuer's business and results of operations. Such diseases impair the health of employees and negatively affect productivity and profitability as a result of employees' diminished focus or skill, absenteeism, treatment costs and allocated resources. Subsequently, this may adversely affect the operations of the Issuer or those of the countries in which it operates. The Issuer is not able to quantify these costs accurately and no assurance can be given that costs it will incur in connection with these health risks will not have a material adverse effect on its business, results of operations and financial condition.

The Issuer is exposed to market risks, including interest rate and currency risk, and its efforts to manage such risks may not be successful

Market risk generally represents the risk that the value of assets and liabilities will be adversely affected by changes in market conditions. Market risk is inherent in the financial transactions associated with many of the Issuer's operations and activities, including loans, deposits, short-term borrowings and long-term debt. The Issuer seeks to manage some of its market risk through the use of derivatives such as currency and interest rate hedging and swaps. Fluctuations in interest and currency exchange rates, changes in the implied volatility of interest rates and changes in foreign exchange rates have a direct impact on the Issuer's profitability. Accordingly, depending on the instruments or activities impacted, market risks can adversely affect the Issuer's business, financial condition, results of operations and prospects.

The Issuer is exposed to risks resulting from mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets. To the extent that the Issuer's assets may re-price more frequently than its liabilities, if interest rates fall, the Issuer's interest expense will decrease more slowly than its interest income, which could negatively affect its net interest margin. For example, the Issuer lends and borrows at floating rates, resulting in a natural hedge. From time to time in the past, the Issuer has swapped some of the fixed rate bonds it has issued for floating rate borrowings in order to help manage its balance sheet and hedge against adverse movements in interest rates.

More generally, the Issuer has entered into various hedging transactions to help manage the risk of changes in commodity prices and currency fluctuations with respect to loans made to its borrowers. The Issuer's actual hedging decisions are determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. In some cases, the Issuer may not elect or have the ability to implement such hedges or, if the Issuer does implement them, they may not achieve the desired effect. They may also expose the Issuer to the risk that its counterparties to hedging contracts will default on their obligations. Furthermore, although hedging transactions may limit to some degree the Issuer's risk from fluctuations in commodity prices, currency exchange and interest rates, the Issuer potentially forgoes benefits that might result from such fluctuations. At the date of this Base Offering Circular, the Issuer had hedged its actual net currency exposure in currencies other than the U.S. dollar, in line with its current policy, and as noted above, the Issuer is substantially hedged against its current interest rate risk. However, there can be no assurance that the Issuer's hedging activities will operate as intended and protect it against losses resulting from adverse interest rate, currency or commodity price fluctuations. Any failure to do so could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Although the Issuer seeks to adhere to internationally recognised sanctions, the Issuer has relationships with states which have citizens or entities that are subject to international sanctions

As a supranational financial institution focused on developing trade from and within Africa, the Issuer has relationships (including shareholder and business) with a number of African states that are subject to one or more international sanctions regimes, in particular, the Democratic Republic of the Congo, the Republic of Sudan, South Sudan, the Republic of Zimbabwe, the Republic of Burundi, the Republic of Mali and the Central African Republic. As at the date of this Base Offering Circular, none of these states is the subject of comprehensive sanctions under any applicable sanctions regime, although certain individuals, entities and sectors within these states are subject to sanctions. None of the loans granted to parties mentioned above were in violation of any international sanctions regimes. In this respect, it should be noted that loans granted to the Republic of Sudan have historically been denominated in Euro, rather than U.S. Dollars, since the Republic of Sudan had previously been subject to comprehensive sanctions in the United States.

Certain persons located in, or in some other way connected with, the Republic of Zimbabwe and the Republic of Sudan, the Republic of Burundi, the Democratic Republic of Congo, the Republic of Mali and the Central African Republic are subject to sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"). In addition, sanctions administered by the EU prohibit the provision of (i) financing or financial assistance related to military activities, including loans for the sale, supply, transfer or export of arms or for the provision of related technical assistance (such as maintenance) to any person, entity or body in the Republic of Sudan or South Sudan (EU Regulation 131/2004 as amended by 1215/2011) and (ii) technical assistance, financing or financial assistance related to military activities, or towards the purchase of equipment which could be used for internal repression in Zimbabwe (EU Regulation (314/2004) as amended by 213/2020) and the Zimbabwe (Sanctions) (EU Exit) Regulations 2019 (no. 604), (iii) technical assistance, financing or financial activities related to military activities to any person, entity or body in the Central African Republic (EU Regulation 224/2014). The EU has also imposed restrictive measures directed against certain persons, entities and bodies in the Republic of Tunisia (EU Regulation 101/2011), the Republic of Guinea (EU Regulation 1284/2009) and the Democratic Republic of Congo (EU Regulation 1183/2005).

The sanctions regimes referred to above do not prevent the Issuer from transacting with entities and persons that are not themselves subject to sanctions or embargoes, although the Issuer seeks to adhere to sanctions and embargoes imposed and administered by the African Union ("**AU**"), United Nations Security Council, the European Union ("**EU**"), OFAC, His Majesty's Treasury ("**HMT**") and other relevant internationally recognised sanctions authorities. However, given the extent of the Issuer's involvement in financing transactions throughout Africa, there can be no assurance that the Issuer will not be subject to investigation in connection with the sanctions or embargoes described above or other sanctions and embargoes that may be applicable either presently or in the future. If any such investigation occurred and resulted in the Issuer being found to have breached any sanctions or embargoes, this could adversely affect the Issuer's business, financial condition, results of operations and prospects. Please see also "*Section 4:*

Description of the Issuer – Risk Management and Asset Quality – Anti-Money Laundering, "Know-Your-Customer" Checks and Sanctions Compliance – Sanctions Compliance".

The loss of key employees may have an adverse effect on Afreximbank's business

Afreximbank's growth strategy is dependent on the efforts and abilities of its senior management. Afreximbank's operations depend, in part, upon the continued services of certain long-term, key employees with the relevant skills to operate a multilateral financial institution. In the Issuer's experience, in cases of turnover of its key employees, replacement costs can be significant given the need to find employees with the relevant skills and experience, particularly given the pan-African nature of the Issuer's operations and that to replace one existing employee with the requisite product knowledge, skills and languages could require the Issuer having to hire multiple new employees to yield the same skill set, which would, *inter alia*, increase its employment costs. Despite having a succession plan in place for its existing key employees, if Afreximbank loses the services of any of its existing key personnel without timely and suitable replacements, or is unable to attract and retain new personnel with suitable experience, Afreximbank's business, financial condition, results of operations and prospects may be materially and adversely affected.

A worsening of the political climate (including significant changes to social conditions and foreign policies) in any of the states with which the Issuer has relationships may have a material adverse effect on the Issuer's financial condition and/or results of operations

Political factors which could adversely affect the Issuer's business, financial condition, cash flows, results of operations and prospects include:

- regional political instability, including government or military regime change, riots or other forms of civil disturbance violence or strife, including through acts of terrorism, guerrilla activities and insurrection;
- military strikes or the outbreak of war or other hostilities involving nations in the region;
- any material curtailment of the industrial and economic infrastructure development that is currently underway across Africa;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use, foreign ownership, legal structures and tax laws;
- cancellation of contractual rights;
- trade barriers;
- difficulties in staffing and managing operations;
- lack of well-developed legal systems which could make it difficult for the Issuer to enforce its intellectual property and contractual rights;
- security and safety of employees;
- epidemics and pandemics;
- restrictions on the right to convert or repatriate currency or export assets;
- greater risk of uncollectible accounts and longer collection cycles;

- indigenisation and empowerment programmes;
- logistical and communications challenges;
- corruption; and
- arbitrary, inconsistent or unlawful government action.

Many of the countries with which the Issuer has relationships are in various stages of developing the institutions and legal and regulatory systems that are characteristic of established democracies. However, institutions in these countries may not yet be as firmly established as they are in countries in more established democracies. Many of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Issuer's investments in those countries. Moreover, the procedural safeguards of the new legal and regulatory regimes in those countries are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

The introduction of barriers to global trade, including tariffs, could impact global demand for African goods and commodities, and weaken global risk appetite more generally. For example, the imposition of tariffs by the former U.S. President Donald Trump on certain foreign exports of steel and aluminium may have a negative impact on these commodity sectors in African economies, as well as more broadly. Trade barriers affecting African economies may ultimately have an adverse impact on the Issuer's operations and credit portfolio.

In recent years, many African countries have been subject to increasing numbers of terrorist attacks, including but not limited to high profile incidents in Nigeria, Kenya, Tunisia, Egypt, Ethiopia, Burkina-Faso, Cameroon, Democratic Republic of the Congo, Mozambique, Niger, Uganda and Mali, and many African countries suffer from a high prevalence of violent crime, militant activity and political unrest. An increase in the number of terrorist attacks or violent crimes, or the occurrence of a large-scale terrorist attack in Africa could have a negative impact on African economies and therefore the Issuer's financial condition and business. Islamist extremism is increasingly seen as posing a threat in certain parts of Africa. Extremist groups reported to be operating in Africa include ISIS, al Qaeda in the Islamic Maghreb, Al Shabaab in eastern Africa and Boko Haram in western Africa. The activities of these groups could disrupt trade, decrease economic confidence and deter international investment, which could in turn have a material adverse effect on the Issuer's business, financial condition, cash flows, results of operations and prospects.

In addition, certain regions of Africa may suffer from geopolitical conflict. A number of African states have unresolved political differences both internally, with surrounding countries and/or internationally. In particular, since January 2011, there have been varying degrees of political instability and public protests within certain Northern African countries, including Egypt, where the Issuer's headquarters are located, as well as Libya and Tunisia. Lingering political tensions have not, in the Issuer's experience, adversely affected the Issuer's decision-making capabilities or the functioning of its operational portfolio to date. However, it is possible that in the future such events could have an adverse impact on the political stability and economy of the relevant African countries and consequently on the Issuer's results of operations and financial condition. In addition, weaknesses relating to certain African legal systems and legislation create an uncertain environment for investment and business activity, which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

As the political, economic and legal environments remain subject to continuous development, investors in these countries and regions face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in these or neighbouring countries or others in the region may have a material adverse effect on the Issuer's business, financial condition, cash flows, results of operations and prospects.

Risks relating to the Issuer's focus on Africa

The Issuer's lending activities are concentrated in Africa, which is a reflection of its core mission. Accordingly, investors should pay careful attention to the risk factors, both economic and political, associated with investing in Africa.

Emerging markets such as those in Africa are subject to greater risks than more developed markets

African markets are subject to greater risk than more developed markets. These risks include economic and financial market instability as well as, in some cases, significant legal and political risks due to the lack of safeguards and infrastructure that investors traditionally encounter in more developed economies. In addition, in a number of African countries, structural reforms are still needed in many sectors, including agriculture, energy and transport.

Economic instability in African countries in the past and in other emerging market countries has been manifested in many ways, including but not limited to:

(i) sudden deterioration in the general economic and business conditions;

(ii) high interest rates;

(iii) exchange rate fluctuations and instability;

(iv) high levels of inflation;

(v) exchange controls;

(vi) industrial action;

(vii) commodity price fluctuations;

(viii) slowdown in the economic activity of key clients;

(ix) wage and price controls;

(x) sudden changes in economic or tax policies;

(xi) imposition of trade barriers;

(xii) changes in investor confidence;

(xiii) perceived or actual security issues and political instability;

(xiv) high budget deficits;

(xv) lack of adequate infrastructure necessary to accelerate economic growth; and

(xvi) difficulties in accessing foreign grants and other funding.

The occurrence of any of these factors could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

Turmoil in emerging markets and broader market conditions, even outside Africa, can adversely affect African economies

Any significant financial turmoil in one emerging market country has a tendency to adversely affect prices in capital markets of other emerging market countries, as investors may seek to move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment across Africa and adversely affect the wider African economy.

The availability of credit to entities operating within emerging markets is also significantly influenced by the level of investor confidence in such markets as a whole and, as such, any factors that affect investor confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets. Thus, even if the wider African economy remains stable (as a whole), financial turmoil in any emerging market country or region (African or otherwise) could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. In particular, the economies of some countries in Africa have periodically experienced significant volatility, which has been characterised, in some cases, by political uncertainty, slow growth or recession, declining investment, government and private sector debt defaults and restructurings, significant inflation and currency devaluation. International investors' reactions to events occurring in one emerging market country of the region sometimes appear to demonstrate a contagion effect, which can drive down the value of investments for emerging markets in Africa. More broadly, the disruptions experienced in the international capital markets during the past few years have also led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in financing being unavailable for certain entities. Entities located in, or doing business with, countries in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty.

In addition, African economies are often overly dependent on commodity exports, and decreased demand from China for natural resources has had and may continue to have a significant downward effect on the prices of these commodities from African countries, whose economies are heavily dependent on the export of these resources. See also "— *Risks relating to the Issuer's focus on Africa —The Issuer may be adversely affected by a continued depression of or further falls in commodity prices, in particular oil prices, in the international markets and the effect of such declines on African economic growth*".

As a result, African economies are highly susceptible to global economic changes, including in oil prices, U.S. dollar interest rates, the U.S. dollar exchange rate relative to local currencies, U.S. global trade policies and slower economic growth in developed countries, any of which could have a significant adverse effect on the economic condition of countries in Africa.

The Issuer may be adversely affected by general conditions in the international financial markets and their effects on African financial markets

Periodic disruptions since the 2008 global financial crisis in the inter-bank and capital markets, as well as capital flight from emerging markets, have led, on occasion, to reduced liquidity and increased costs of funding, both for banks and for other participants in and users of these markets. Banks have experienced a reduction in available financing both in the inter-bank and short-term public funding markets, as well as in longer term capital markets. Accordingly, financial sector dysfunctionality has become an immediate and ongoing threat for many African economies. Since the outbreak of the Covid-19 pandemic in 2020, significant pressure has been placed on African banking systems as (i) access to foreign currency has become restricted (a situation aggravated by downward pressure on exchange rates of local currencies to the U.S. Dollar) and (ii) deterioration in the real economic sector threatens the quality of the assets of banks, resulting in dysfunctionality across the banking sector. The restoration of credit flow both to and within Africa and the continued return of financial markets to functionality represent critical elements for the ongoing recovery from the global financial crisis. If such dysfunctionality in the financial sector persists, this could have an adverse impact on the Issuer's results of operations and profitability.

The Issuer may be adversely affected by a continued depression of or further falls in commodity prices, in particular oil prices, in the international markets and the effect of such declines on African economic growth

The economies of many countries in Africa are highly sensitive to commodity prices, particularly oil prices.

Oil prices can be affected by relatively minor changes in the supply of and the demand for oil, and a number of additional factors that are beyond an exporting African country's control. These factors include, but are not limited to, political conditions in the Middle East and other regions, internal and political decisions of the Organisation of the Petroleum Exporting Countries ("**OPEC**") and other oil producing regions and nations, weather conditions, government regulations, transportation costs and restrictions, the price and availability of alternative fuels and overall international demand, including as a result of pandemics. Low oil prices can have a significant negative impact on the economies of oil exporters in Africa. For example, according to the World Bank, the GDP of Nigeria, which is highly dependent on oil exports, grew in 2014 by 6.3%, however, after the decline in oil prices, it only grew by 2.7% in 2015 and fell by 1.6% during 2016[2].

Falling prices for other commodities can also impact many countries in the region. Since a third of the world's mineral reserves and a tenth of global oil reserves are located in Africa, many countries are extremely dependent on commodity export revenues. Sustained low commodity prices could slow growth and negatively impact African economies and companies operating in those economies. This in turn could have a significant adverse impact on the Issuer's credit portfolio, including increased loan loss provisions and, as a result, on the Issuer's growth, asset quality, prospects, profitability and financial condition.

Despite the immunities and privileges afforded to the Issuer in the Establishment Agreement, the Branch Agreements and the Headquarters Agreement, there can be no guarantee that the Issuer's assets and operations will not be affected by government intervention or that Participating States will honour the Issuer's preferred creditor status

Under the Establishment Agreement, each Participating State has agreed to waive, and refrain from imposing, any administrative, financial or other regulatory restrictions that are likely to

[2] World Bank Global Economic Prospects – June 2017; World Bank Global Economic Prospects – January 2018

hinder the Issuer's functions or negatively impact its operations. Accordingly, the Issuer's property, assets, operations and activities are free from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature. In addition, Article VIII of the Establishment Agreement states that "*the property and assets of the Issuer wherever located and by whomsoever held shall be immune from: (a) search, requisition, expropriation, confiscation, nationalisation and all other forms of seizure, taking or foreclosure by executive or legislative action; and (b) seizure, attachment or execution before the delivery of final judgment or award against the Issuer*" and that, without prejudice to such immunity, the property and assets of the Issuer shall be subject to due legal processes and judicial action taken by ordinary courts of competent jurisdiction.

In relation to tax, Article XIV of the Establishment Agreement exempts the Issuer and its property, assets, income, operations and transactions from all taxation and customs duties in each of the Participating States in which it operates. In addition, Article VII of the Headquarters Agreement between the Issuer and the Arab Republic of Egypt dated 31 August 1994 (the "**Headquarters Agreement**") states that the Issuer's headquarters are inviolable, and that no officer or official of Egypt may enter the headquarters without the consent of the President of the Issuer. In addition, the Issuer has entered into branch agreements (the "**Branch Agreements**") with the Participating States of Côte d'Ivoire, Nigeria, Zimbabwe, Uganda and Cameroon where its branches are located, which also contain material protections for the Issuer in line with the Establishment Agreement.

As at the date of this Base Offering Circular, the Issuer has not been subject to any violation of the foregoing provisions. However, there can be no guarantee that such privileges and immunities will continue indefinitely, that a Participating State would not seek to tax the Issuer, that such privileges and immunities will not be altered, or that changes to the government of any Participating State or other factors, such as political unrest, will not adversely affect the privileges and immunities granted to the Issuer. Any alteration, suspension or violation of the Issuer's immunities and privileges and/or unlawful or arbitrary government action in some African states could disrupt the Issuer's operations and have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

These accommodations referred to above have allowed the Issuer to enjoy a preferred creditor status in the Participating States and reduced the effect of country risk and moratorium risk on the Issuer. Other elements of preferred creditor status, including (but not limited to) preferential access to foreign currency in the event of a country foreign exchange crisis and priority of payment in the event of government shortfalls, are not contained in a treaty, law or contract but reflect the relevance of the Issuer to the Participating States and that the Participating States will likely place priority on honouring commitments (including debt repayments) to the Issuer over other private or official creditors during times of debt distress. Accordingly, the Issuer believes that its exposure to the Participating States subjects it to less risk than its commercial loans. However, there can be no assurance that, during a time of debt distress, the Participating States would always give the Issuer priority. Any failure by the Participating States to honour their commitments to the Issuer in full at the time that they come due, and in the absence of realisable security taken by the Issuer under the affected transactions, could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

There can be no guarantee that the business, operations and financial results of the Issuer will not in the future be adversely affected by any significant recurrence of unrest in Egypt and other MENA states, or any spread thereof to other African states where the Issuer operates

The majority of the Issuer's business is, and will continue to be, concentrated in African countries outside of the MENA region which, as at the date of this Base Offering Circular, have been unaffected by the various on-going economic and political developments in or affecting the MENA region. This is due to the fact that the Issuer predominantly conducts its business in its Participating States and, as at the date of this Base Offering Circular, the only MENA states which are members of the Issuer are Egypt, Tunisia and Morocco.

The 2011 revolution in Egypt, which led to the overthrow of former President Hosni Mubarak, did at the time directly impact the Issuer, by forcing the closure of its Cairo headquarters for five days. However, the Issuer did not experience any material disruption to its operations as a result of this closure, due to having back-up facilities in the Abuja Branch to which the Issuer was able to transfer its headquarter operations and critical personnel. The Issuer anticipates that this would again be the case in the event of any recurrence of significant political unrest within Egypt in the future.

Nevertheless, it is not possible to predict the occurrence of events or circumstances such as war, hostilities or political unrest or their impact, and no assurance can be given that the Issuer would be able to sustain its current profit levels if adverse political events or circumstances were to occur in any of the African states in which it has significant operations or exposure.

The Issuer operates in jurisdictions with heightened risks relating to fraud, bribery, money laundering and corruption

The Issuer operates in a number of jurisdictions that have from time to time experienced high levels of fraud, bribery, money laundering and corruption. For example, certain jurisdictions have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in developing countries brings with it inherent risks associated with enforcement of the Issuer's legal and contractual rights and third party obligations, fraud, bribery, money laundering and corruption.

The Issuer has policies and procedures in place and codes of conduct and other safeguards designed to prevent the occurrence of fraud, bribery, money laundering and corruption. See "*Section 4: Description of the Issuer – Risk Management and Asset Quality – Anti-Money Laundering, "Know-Your-Customer" Checks and Sanctions Compliance – Sanctions Compliance*". These include policies and procedures designed to assist the Issuer in identifying potential investments that are associated with Politically Exposed Persons ("**PEPs**") which are then subjected to heightened scrutiny and additional due diligence. However, it may not be possible for the Issuer to detect or prevent every instance of fraud, bribery, money laundering or corruption in every jurisdiction in which it does business or where its employees or agents are located. The Issuer may therefore be subject to civil and criminal penalties and to reputational damage, any of which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

2. Risks relating to the Bonds

(1) The Bonds may not be a suitable investment for all investors.

Each investor who intends to invest in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, such investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the Bonds and the information contained in this Base Offering Circular, the respective Supplemental Offering Circular or any other offering documents;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in any Bonds and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in any Bonds, including where principal or interest is payable in one or more currencies where the currency for principal or interest payments is different from the investor's currency;

(d) understand thoroughly the Terms of the respective series of the Bonds and be familiar with the operation of the Interbank Market and other relevant financial markets; and

(e) be able to evaluate (either on its own or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

(2) The Bonds are unsecured obligations.

It is particularly important for investors to evaluate the Bank's credit risk when considering an investment in any Bonds as the Bonds are unsecured. If the Bank is unable to pay amounts owed to investors under any Bonds, such investors do not have any recourse to any other security or collateral of the Bank and, in a worst case scenario, may not receive any payments under the Bonds.

(3) The Bonds may be redeemed prior to maturity due to tax reasons or reasons of force majeure.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, at their early redemption amount, due to tax reasons or reasons of force majeure. For details on the early redemption, please refer to the Terms of the Bonds specified in the Supplemental Offering Circular.

If the Issuer redeems the Bonds in any of the circumstances mentioned above, there is a risk that the Bonds may be redeemed at times when prevailing interest rates may be relatively low, in which case Bondholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

(4) There may be no active trading market or secondary market liquidity for the Bonds.

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severe adverse effect on the market value of the Bonds.

(5) Volatility of the trading price of the Bonds.

In recent years, stock markets have experienced significant price fluctuations. These fluctuations often were unrelated to the operating performance of the companies whose securities are traded on such stock markets. Market fluctuations as well as adverse economic conditions have negatively affected the market price of many securities and may affect the market price of any Bonds issued under the Programme. In particular, the markets for securities bearing emerging market risks, such as risks relating to Africa, may be volatile. Markets for such securities are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. These events caused significant volatility in prices of emerging market debt. Events may occur which would cause significant volatility of the sort which occurred in worldwide financial markets.

(6) General economic conditions may affect the price of Bonds.

The market for a series of Bonds is influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Asia and other regions and countries. There can be no assurance that events occurring in Asia and other regions and countries will not cause market volatility, that such volatility will not adversely affect the price of such series of the Bonds and that economic and market conditions generally will not have other adverse effects.

(7) Changes of law may have an adverse effect on the Bonds.

The Terms of each series of the Bonds are based on the laws of China in effect as of the date of the respective Supplemental Offering Circular. There is a risk that the interpretation and/or application of the Terms of that series of the Bonds under such laws may be subject to change in such a manner as to adversely affect the contractual rights of holders of that series of the Bonds. The value of that series of the Bonds may also be affected by changes in applicable laws and/or their interpretation or application.

For each series of the Bonds, no assurance can be given as to the impact of any judicial decision or change to the laws of China or change in administrative practices after the date of the respective Supplemental Offering Circular.

(8) Investors will only be able to trade their interests in Bonds through the clearing system of the Depositary and are subject to any risks relating to such clearing system.

Investors will only be able to trade their interests in Bonds through the clearing system of the Depositary and will have to rely on its procedures for transfer of any Bonds and payment of interest and principal.

The Bank has no responsibility or liability for the relevant records relating to, or payment procedure in respect of, interests in the Bonds.

(9) Resolutions passed on Bondholders' Meetings may not be in the best interest of all Bondholders.

For each series of the Bonds, the Terms of that series of the Bonds may contain provisions relating to the resolutions that can be passed at Bondholders' meetings. These provisions permit defined majorities to bind all Bondholders, including the Bondholders who did not attend and vote at the relevant meeting and the Bondholders who voted in a manner contrary to the majority. Accordingly, the Bondholders are subject to the risk that resolutions not for their benefit may be adopted.

(10) The Terms of the Bonds may be modified without the consent of Bondholders in certain circumstances.

The Terms of each series of the Bonds may provide that the Issuer may, without the consent of the Bondholders, amend or modify such Terms, waive or delegate any matter in respect thereof: (a) where the amendment, modification, waiver or delegation does not prejudice the interests of the Bondholders; or (b) where the amendment or modification of the Terms is of a formal, minor or technical nature or is made to correct a manifest error or where the amendment or modification, waiver or delegation is made to comply with mandatory provisions of law. Any such amendment, modification, waiver or delegation shall be binding on the Bondholders and be notified to the Bondholders as soon as possible.

Hence, the Bondholders may face the risk that modifications of the Terms of the respective series of the Bonds are made without their vote or consent.

(11) Interest rate risk.

Investors in the Bonds are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the fixed rate bonds. As a series of the Bonds may carry a fixed interest rate, in the case that the interest rates in the market increase beyond the fixed interest rates of the relevant Bonds, the investors will not be able to obtain such benefits.

Investments in the Bonds may involve interest rate risk with respect to the currency of denomination of the Bonds. A variety of factors influences interest rates such as macroeconomic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Bonds.

(12) Exchange rate risk.

The value of Renminbi has been fluctuating against other major currencies and affected by change in political or economic conditions in China and globally, as well as many other factors. If investors evaluate their investment returns in a currency other than Renminbi ("**Investor Currency**"), there will be certain exchange rate risks associated with the investment in the Bonds, including significant fluctuations in exchange rates between Renminbi and the Investor Currency. If the value of Renminbi depreciates against the Investor Currency, that may result in a decline in the actual yield on investment in the Bonds lower than the coupon rates on the Bonds as well as exchange losses from converting the interest income and gains from the Bonds into the Investor Currency. As a result, investors may receive less than, or in some circumstances, substantially less than their expected return on principal or interest.

(13) Legal investment considerations may restrict certain investments.

Investors should consult their own legal advisers in determining whether and to what extent a series of the Bonds constitutes a legal investment for such investors and whether and to what extent such Bonds can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisers or regulators in determining the appropriate treatment of any Bonds under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include the Bonds. Investors should review and consider such restrictions prior to investing in any Bonds.

(14) Taxation in relation to the Bonds.

Transactions involving any Bonds may have tax consequences for potential purchasers which may depend, among other things, upon the status of the potential purchaser and laws relating to income tax, VAT, stamp duty, and/or similar taxes.

(15) Credit ratings may not reflect all risks.

CCXI has assigned a credit rating of AAA to the Issuer with a stable outlook. The rating may not reflect the potential impact of all risks discussed above, and other factors that may affect the value of the Bonds. A credit rating of the Issuer is not a recommendation to buy, sell or hold securities and may be suspended, downgraded or withdrawn by the rating agency at any time.

There is no assurance that the rating of the Issuer will remain for any given period of time or that it will not be suspended, lowered or withdrawn by the rating agency if, in its judgement, circumstances in the future so warrant. In the event that the rating of the Issuer is subsequently suspended, lowered or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Bonds, the Issuer may be adversely affected, the market value of the Bonds is likely to be adversely affected and the ability of the Issuer to make payments under the Bonds may be adversely affected.

3. Risks relating to Cross-border Offering

(1) The Issuer's ability to source Renminbi outside the PRC and to remit Renminbi into the PRC to service the Bonds may be limited.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into or out of the PRC. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually. As a result of the restrictions on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited, and the size of Renminbi-denominated financial assets outside the PRC is limited. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth may be subject to constraints as a result of foreign exchange management policies or other factors. The above factors, including the restrictions on the convertibility and remittance of Renminbi and the limited availability of Renminbi outside the PRC, may adversely affect the liquidity of the Bonds and the Issuer's ability to service the Bonds by obtaining offshore Renminbi funds.

(2) The location of arbitration and the enforcement of the arbitral awards may be different, and there may be difficulties in enforcing the arbitral awards.

The Terms of the Bonds provide that, any dispute arising from or in connection with the Bonds shall be submitted to CIETAC for arbitration to be conducted in accordance with the CIETAC arbitration rules in effect at the time of the submission for arbitration. The Terms of the Bonds further provide that such arbitral awards shall be final and binding upon both parties.

An arbitral award made by CIETAC against the Issuer in accordance with the Terms of the Bonds will be conclusive and binding upon the Bank and can be enforced in the courts of Egypt, without retrial or re-examination by virtue of the New York Convention, subject to the procedural requirements relating to the enforcement and recognition of foreign arbitral awards set forth in the Egyptian Civil Procedural Law and the Egyptian Arbitration Law.

Notwithstanding the foregoing, an Egyptian court may refuse to enforce an arbitral award rendered by CIETAC in accordance with the Terms of the Bonds and the related transaction documents against the Bank, on the grounds provided in the New York Convention and the Egyptian Civil Procedural Law, including: (i) a party to the arbitration agreement was under some incapacity, or the arbitration agreement was invalid under the applicable laws, (ii) the party against which enforcement was sought was not given proper notice of appointing an arbitrator or notice of the proceedings itself, or was not duly notified or duly served, (iii) the matter arbitrated is beyond the scope of the arbitration agreement, or not contemplated by the arbitration agreement, (iv) the arbitral tribunal is not constituted in accordance with the arbitration agreement, (v) the arbitral award is not binding, (vi) the matter should have been adjudicated by Egyptian courts, or (vii) the award contradicts with a previous judgment or is against public policy.

Therefore, there is no assurance that the arbitral award rendered by CIETAC against the Issuer can be successfully enforced.

(3) The Issuer may claim immunity and privilege to legal proceedings with respect to its property or assets.

The Issuer has agreed to submit to arbitration by CIETAC in Beijing for any dispute arising out of or in connection with the Bonds, subject to Terms of the respective series of the Bonds. To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity and privilege from arbitration, suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity or privilege (whether or not claimed), the Issuer agrees not to claim and irrevocably waives such immunity or privilege to the fullest extent permitted by applicable law.

Thus, the Issuer may assert immunity or privilege to such actions or with respect to such property or assets. The Bondholders may have difficulties making any claims as described above or enforcing arbitral awards against such properties or assets.

SECTION 3: TERMS OF THE BONDS AND OFFERING ARRANGEMENTS

The Terms and the offering arrangements of each series of the Bonds are set forth in the respective Supplemental Offering Circular for that series of the Bonds.

SECTION 4: DESCRIPTION OF THE ISSUER

1. OVERVIEW OF THE BANK

(1) Basic Information about the Issuer

Chinese name of the Issuer: 非洲进出口银行
English name of the Issuer: The African Export-Import Bank
Address: Afreximbank Building, 72(B) El Maahad El Eshteraky Street, Heliopolis, Cairo, Egypt
Contact: Treasurer Mr. Chandi Mwenebungu
Tel: +20 22 456 4100
Fax: +20 22 456 4110
Postal Code: 11341
Website: http://www.afreximbank.com

(2) Ratings by International Rating Agencies

Set forth below are the current bond ratings assigned by international rating agencies to the Bank.

Rating Agency	Long-term Issuer Rating	Outlook
Moody’s	Baa1	Negative
Fitch	BBB	Stable
JCR	A-	Stable
GCR	A	Stable

(3) General

Afreximbank is a supranational financial institution whose purpose is to facilitate, promote and expand intra- and extra-African trade. The Bank was established under the Agreement for the Establishment of the African Export-Import Bank (the “**Establishing Agreement**”) between 27 states and three multilateral institutions, made in Abidjan, Côte d’Ivoire on 8 May 1993. The number of African participating states (states that have signed or subsequently acceded to the Establishing Agreement are referred to herein as “**Participating States**”) stood at 52 at the end of 2023. In accordance with Article XVIII(2) of the Establishing Agreement, the same came into force on 20 October 1993, pursuant to which a General Meeting of the shareholders of the Bank (the “**Shareholders**”) was held on 27-28 October 1993, and the Bank commenced operations on 30 September 1994.

The Bank’s specific functions include: extending credit to eligible African exporters by providing pre- and post-shipment finance; extending indirect credit to African exporters and importers of African goods through the intermediary of banks and other African financial institutions; promoting and financing trade between African states and other developing states; acting as intermediary between African exporters and African and non-African importers through the issuance of letters of credit, guarantees and other trade documents in support of export-import transactions; promoting and providing insurance and guarantee services covering commercial and non-commercial risks associated with African exports; and carrying out market research and providing auxiliary services aimed at expanding the international trade of African countries and boosting African exports.

The Bank's vision is to be the trade finance bank for Africa, and its mission is to stimulate a consistent expansion, diversification and development of African trade, while operating as a first-class, profit oriented, socially responsible financial institution and a centre of excellence in African trade matters.

(4) History of the Bank

In June 1987, the African Development Bank's ("**AfDB**") annual meeting adopted a resolution authorising a study (the "**Study**") by its management into the establishment of an African Export-Import Bank. The Study was launched in October 1987 under the auspices of the AfDB and financed by the United Nations Development Programme. Part of the rationale for initiating the Study was the noted difficulties faced by Development Finance Institutions ("**DFIs**") during the global economic crises of the 1980s and the consensus that a multilateral institution was required that brought together states and public and private international financial institutions to promote and develop African trade finance through commercial approaches.

On completion of the Study, the AfDB board of directors approved the participation of the AfDB in the equity capital of Afreximbank and authorised its management to initiate formal consultations with prospective shareholders. The first consultative meeting of such potential shareholders took place in Cairo in January 1993. On that occasion the Bank's authorised share capital was fixed at US$500 million with approximately US$100 million subscribed by the initial shareholders. The Bank's authorised share capital has since been increased twice and, as at 31 December 2023 stands at US$5 billion of which US$2.20 billion (nominal value) is subscribed.

Further to the signing of the Establishing Agreement and initial general meeting in 1993 detailed in "General" above, the Bank's operations were officially launched in September 1994. The Establishing Agreement was registered with the United Nations as an international treaty in October 1995 and the Bank was thereby recognised as a multilateral organisation under Article 102 of the United Nations Charter.

(5) Legal Status of the Bank

The Establishing Agreement is the Bank's governing constitution. It sets forth, amongst other things, the Bank's purpose and functions, legal status, scope of membership, the operations in which it may engage, and establishes certain immunities, exemptions, privileges, facilities and concessions of the Bank. Annexed to the Establishing Agreement is the Charter, adopted on 27 October 1993 by the first General Meeting of Shareholders of the Bank in Abuja, Nigeria (as amended on 8 May 2000 at the Seventh General Meeting of Shareholders of the Bank in Tunis, Tunisia and further amended in Gaborone, Republic of Botswana by the Second Extraordinary General Meeting on 5

June 2010, and in Harare, Republic of Zimbabwe by the reconvened Third Extraordinary General Meeting on 8 December 2012) ("**Charter**"). The Charter sets forth detailed provisions regarding the operations of the Bank, including its objects and powers, share capital, administration and governance. The Charter derives its legal force from the Establishing Agreement and is valid and operative among all Shareholders.

Pursuant to the Establishing Agreement, the Bank is an international institution with full legal personality under the laws of the Participating States. The Bank has its headquarters in the Arab Republic of Egypt ("**Egypt**") subject to the terms of a Headquarters Agreement signed in Cairo on 31 August 1994 between the Government of Egypt and the Bank (the "**Headquarters Agreement**")

The Establishing Agreement and the Headquarters Agreement together accord the Bank a number of privileges, immunities and exemptions, including:

- inviolability of its headquarters: no officer or official of Egypt may enter the headquarters without the consent of the President of Afreximbank;
- immunity of its headquarters from service of legal process except with the consent of the President of Afreximbank;
- immunity for its property and assets from search, seizure and similar action before final judgment against Afreximbank;
- immunity for its Directors, officers, employees, shareholder representatives and consultants and experts performing missions for Afreximbank for acts performed by them in their official capacities;
- inviolability of its archives;
- freedom from administrative, financial or other regulatory restriction;
- exemption from all taxation and from customs duties in Participating States (except in respect of public utility services and which are payable by other international organisations situated or represented in Egypt); and
- treatment in respect of its official communications that is no less favourable than that accorded by the Government of Egypt to any international organisations or diplomatic missions accredited to Egypt.

The Headquarters Agreement also provides that, notwithstanding the generality of these and other immunities and freedoms, the Bank may freely:

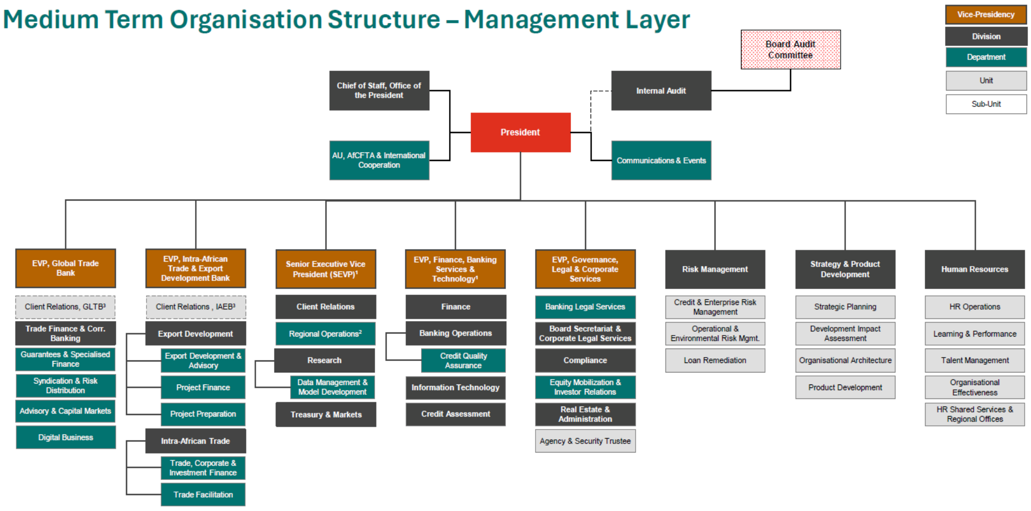
- carry on all forms of banking business and financial services authorised under the Charter;
- purchase, hold and dispose of national currencies;
- purchase, hold and dispose of convertible currencies, securities, bills of exchange, negotiable instruments and transfer the same to, from or within the territory of Egypt;

- open, maintain and operate accounts in the national currency within the territory of Egypt;
- open, maintain and operate convertible currency accounts within the territory and outside the territory of Egypt;
- raise funds (including borrowing money as authorised under the Charter) and make loans in convertible currencies; and
- carry out any operations authorised under the Charter.

The Headquarters Agreement provides that the Bank shall co-operate at all times with the appropriate Egyptian authorities to facilitate the proper administration of justice, secure the observance of police regulations and prevent the occurrence of any abuse of the privileges, immunities and facilities provided for under the Headquarters Agreement.

(6) Organisational Structure

The diagram below presents the organisational structure of the Issuer as at the date of this Base Offering Circular.



(7) Regulation and Preferred Creditor Status

Under the Establishing Agreement, each Participating State has agreed to waive, and refrain from imposing, any administrative, financial or other regulatory restrictions that are likely to hinder in any manner the smooth functioning of the Bank or impair its operations. Accordingly, the Bank's property, assets, operations and activities are free from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature.

The above freedoms have also allowed the Bank to enjoy a preferred creditor status in the Participating States and lessening the effect of country risk and moratorium risk on the Bank. Whilst analogous privileges and immunities are generally enjoyed by most multilateral institutions, it is also generally accepted that preferred creditor status is fundamentally a political expression and is *de facto* as a matter of conduct, rather than *de jure*, as a matter of law. This conduct in turn reflects sovereigns' incentives to place priority on loan repayments to multilateral lending institutions.

In the context of the Bank, all these incentives apply. The Bank believes it enjoys an extensive pipeline of transactions in all countries where it already has exposures and therefore strong incentives exist to ensure repayments are met so as not to jeopardise these transactions. The Bank has also shown a commitment to support its member states in circumstances where other multilateral institutions have disengaged. The Bank is able to provide funding at favourable cost through its ability to shield borrowers in member states from the country risk premium they would otherwise have to pay if they were accessing the international markets directly. Such factors lead to a strong political incentive for the member states to ensure that the Bank does in practice enjoy preferred creditor treatment, even if, in line with the Bank's mandate, the facilities may be provided to the private sector.

(8) Strategic Planning

Afreximbank operates on the basis of five year strategic plans. The Bank launched its First Strategic Plan in December 1995, covering the years 1996-2000. In December 2000, a successor plan was launched, covering the years 2001-2005, and the Third Strategic Plan was launched in January 2007 covering the period 2007-2011. The Bank is currently in the implementation of its Sixth Strategic Plan, "Impact 2026: Extending the Frontiers."

(a) ***Sixth Strategic Plan***

The Sixth Strategic Plan, "Impact 2026: Extending the Frontiers" was approved by the Board of Directors in March 2022. The new strategic plan is anchored in four key pillars: (1) Intra-African Trade and African Continental Free Trade Area (AfCFTA) Implementation, (2) Industrialisation and Export Development, (3) Leadership in Global Trade Banking in Africa, and (4) Financial Sustainability.

(b) ***Strategic Partnerships***

Over the years, the Bank has leveraged on strategic partnerships and alliances to sustain and expand the financing of African trade in support of growth and economic development. In addition to risk sharing and co-financing, the partnerships have provided opportunities for knowledge sharing and technology transfers essential for growth in the transition towards a knowledge economy and structural transformation of African economies. A number of key strategic partners that have supported the Bank's mission of promoting African trade include The Export-Import Bank of China (CEXIM), China-Africa Development Fund, Exim Bank of India, Made in Africa Initiative, Trade Finance Programme with AfDB, KfW Development Bank, the Alliance of African International Financial Institutions (AAIFI), SBM Bank (Mauritius) Ltd, Collaboration with US Exim Bank, Ecobank Transnational Incorporated, Arab Bank for Economic Development in Africa and Corporation Andina De Fomento.

In addition, the Bank also maintains business relationships with a wide range of Trade

Finance Intermediaries ("**TFIs**"), spread across more than 30 countries. The Bank has increased its focus on business development. During the year ended 31 December 2023, the Bank continued to meet with delegations from major African and non-African institutions seeking to develop business relationships with the Bank.

(9) Competition

The Issuer's management believes that the key markets in which Afreximbank operates have made significant progress in terms of regulating their banking sectors, capitalisation requirements and limiting banks' exposure to distressed assets and diversifying their trade links, with China becoming Africa's single largest trade partner. Accordingly, the Issuer believes that the long-term prospects for many African economies are positive. Afreximbank operates in a competitive market. Other market participants are international institutions, African institutions and certain country-specific schemes, as detailed below:

(a) ***International institutions***

Multilateral institutions such as the World Bank Group ("**WBG**") (including the International Bank for Reconstruction and Development, the IFC, the Multilateral Investment Guarantee Agency and the International Development Association) and the European Investment Bank (the "**EIB**") concentrate their activities principally on long-term government development projects and policy reform. The IFC and the EIB also support private projects, but these projects need not be export generating.

Official creditors (such as non-African governments and non-African government-owned organisations) also provide financial support to African countries with bilateral financing. They use a number of financing instruments, of which the most relevant is financing being provided by national ECAs to support exports by the relevant nations into Africa. This form of bilateral financing necessarily complements Afreximbank's activities. Further, the Issuer has designed an ECA Loans Facilitation programme under which the Issuer works with various ECAs in a mutually beneficial manner.

International commercial banks have concentrated their operations in Africa in the areas of pre- and post-export credit and letters of credit confirmations. They are usually short term (less than 360 days) and concentrated on South Africa, a few North African countries and selected sectors in Angola, Cameroon, Côte d'Ivoire and Nigeria, among others. Afreximbank will continue to co-operate with international commercial banks as well as help African corporates to facilitate their access to international capital markets.

(b) ***African Institutions***

Multilateral financial institutions operating in Africa include AfDB, the Trade and Development Bank (formerly PTA Bank), the Arab Bank for Economic Development in Africa ("**BADEA**"), the East African Development Bank ("**EAfDB**") and the Africa Finance Corporation (the "**AFC**").

The AfDB operates in a similar way to the World Bank, funding development projects typically on a long-term basis. However, AfDB and Afreximbank currently complement each other in implementing export-based private sector projects. BADEA, which is owned by Arab States including the United Arab Emirates, the Kingdom of Bahrain and the Kingdom of Saudi Arabia, also provides financing to African governments for the development of public infrastructure projects.

EAfDB was conceived as a development finance institution with a mandate to provide long term funding to governments in the East African Development Community.

The Trade and Development Bank provides development and trade financing to Participating States of the Common Market for Eastern and Southern Africa.

The AFC bridges Africa's infrastructure investment gap through the provision of debt and equity finance, project development, technical and financial advisory services.

The regional coverage of all of the above is not complete and Afreximbank has supported their activities by providing trade finance lines to institutions or sectors not covered by the above institutions.

(c) ***Country-Specific Schemes***

Very few African countries have institutional arrangements for export credit support. The only countries providing full coverage for export credit support are Egypt, South Africa and Tunisia, whereas partial coverage is offered by Côte d'Ivoire, Morocco, Nigeria, Algeria, Sudan, Senegal, Zimbabwe and Swaziland. In addition, Ghana and Zambia decided to create their own export-import agencies with a view to promoting their international trade through the provision of trade and project financing. The Ghana Export Import Bank started operations in December 2016 while Zambia continues work on establishing its export-import bank.

However, in many African countries, economic reforms have seen similar initiatives abolished. As a consequence, export and trade financing, where available at all, is left to commercial banks that demand substantial fees for their services and provide only limited support.

2. SHARE CAPITAL AND OWNERSHIP

The Bank's authorised share capital is US$5 billion divided into 500,000 ordinary shares with a par value of US$10,000 each, which are further divided into four classes of shares. As at 31 December 2023, the authorised capital comprised 500,000 ordinary shares (2022: 500,000 ordinary shares). The number of shares issued but not fully paid as at 31December 2023 was 212,857 (2022: 195,101). The number of fully paid shares as at 31 December 2023 was 6,910 (2022: 6,910). The nominal value per share is US$10,000. Shareholders rights are the same for all classes from the perspective of voting rights.

The following table shows the authorised and paid-up share capital of the Group and Bank as at 31 December 2022 and 2023.

	Group and Bank	
	2023	2022

	US$000	
Authorised capital		
500,000 ordinary shares of US$10,000 each	5,000,000	5,000,000
Paid in share capital		
Paid in capital – Class A	566,992	500,668
Paid in capital – Class B	224,940	221,736
Paid in capital – Class C	59,496	58,000
Paid in capital – Class D	69,100	69,100
	920,528	**849,504**

Since 1995, capital contributions to the Bank have included a premium paid on each share purchased (in addition to the nominal value of US$10,000 per share). The premium is determined at the beginning of each subscription and applies to all payments under that subscription.

(1) Membership

A general meeting ("**General Meeting**") of the Shareholders of the Bank has the power to determine the conditions governing eligibility for membership of the Bank.

(2) Classes of Shares

Pursuant to the Charter, as at the date of this Base Offering Circular, the Bank has four classes of shares: Class A Shares, Class B Shares, Class C Shares, and Class D Shares (further details of which are provided below). Class D Shares were introduced in the amendments to the Charter approved by the Third EGM.

There are eligibility criteria that must be satisfied in order for a person to hold shares of a particular class. These criteria are set out in the Charter as follows:

- Class A Shares: (i) African States or their Designated Institutions; (ii) AfDB; (iii) African continental, regional and sub-regional financial institutions and economic organisations; and (iv) any entity or person who was a Class B Shareholder which is one hundred percent owned by an African State pursuant to Article 14(3A) of the Charter ("**Class A Shareholders**");
- Class B Shares: National financial institutions and African private investors ("**Class B Shareholders**");
- Class C Shares: International financial institutions and economic organisations, non-regional financial institutions, and non-African private investors ("**Class C Shareholders**"); and
- Class D Shares: any person.

For the purpose of the above, "Designated Institution" means the central Bank or any institution, agency or governmental instrumentality designated by the Government of an African State pursuant to paragraph 3 of Article 4 of the Establishing Agreement.

The different classes of Shareholders are of equal standing and importance: such classification does not represent any ordinal scale, rather they simply connote different types of Shareholder.

(3) Shareholders

As at 31 December 2023, there were 54 Class A Shareholders constituting 64.50% of the Bank's total shareholding; 94 Class B Shareholders constituting 25.99% of the Bank's total shareholding, 15 Class C Shareholders constituting 6.77% of the Bank's total shareholding, comprising international financial institutions, economic organisations and non-African financial institutions and public and private investors; and 1 Class D Shareholder constituting 3.14% of the Bank's total shareholding. As at 31 December 2023, the total number of shareholders was 164. The top 3 shareholders as at 31 December 2023 are Central Bank of Egypt, Federal Republic of Nigeria, National Bank of Egypt.

3. THE BANK'S PROGRAMMES AND FACILITIES

(1) Scope and Eligibility

(a) ***Eligible Entities and countries***

The Bank's credit facilities are available to: (i) Shareholders; (ii) non-Shareholders who are domiciled in Participating States; (iii) Shareholders in non-Participating States; and (iv) non-Shareholders in non-Participating States to the extent that such financing will be used to pay for imports from a Participating State. Together referred to as "**Eligible Entities**" or "**Eligible Countries**", as the case may be.

(b) ***Eligible Goods***

The Bank finances transactions in all traded goods and services ("**Eligible Goods**") except armaments, ammunition and other military equipment, psychotropic drugs or narcotics, all items for which international trade is prohibited for environmental reasons or by international conventions.

(c) ***Eligible transactions***

The following transactions ("**Eligible Transactions**") are eligible for financing by the Bank:

- all Eligible Goods imported into Participating States;
- all Eligible Goods exported from Participating States, that is, export-generating imports, including raw materials, equipment, spare parts, infrastructure goods and equipment, and other essential items;
- intra-African trade in Eligible Goods;
- trade in Eligible Goods between African states and other developing states; and
- all Eligible Goods imported by non-Participating States from Participating States.

(d) ***Maturities***

Short-term trade financing will normally not exceed a maturity of 360 days. Medium term loans or facilities can be provided for up to seven years.

(e) ***Environmental Evaluation***

It is Issuer policy that all projects proposed for financing are subject to environmental and social appraisal. This appraisal is integrated into the overall management of the project. Together with guidelines on financial, technical and economic appraisal, the environmental and social appraisal seeks to support the Issuer in managing its overall business risks while ensuring a positive developmental impact. The key process steps in the Issuer's environmental and social appraisal are:

- verification in relation to the Issuer's list of projects and goods not considered Eligible Goods or Eligible Transactions (the "**Exclusion List**");
- risk categorisation, involving the mandatory assignment of each transaction to a defined risk category, with the highest-risk transactions subject to benchmarking against IFC performance standards and the requirement of an annual monitoring report from the client;
- environmental and social due diligence, the depth of which is determined by the transaction's risk category;
- contract negotiation; and
- monitoring.

The Equator Principles are a credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions. As at the date of this Base Offering Circular, the Issuer has not yet signed the Equator Principles, although under the Issuer's Environmental and Social Management ("**ESM**") System, the Issuer seeks to benchmark its policy against the IFC performance standards upon which the Equator Principles have been developed.

The Issuer respects the trade policies of Eligible Countries and, accordingly, in addition to the above, the Issuer has country-specific lists containing items which are prohibited for international trade in Eligible Countries and are therefore ineligible for finance from the Issuer.

(2) Product Overview

Afreximbank's programmes and facilities have historically been organised around two principal schemes: the African Trade Expansion and Diversification Scheme, and the Export Development Scheme. In 2014, Afreximbank also introduced a programme aimed at African central banks. A detailed presentation of the Bank's financing operations by type of programme is presented hereunder.

(a) ***Line of Credit Programme***

The Line of Credit Programme is the instrument through which the Bank provides loan and guarantee facilities to small and medium trading entities whose balance sheet size and trade turnover would not normally qualify them for the Bank's direct lending. The facilities provided under the Programme included the Trade Finance (Export-Import), Pre and Post-Export Financing, Letter of Credit Confirmation and Refinancing, and Reimbursement Guarantee Facilities.

Approvals under the Programme decreased by 43.65 percent from US$17.37 billion in 2022 to US$9.79 billion in 2023. The level of approvals in 2023 remained higher than the levels observed in 2021. The decrease mainly reflected the reduction in approvals under the Ukraine Crisis Adjustment Trade Finance Programme for Africa ("**UKAFPA**") facility. The Programme accounted for 51.81 percent of the total approvals during the year. Approvals under the Programme mainly targeted financial institutions and continued to support African countries in securing funding of critical imports including foods, petroleum products, and fertilizers.

Reflecting higher disbursements during 2023, outstanding loans under the Programme rose significantly to US$17.60 billion at the end of December 2023, from US$13.72 billion at the end of December 2022.

(b) ***Direct Financing Programme***

Under the Direct Financing Programme, the Bank provides pre- and post-export financing and trade-related corporate facilities directly to corporates with a balance sheet of at least US$2 million and an annual trade turnover of at least US$10 million.

The Bank approved a total amount of US$6.23 billion in 2023 under the Programme compared with US$2.53 billion in 2022, an increase of 146.02 percent. The increase was mainly attributed to approvals of large transactions in the energy, manufacturing, and agriculture sectors during 2023. The Programme remained the second largest in terms of approvals after the Line of Credit Programme, accounting for more than 33 percent of the total in 2023 compared with 11.23 percent in 2022.

The Programme accounted for 26.06 percent of total outstanding loans, US$7.32 billion at the end of 2023 compared with US$7.12 billion at the end of 2022. Outstanding loans under the Programme grew by 2.82 percent year-on-year. The Programme remained the second largest in terms of outstanding loans.

(c) ***Project Financing Programme***

Through the Project Financing Programme, the Bank provides limited recourse financing in support of export and related projects, including mining, heavy industries and related projects, and infrastructure projects that facilitate exports or generate tradable infrastructure services such as power, ports, rails and telecommunications. The programme is also intended to assist private sector operators and African government agencies executing essential projects that may not be directly export generating but that create a conducive environment for investments in the export sector.

Approvals under the Project Finance Programme rose by 10.67 percent, from US$1.20 billion in 2022 to US$1.33 billion in 2023. The Programme accounted for more than 7 percent of total approvals, making it the third largest after the Line of Credit and Direct Financing programmes. The energy, manufacturing, and transportation sectors were the main beneficiaries of the Programme during

2023.

The balance of outstanding loans for project financing totalled US$1.25 billion at the end of 2023, up from US$891 million at the end of 2022, a year-on-year increase of 40.31 percent. The Programme accounted for 4.45 percent of the Bank's loan portfolio at the end of 2023.

(d) ***Receivables Purchase/Discounting Programme***

The Receivables Purchase/Discounting Programme comprises a family of facilities involving the purchase of specific receivables or groups of receivables from the sale of goods and services to foreign and/or domestic buyers, with or without recourse to the seller. Facilities operated under this programme are forfeiting, invoice/receivables discounting, factoring and receivables management, and joint bill discounting/financing and refinancing.

During 2023, the Bank approved an amount of US$253.25 million under the Programme, 34.17 percent lower than approved in 2022. The Programme accounted for 1.34 percent of the total and mainly supported the financial services and energy sectors. Outstanding loans under the Programme stood at US$137.11 million at the end of 2023, accounting for about 0.49 percent of the total loans' portfolio.

(e) ***Export Development Programme***

Industrialisation and Export Development is designed to drive diversification and structural transformation of African economies into higher value–added and manufactured exports. The Bank combines credit, risk bearing, twinning, market access, and advisory services under the Export Development Programme, geared towards creating non-commodity export products for sale to a broad range of export markets, to facilitate non-commodity export production, especially export manufacturing, and to foster regional projects, including tradable infrastructure services.

The Bank's approvals under the Programme increased significantly in 2023 with a total of US$1.07 billion compared with US$182.10 million in 2022. The increase was driven by a higher number of transactions approved under the Programme and support to large African corporations operating in the manufacturing sector.

Outstanding loans under the Programme rose from US$306.05 million in 2022 to US$420.60 million in 2023 (a 37.43 percent year-on-year increase), with the programme accounting for about 1.50 percent of the total portfolio.

(f) ***Asset-Backed Lending Programme***

The Asset-Backed Lending Programme helps meet the growing demand by African entrepreneurs for financing to acquire physical assets within the framework of privatisation and local content promotion opportunities. One advantage of this programme is that the assets can serve as solid collateral, because their values are normally expected to rise with inflation.

There were no approvals under the Programme in 2023. Outstanding loans under this Programme decreased from US$1.15 billion in 2022 to US$851.01 million. It accounted for about 3 percent of the total loan portfolio as at the end of 2023.

(g) ***Notes Purchase and the Future Flows Pre-Financing Programmes***

Through the Note Purchase Programme, the Bank provides financing to corporations through the purchase of promissory notes or similar instruments issued or accepted by them and avalised or guaranteed by an acceptable bank or corporation. When other forms of collateral are not easily available, debt offerings under the Future Flows Pre-Financing Programme provide flexibility in financing difficult transactions. These offerings rely for their repayment on receivables not generated from the export of physical goods, including credit card or cheque receivables, tourism receivables, migrant remittances, royalties arising from bilateral air services agreements, overflight fees, and fishing royalties.

In 2023, the approvals under the Programmes decreased by 75.82 percent to US$205.50 million. The two Programmes accounted for about 1 percent of the Bank's total approvals. In terms of outstanding loans, the exposure to these two Programmes was US$518.95 million at the end of 2023, accounting for slightly less than 2 percent of the Bank's total loans' portfolio.

(h) ***Memorandum Items***

Country Programme

Under the Country Programme, the Bank assists its member states in circumstances not amenable to solutions offered by any one item on the Bank's

menu of products. The Programme was designed to assist African countries undergoing economic difficulties and to support their economic development strategies. Six countries—Burundi, Cabo Verde, Côte d'Ivoire, Kenya, Sudan, and Zimbabwe—were eligible for support under this programme in 2023.

Approvals under the Country Programme increased from US$1.12 billion in 2022 to US$1.45 billion in 2023, a total of 28.68 percent. The Programme accounted for slightly less than 8 percent of total approvals and covered several sectors, including financial services, agriculture, and transportation. Countries eligible for support under this programme were also eligible for support from the Bank's Advance Procurement Commitment Guarantee for acquiring vaccines from global manufacturers. In terms of outstanding loans, the Bank's exposure to the programme increased from US$2.30 billion in 2022 to US$3.04 billion in 2023, accounting for 10.82 percent of the Bank's total exposure at the end of the year.

Syndications Programme

The Syndications Programme is a risk sharing device the Bank uses to leverage international financing in support of trade and project-related activities across the continent. Under this programme, the Bank arranges or joins a syndicate or club of reputable international or African banks to provide financing to African entities.

Approvals for syndicated transactions totalled US$3.92 billion in 2023, down from US$4.73 billion in 2022, mainly reflecting challenges in the African syndicated loans market. Syndicated deals accounted for about 21 percent of total approvals. These approvals mainly supported sovereign nations and corporations in the energy, services, agriculture, manufacturing, and financial services sectors. Outstanding syndicated loans stood at US$9.70 billion at the end of 2023 compared with US$9.30 billion at the end of 2022, a 4.26 percent increase.

The Programme accounted for about 34.54 percent of the total portfolio in 2023.

Guarantee Programme

The Guarantee Programme offers a variety of credit enhancement solutions as part of the Bank's "Exim-Plus" strategy, which offers comprehensive trade facilitation and financing solutions associated with export credit and specialised trade finance. It is intended to unlock capital and leverage financing to Africa by helping de-risk African transactions, making them more attractive to investors and financiers.

In 2023, the bank approved a total of US$1.64 billion under the Programme compared with US$2.48 billion the previous year. Outstanding loans under the Programme were relatively stable at US$1.00 billion at the end of the year, with the Programme accounting for about 3.58 percent of the total loans' portfolio.

Pandemic Trade Impact Mitigation Facility

The Pandemic Trade Impact Mitigation Facility was launched by the Bank in March 2020 to assist member countries in managing the adverse impact of the economic and health shocks caused by the COVID-19 pandemic. In 2022, as the pandemic began to normalise, there were no approvals under the facility, and it was discontinued. Outstanding loans totalled US$7.83 million at the end of the year compared to US$1,398.71 million at the end of 2022.

Ukraine Crisis Adjustment Trade Finance Programme for Africa

In March 2022, the Bank launched the Ukraine Crisis Adjustment Trade Finance Programme for Africa (UKAFPA), comprising several facilities for mitigating adverse impacts of the Ukraine crisis on African economies and businesses. In 2023, the Bank approved a total of US$6.67 billion under the UKAFPA, down from US$15.40 billion in 2022. Outstanding UKAFPA loans stood at US$12.19 billion at the end of 2023, 43.39 percent of the Bank's total exposure.

COVID-19 Vaccine Financing

In March 2021, the Board of Directors approved a US$2 billion advance procurement commitment guarantee to cover the supply costs of 400 million doses of Johnson & Johnson COVID-19 vaccine to African Union member states and Caribbean Community Fund and Common Market (CARICOM) countries under the first of its kind pooled procurement structure put in place by Afreximbank in partnership with the Africa Vaccine Acquisition Task Team (AVATT) created by the African Union. Following this approval, a contract was signed between the Africa Vaccine Acquisition Trust, a special purpose vehicle and Johnson & Johnson in 2021 for the supply of 220 million doses of COVID-19 vaccines on a committed basis.

As of 31 December 2023, 38 African Union member states and six CARICOM member states had received their deliveries of the COVID-19 vaccines under the Africa Vaccine Acquisition Trust Programme. The No- Fault Compensation Scheme is also fully operational. There have been no claims for compensation under the scheme since its inception.

(3) The Banks's Loan Portfolio

The Bank's mandate is to finance, promote and expand intra- and extra-African trade. The Bank employs three principal delivery channels: extending direct credit to eligible African exporters providing pre- and post-shipment finance; extending direct and indirect credit to the African business community through local African intermediaries comprising banks and other African institutions; and promoting and financing intra-African trade and supporting the development of trade finance in all African member states.

As such, the Bank deals with a variety of major banks and its loans and advances are structured and spread among a number of major industries, customers and geographical areas. In addition, the Bank has procedures and policies in place to limit the amount of credit exposure to any counterparty and country (see "Credit Policies and Procedures – Lending limits and exposures" below). The Bank reviews, on a regular basis, the credit limits of counterparties and countries and takes action accordingly to ensure that exposure limits are not exceeded.

The Bank analyses credit requests from Eligible Entities or Eligible Countries in the light of credit risk criteria (as to which, see "Risk Management and Asset Quality"), including economic and market conditions. The Bank maintains a consistent lending policy and applies the same credit criteria to all types of potential borrowers in evaluating creditworthiness.

The following table shows the Bank's distribution of approvals and outstandings by Type of Product/ Programme as at 31 December 2021, 31 December 2022 and 31 December 2023.

Distribution of Loan Approvals and Outstandings by Type of Product/Programme, 2021–2023

Type of programme	Approvals (US$ millions)			Share of approvals by type of programme			Outstandings (US$ millions, end of period)			Share of outstandings by type of programme		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Line of credit	8,829.81	17,377.68	9,793.10	58.97%	76.95%	51.81%	8,480.60	13,721.58	17,602.36	45.19%	57.60%	62.65%
Direct financing	4,553.36	2,535.78	6,238.44	30.41%	11.23%	33.01%	7,459.91	7,121.15	7,322.05	39.75%	29.89%	26.06%
Project finance	462.85	1,208.10	1,337.00	3.09%	5.35%	7.07%	756.50	891.27	1,250.53	4.03%	3.74%	4.45%
Receivables purchases/discounting	400.88	384.70	253.25	2.68%	1.70%	1.34%	284.56	179.97	137.11	1.52%	0.76%	0.49%
Export development	451.69	182.10	1,073.16	3.02%	0.81%	5.68%	171.86	306.05	420.60	0.92%	1.28%	1.50%
Asset-backed lending	0.00	45.00	0.00	0.00%	0.20%	0.00%	1,117.98	1,146.12	846.83	5.96%	4.81%	3.01%
Others*	274.40	850.00	205.50	1.83%	3.76%	1.09%	495.06	456.58	518.95	2.64%	1.92%	1.85%
Memorandum items												
Country Programme	691.48	1,127.02	1,450.25	4.62%	4.99%	7.67%	2,341.75	2,304.87	3,041.11	12.48%	9.68%	10.82%
Syndications[(a)]	2,476.39	4,734.61	3,924.00	16.54%	20.97%	20.76%	8,243.62	9,308.13	9,704.31	43.93%	39.07%	34.54%
AFGAP[(b)]	3,795.71	2,481.25	1,641.22	25.35%	10.99%	8.68%	1,881.57	1,087.20	1,005.32	10.03%	4.56%	3.58%
UKAFPA	0.00	15,406.05	6,679.33	0.00%	68.22%	35.34%	-	8,163.51	12,190.97	-	34.27%	43.39%
PATIMFA	2,150.00	0.00	0.00	14.36%	0.00%	0.00%	4,446.36	1,398.71	7.83	23.69%	5.87%	0.03%
Total	**14,972.99**	**22,583.36**	**18,900.45**	**100.00%**	**100.00%**	**100.00%**	**18,766.47**	**23,822.72**	**28,098.43**	**100.00%**	**100.00%**	**100.00%**
Cumulative Totals[(c)]	**112,708.43**	**135,291.79**	**154,192.24**									

Source: Afreximbank.

* Notes: purchase programme and future flows pre-financing programme

a) Includes cofinancing and participations.

b) AFGAP: Afreximbank Guarantee Programme/ UKAFPA: Ukraine Crisis Adjustment Trade Financing Programme for Africa/ PATIMFA: Pandemic Trade Impact Mitigation Facility.

c) Since the Bank began operations in September 1994.

Loans by Sectors

The following table shows the loan approvals and outstandings by sector as at 31 December 2021, 31 December 2022 and 31 December 2023.

Distribution of Loan Approvals and Outstandings by Sector, 2021–2023

Sector Financed	Approvals (US$ millions)			Share of approvals by type of sector			Outstandings (US$ millions, end of period)			Share of outstandings by sector		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Financial services	8,762.23	13,688.34	9,412.98	58.52%	60.61%	49.80%	9,884.11	12,483.01	13,903.71	52.67%	52.40%	49.48%
Energy	2,456.18	6,226.05	4,740.41	16.40%	27.57%	25.08%	4,922.04	6,071.22	6537.1	26.23%	25.48%	23.27%
Telecommunications	55.00	20.00	291.91	0.37%	0.09%	1.54%	535.91	479.34	522.60	2.86%	2.01%	1.86%
Services	621.61	1,059.40	1,654.16	4.15%	4.69%	8.75%	1,437.05	2,371.17	3,723.27	7.66%	9.95%	13.25%
Manufacturing	2,161.05	123.00	1,896.36	14.43%	0.54%	10.03%	1,305.84	1,548.04	1,758.01	6.96%	6.50%	6.26%
Metals and minerals	494.00	634.08	50.00	3.30%	2.81%	0.26%	47.44	56.86	469.27	0.25%	0.24%	1.67%
Transportation	231.54	727.49	168.83	1.55%	3.22%	0.89%	527.33	722.27	1,105.14	2.81%	3.03%	3.93%
Agriculture	191.38	105.00	685.80	1.28%	0.46%	3.63%	106.75	90.81	79.33	0.57%	0.38%	0.28%
Total	**14,972.99**	**22,583.36**	**18,900.45**	**100.00%**	**100.00%**	**100.00%**	**18,766.47**	**23,822.72**	**28,098.43**	**100.00%**	**100.00%**	**100.00%**
Cumulative Totals[a]	**112,708.43**	**135,291.79**	**154,192.24**									

Source: Afreximbank.

a) Since the Bank began operations in September 1994.

Note: Gaps represent infinity.

Loans by Type of Beneficiary Institutions

The following table shows the loan approvals and outstandings by type of beneficiary institutions as at 31 December 2021, 31 December 2022 and 31 December 2023.

Distribution of Loan Approvals and Outstandings by Type of Beneficiary Institution. 2021–2023

Type of beneficiary institution	Approvals (US$ millions)			Share of approvals by type of beneficiary institution			Outstandings (US$ millions, end of period)			Share of outstandings by type of beneficiary institution (%)		
	2021	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Financial institutions	8,712.23	11,916.84	9,092.98	58.19%	52.77%	48.11%	10,006.74	12,286.87	13,811.24	53.32%	51.58%	49.15%
Corporates	2,889.86	8,136.44	8,439.75	19.30%	36.03%	44.65%	5,573.04	6,740.91	7,455.34	29.70%	28.30%	26.53%
Sovereigns	3,370.90	2,530.08	1,367.72	22.51%	11.20%	7.24%	3,186.69	4,794.94	6,831.85	16.98%	20.13%	24.31%
Total	**14,972.99**	**22,583.36**	**18,900.45**	**100.00%**	**100.00%**	**100.00%**	**18,766.47**	**23,822.72**	**28,098.43**	**100.00%**	**100.00%**	**100.00%**
Cumulative Totals[a]	**112,708.43**	**135,291.79**	**154,192.24**									

Source: Afreximbank.

a) Since Afreximbank began operations in September 1994.

Loans by Trade of Direction

The following table shows the distribution of loan approvals and outstandings by trade direction as at 31 December 2021, 31 December 2022 and 31 December 2023.

Distribution of Loan Approvals and Outstandings by Trade Direction, 2021–2023

Trade Direction	Approvals (US$ millions)			Share of approvals by trade direction			Outstandings (US$ millions, end of period)			Share of outstandings by trade direction (%)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Intra-African[a]	2,988.01	7,786.26	6,798.93	19.96%	34.48%	35.97%	4,956.22	6,081.19	8,598.12	26.41%	25.53%	30.60%
Extra-African[b]	4,511.20	2,635.83	2,378.28	30.13%	11.67%	12.58%	9,243.54	8,786.76	8,762.46	49.26%	36.88%	31.18%
Mixed-directional[c]	7,473.78	12,161.27	9,723.24	49.92%	53.85%	51.44%	4,566.71	8,954.77	10,737.85	24.33%	37.59%	38.22%
Total	**14,972.99**	**22,583.36**	**18,900.45**	**100.00%**	**100.00%**	**100.00%**	**18,766.47**	**23,822.72**	**28,098.43**	**100.00%**	**100.00%**	**100.00%**
Cumulative Totals[d]	**112,708.43**	**135,291.79**	**154,192.24**									

Source: Afreximbank.

a) Related to transactions which are expected to have impact exclusively on intra-African Trade.

b) Related to transactions which are expected to have impact exclusively on extra-African Trade.

c) Related to transactions which are expected to have impact on both intra- and extra-African Trade (mixed-directional trade).

d) Since the Bank began operations in September 1994.

Recent Updates of the Issuer's Loan Portfolio

Gross loans and advances increased to a level of US$28.8 billion at 30 September 2024 from US$28.1 billion at the end of 2023. In line with the structure of the Bank's financing model which relies on lending through financial intermediaries, exposure to financial services represented 44.21% of loan book at 30 September 2024 (2023: 49.28%). Exposure to oil & gas increased slightly from a level of 18.55% at the end of 2023 to 20.53% at 30 September 2024. The Bank increased its exposure to the manufacturing sector to 6.06% at 30 September 2024 up from 4.33% at the end of 2023 as it strengthened its strategic pillar of industrialization. Exposure to governments increased to 9.39% in the first nine months of 2024 (2023: 8.57%) as the Bank continued its efforts to offer programs aimed at alleviating the effects of climate change crises on member states. In addition, the increase in the others category was on account of increased disbursements to the agriculture, agro-processing as the Bank provides its anchor support to ensure food security across the continent and increased intra-African trade.

The following table shows the gross loan split by sector (%) as at 31 December 2023 and 30 September 2024.

Sector	**31 December 2023**	**30 September 2024**
	(In percentage %)	
Financial Services	49.28	44.21
Oil and Gas	18.55	20.53
Manufacturing	4.33	6.06
Power	4.65	3.65
Government	8.57	9.39
Construction	4.61	4.03
Health and Medical Services	2.49	2.07
Telecommunication	2.86	1.96
Transportation	1.62	2.25

Others	3.03	5.84

With respect to the geographical distribution of the gross loans, as of 30 September 2024, the West African region attracted more financing support from the Bank as it accounted for 41.9% of loans (2023: 43.6%). North Africa attracted 25.8% (2023: 26.0%). The Bank further diversified the loan portfolio by increasing loan exposures to East Africa, 12.2% (2023: 11.8%); and Central Africa, 3.1% (2023: 2.6%). The increase in East Africa and Central Africa regions was largely on account of the benefits arising from the newly established regional branches. Southern Africa accounted for 15.9% (2023: 16%) of the total exposure.

Lines of credit and direct financing continued to be the Bank's main financing programmes as they represented 84.6% of facilities for the first nine months of 2024 (2023: 85.2%). Project-related finance accounted for 5.1% for the first nine months of 2024 (2023: 4.4%). As a key strategic initiative, intra-African trade represented 30% of total portfolio from a direction of trade perspective.

4. RISK MANAGEMENT AND ASSET QUALITY

Although Afreximbank is not regulated by any monetary and/or financial authority and thus constitutes a self-regulated entity (due to the privileges and immunities afforded to it by the Establishment Agreement and Headquarters Agreement), the Issuer strives to comply with all international risk management standards and to operate in accordance with the best practices in its industry, as stated in the Issuer's Risk Management Policies and Procedures (the "**RMPP**").

Risk management is ultimately the responsibility of the President of the Issuer. The Executive Committee and the Assets and Liabilities Committee of the Board have oversight of the Issuer's risk management processes as a delegated authority from the Board.

To conduct its operations in a manner consistent with its Charter and the aims, objectives and expectations of its stakeholders, the Board approved the RMPP in September 2008, and which was last updated in December 2011. This document incorporates various risk management policies that were operating as stand-alone policies into an integrated document. The Issuer engaged an external consultant to assist the Issuer with a comprehensive review and enhancement of the existing RMPP. In March 2020, the Board of the Issuer approved the enhanced Enterprise Risk Management ("**ERM**") Framework, including certain policies and tools, which were launched later in 2020. Additionally, the Issuer commenced the development of the Risk Management procedures, which will guide the implementation of the approved Risk Management policies.

In addition to the RMPP, the key operating documents in respect of risk control at the Issuer are Credit Policies and Procedures ("**CPP**"), Treasury Policies and Procedures ("**TPP**"), Information and Communications Technology Policy and Guidelines (the "**ICT Policy and Guidelines**"), Environmental and Social Management Policies, Business Continuity Contingency Plan, Customer Due Diligence Policies and Procedures, Staff Manual and Accounting Policies.

The RMPP are based on the premise that the Issuer can perform its trade and economic developmental roles using commercial approaches while operating within its chosen risk tolerance levels.

Afreximbank recognizes its central role in implementing leading practices as it pursues its mission of stimulating the consistent expansion and diversification of African trade through the financing of intra and extra-African trade and the importance of aligning with leading standards in environmental and social risk management e.g. IFC Performance Standards, Equator Principles, UN Responsible Investment Principles, AU Guidelines etc. and in line with the requirements of the Issuer's strategy and ERM Framework and its commitment to sustainable/responsible business practices. In this regard, the Issuer's environmental, social and governance ("**ESG**") framework is divided into two elements, namely assets and funding. In respect of the assets portion, the Issuer has completed the development of its ESG framework and aligned its internal processes and procedures to meet international standards of environment and social risk management. The Issuer has implemented appropriate institutional and operational safeguards to embed core ESG practices across its operations. It has therefore put in place relevant governance structures including formal policy framework and operational guidelines that define its broader approach to the management of ESG matters. Furthermore, a dedicated Environmental and Social Risk Management Committee (the "**ESG Committee**") provides oversight for all ESG issues across the institution complemented by the Issuer's Strategy and Risk Committee, Board Risk Management Committee and the Board generally. At the operational/tactical level, dedicated officers provide day-to-day support for ESG activities including screening and monitoring of transactions, investments and other initiatives being undertaken to ensure they are compliant with the Issuer's policies and guidelines. Prior to accepting any new investment opportunities, the dedicated officers of the ESG Committee scrutinize each investment opportunity, in order to make sure that such investment is in line with the ESG guidelines and that the relevant ESG principles are adhered to. In delivering its mandate, the Issuer also makes specific developmental and sustainability related investments and partnerships across the African continent in promotion of sustainable development goals. In July 2020, the Issuer entered into a strategic partnership with AFD to support the Issuer in the implementation of its new climate finance strategy, which will target green, low carbon, socially inclusive and more resilient investments across Africa. AFD also provides technical support to the Issuer on ESG related matters, such as billing matters. With respect to the funding element of the ESG framework, the Issuer is at the initial stages of developing the ESG framework.

(a) Credit Policies and Procedures

The Issuer exists in order to finance and promote intra- and extra-African trade, and the Issuer looks to the whole continent of Africa for potential avenues to further this central policy objective. The Issuer's Strategic Plan includes the goal of diversifying the Issuer's customer base. However, the Issuer operates as a commercial entity and sets minimum thresholds for return on equity and credit quality, the satisfaction of which allows the Issuer to pursue its other developmental policy objectives.

Afreximbank's CPP are centred around key parameters, summarised as follows.

Financing Ratios/Tenors

- Trade Finance (pre- and post-export with a maximum maturity of 360 days): up to 75% of the value of the underlying export contract for pre-export and the Issuer provides financing for up to 80% for post-export;
- Project-related finance (maximum maturity of 12 years): the Issuer provides financing, on a full recourse basis supported by a sovereign and/or acceptable bank guarantee, for up to 100% of the invoice value of the equipment or raw material being imported and with a maximum maturity of seven years. In the case of limited recourse project financing, the Issuer may only finance up to 70% of the project financing cost;
- Letters of Credit: validity must not exceed 360 days, while up to 100% of the invoice value of any Letters of Credit may be confirmed without explicit security cover as long as the opening bank is seen as creditworthy;
- Export Credit Guarantee and other Guarantees: these can be for up to 90% of the payment obligation intended for guarantee. Tenor related to tenor of financing;
- Forfaiting (maximum maturity of 12 years): the Issuer provides financing of up to 100% of the value of receivables;
- Factoring (maximum maturity of 360 days): the Issuer provides financing of up to 90% of the value of receivables;
- Asset-based lending: no more than 65% and 75% of the market and forced sale value of the asset respectively; and
- Term Financing: up to 7 years for capital-related expenditure (e.g. equipment, spare parts etc.) as well as for export supply chain activities.

Lending limits and exposures

Each year, the Board approves an annual Country Limit of Reference (the "**CLR**"). The CLR is derived from the Issuer's approved budget for the year and the Issuer's guidelines for setting CLRs are included in the RMPP. A maximum of 85% of the CLR is allocated as individual country limits. Such limits are approved based on a scoring system taking into account a country's economic variables and other qualitative factors. Unless specifically approved by the Board, individual country limits should not exceed the Issuer's unimpaired shareholders' funds.

The remaining 15% of the CLR may be used by the Board to enhance established country limits in order to take account of the economic size and the trade flow of each Participating State.

The Executive Committee may from time to time approve additional mitigants and their weightings. The Board may, after taking due recognition of the utilisation ratio of approvals, authorise management to approve transactions for each country in excess of the limits for that country, but not more than 2.5 times the limit for that country.

In addition to the country limit, individual transactions may not exceed 15% of the unimpaired capital of the Issuer, provided that the Issuer's exposure to any one obligor does not exceed 20% of unimpaired capital of the Issuer. Furthermore, gross commitments are not permitted to exceed 8.3 times the Issuer's paid-up capital. The Issuer has a single obligor threshold limit for banking institutions and corporate groups equal to 50% of the Issuer's unimpaired capital. The maximum level of the Issuer's maximum gross commitments is approved by the Board annually.

Lending authority

The Executive Committee of the Board is responsible for a commitment authority in respect of financing and of underwriting guarantee and investment proposals. The Executive Committee is composed of three Directors, who are designated by the Board and are drawn one each from Directors elected, respectively, by Class A, Class B and Class C shareholders, together with such other persons as may be designated from time to time by the Board and as an additional ex-officio member, the President acting as Chairman. Also, at such time as the Class D shareholders represent at least 10% of the total issued shares of the Issuer, an additional Director representing the Class D shares shall be appointed.

The following table sets forth the credit limit each person or committee may approve.

	Credit approval discretion limit	**Quorum**	**Approval by**
Credit committee	Up to U.S.$50m for facilities to new Clients/Obligors and up to U.S.$75m for all other facilities within acceptable risk grades of the Issuer including Low, Satisfactory and Moderate risk.	Three voting members	Majority
Executive committee	20% of unimpaired capital (60% for underwriting)	Three members including the Chairman	Majority
Board of Directors	Exceeding 20% of unimpaired capital (60% for underwriting)	Majority of total number of Directors elected(1)	Majority
President	2% of unimpaired capital(2)	—	—

(1) Including at least two Directors elected by shareholders from Class A, one from Class B (if such a Director is then in office), one from Class C (if such a Director is then in office) and one from Class D (if such a Director is then in office).

(2) This discretionary power has been granted to enhance the speed and efficiency of establishing certain loans of a relatively small amount.

The Issuer's approval authority has recently been amended. The Board has delegated authority to the President, which the President exercises through the Credit Committee. The new Credit Committee authority is as follows:

The Credit Committee will consider facilities up to a proposed maximum principal amount of U.S.$50 million for facilities to new clients or obligors and up to U.S.$75 million for all other facilities within acceptable risk grades of the Issuer including low, satisfactory and moderate risk. The cumulative value of facilities owed by any client or obligor for any 12 month period shall not exceed the relevant delegated authority.

To the extent possible, decisions of the Credit Committee will be taken by unanimous decision. In instances where the votes cast by the Credit Committee have resulted in a tie, the Chairman would be obliged to cast the dividing vote. The President has the power to veto any transactions the Credit Committee may have approved, as appropriate.

Loan Reviews

All facilities and commitments are reviewed on a quarterly basis. The Bank's Risk Management

Department is responsible for the scheduling and completion of loan reviews and the submission of reports to the Bank's Executive Committee. Loan reviews usually consist of an appraisal of the conduct and profitability of the facility since the last review, analysis of the borrower's financial statements, a check of all security and loan documentation, an assessment of the value and enforceability of any security held by the Bank, and an evaluation of all relevant factors and recommendations regarding any action that may be proposed. On completion of each loan review, the loan may be reclassified according to the Bank's internal classification system (see below – "Loan grading system").

In addition, the Bank's Legal Department usually conducts an annual review of all facility documents and certifies that all security documents are in place and in good order.

Currency of Lending

The Bank may lend in any currency as may from time to time be determined by the management of the Bank to be consistent with the objectives of the Bank provided that there is an appropriate hedge to protect the Bank from currency risk. The Treasury Policies and Procedures of the Bank sets out the approved hedging policies, instruments and methodology.

Default Interest Rate

The Bank has a policy of charging significant interest rates on facilities in default. The Bank's default interest rate is approximately 2 per cent. of the value of the loan over and above the existing rate of interest.

Loan grading system

The Bank assesses the probability of default by customers or counterparties using an internal grading system tailored to the various categories of counterparties. The grading system combines data analysis with credit officer judgment and is validated, where appropriate, by comparison with externally available information. The Bank's grading systems reflect the range of default probabilities defined for each rating grade. This means that, in principle, exposures migrate between grades as the assessment of their probability of default changes. The rating grading system is kept under review and upgraded as necessary, and the Bank regularly validates the performance of the rating and their predictive power with regard to default events. The Bank has upgraded its loan grading system so that customers of the Bank are segmented into 14 different rating classes (the "**New Grading System**"), whereas in the past the Bank operated a system with seven rating classes. The introduction of the New Grading System was approved by the Board in March 2015 together with a roadmap for implementation involving defining the new risk rating model and working with external consultants to automate the grading process. The New Grading System has been implemented and 4 of the 5 models have been commissioned. These include (1) corporates, (2) financial institutions, (3) project finance and (4) structured trade finance. The Bank is developing the sovereign rating model.

For management control purposes, the Bank requires that all facilities have to be allocated to one of the categories of the grading system, both at the time of initial review and each subsequent review. New facilities will not be approved unless they fall within the first three (or six under the New Grading System) grades, save in exceptional circumstances where facilities graded four (or eight under the New Grading System) may also be approved.

(b) ***Asset quality and impairment***

The Issuer believes that its asset quality is linked to the composition of its client base, the importance that African governments and borrowers attach to maintaining continued access to trade financing, the Issuer's preferred creditor status, and the Issuer's strict adherence to commercial criteria in its credit activities. The Issuer has developed knowledge of, and relationships with, its client base throughout its years of operations, which allows it to continue to further enhance its risk management processes.

Impairment Assessment

The Issuer's policy requires that at every reporting period, impairment is estimated for all assets in scope of the relevant standard guiding impairment of financial assets, currently IFRS 9. In line with the requirements of the Standard, Impairment is estimated based on the expected losses over one of the two-time horizons – 12-month impairment or lifetime impairment. The choice of which time horizon is applicable depends on the risk bucket/stage of the financial asset being assessed. This risk bucket/stage is dependent on an assessment of significant increase in credit risk. – which results into three risk Stages – Stage 1, Stage 2, and Stage 3. 12-months impairment is estimated for assets in Stage 1 while lifetime impairment is estimated for assets in Stage 2 or 3.

Stage 1 assets are those that have not experienced a significant increase in credit risk since initial recognition and are not credit–impaired. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit–impaired. While those that have experienced significant increase in credit risk and are credit impaired are Stage 3 assets.

In assessing significant increase in credit risk, the Bank has established a framework that consider qualitative, quantitative, and backstop (30 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process. The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include the backstop criteria based on delinquency.

In determining whether the credit risk (i.e., risk of default) on a financial instrument has increased significantly since initial recognition, the Group will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward– looking information.

The Group consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full without recourse by the Bank to actions such as realizing security (if any is held); or
- the repayment due from the borrower is 90 days or more past due on any credit obligation to the Group.

In assessing whether a borrower is in default, the Group will consider indicators that are:

- qualitative: e.g., breach of covenants that are deemed as default events;
- quantitative: e.g., 90 days overdue status and non–payment of another obligation of the same issuer to the Group; and
- based on internally and external objective evidence of impairment.

Allowance for loan losses

The following table sets forth information regarding the Bank's allowance for impairment of loans and advances as at 31 December 2021, 2022 and 2023, respectively.

	2021	**2022**	**2023**
		(US$'000)	
Balance as at 1 January	344,944	413,478	647,047
Impairment charge for the year	213,924	375,424	585,511
Impairment on Loans written off during the year as uncollectable	(145,390)	(141,855)	(178,657)
Balance as at 31 December at the end of the year	**413,478**	**647,047**	**1,053,900**

(c) ***Collections Policy***

The Issuer's collection policies include rapid internal notification of any delinquency and prompt initiation of remedial and/or recovery efforts, usually involving senior management. Once a default is established in relation to any loan, the loan is categorised either under a Watch List (if less than 90 days past due) or a Past Due Obligations ("**PDO**") List (if 90 days or more past due). For loans on the PDO List, the Loan Quality Committee ("**LQC**"), is notified accordingly. The LQC comprises the heads of the credit, risk, finance, legal and operations departments. The LQC meets at least once a month to discuss remediation progress and to determine suitable strategies and action plans that minimise potential credit losses in respect of the Issuer's loans that are on the PDO List. PDO List facilities are transferred to the Risk Management Department, where they are managed under a dedicated remedial process.

With the involvement of the Loan Quality Committee ("**LQC**"), the Risk Management Department coordinates remediation and recovery efforts in accordance with the Issuer's internal policies.

Each quarter, a report on the status of all Watch List and PDO facilities, and actions being taken in respect of these, is submitted to the Executive Committee. It is the primary goal of the Risk Management Department and the LQC to ensure that all problem facilities are resolved in such a manner that yields the greatest benefit to the Issuer in terms of preservation of capital and pursuit of its trade development goal.

In circumstances where restructuring/rescheduling provides the best means of protecting the interests and recovery prospects of the Issuer, such an approach may be pursued. Restructuring is not deemed to be appropriate merely for avoiding a default. If the financial condition of the

Borrower deteriorates beyond the point of sustainability, the Issuer may resort to other exit options, such as instituting bankruptcy proceedings.

(d) ***Provisioning***

The Issuer reviews its loans and advances regularly to assess whether a provision for impairment should be recorded in the statement of comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily subjective based on assumptions about several factors involving varying degrees of judgment and uncertainty. Consequently, actual results may differ resulting in future changes to such provisions.

The Issuer computes impairment for its financial assets based on IFRS 9 guidelines.

IFRS 9 introduces a three-stage model for impairment based on changes in credit risk since initial recognition. Please refer to note 5.2 "Financial Instruments – Measurement of ECL" for more information on the three-stage model.

(e) ***Treasury policy***

Afreximbank's Treasury Policy is designed to ensure adequate short and long term funding, to invest surplus funds in an efficient manner and to enable the Issuer's Treasury Department to identify, monitor and manage the Issuer's financial risks, principally interest rate and foreign exchange risks.

Committees

The Executive Committee reviews the Treasury guidelines at least once annually and delegates to the President the responsibility for the selection, implementation, and monitoring of the various strategies required to meet the guidelines.

The Issuer's Assets and Liabilities Committee advises senior management on issues connected with the day-to-day treasury operations of the Issuer. It is composed of at least four members including the President and the Vice President, the head of the Finance Department and other staff deemed appropriate by the President. The Assets and Liabilities Committee meets on a monthly basis or otherwise as often as necessary to review and monitor the Treasury guidelines and their implementation.

(f) *Liquidity and Investment Policy*

The objective of the Issuer's Liquidity and Investment Policy is to meet the Issuer's liabilities as they fall due. Liquid funds are defined as loan commitments with a disbursement schedule of less than one week, loan commitments approved but with a still unclear disbursement schedule, capital expenditures in the next two months according to the Issuer's budget, repayment of debt or charges falling due and a prudent margin to cover underestimates of the above. All liquid funds are held as interest earning bank deposits in approved depository banks.

The difference between available cash resources minus required liquid funds is available for investments to which the following investment criteria apply:

Asset quality.

Short term investments with a maturity of one year or less must be rated at least A1 by S&P or

P-1 by Moody's. The requirement for long term investments is a rating of at least AA by S&P or Aa3 by Moody's. The Assets and Liabilities Committee may accept investments that are rated in-house using the Issuer's loan grading system if external ratings are not available. All debt will be from issuers domiciled in countries with a sovereign rating of BBB or G7 countries with a higher credit rating.

Maturity.

The maximum average maturity of the investment portfolio may not exceed three years. The effective maturity of any single instrument shall not exceed seven years. Fixed deposits are limited to a maximum maturity of one year.

Concentration and Exposure Limits.

Not more than 25% of the portfolio will be invested in any G7 sovereign issue. For all other issues a limit of not more than 15% of the portfolio value will be invested in any one security. Not more than 5% will be invested in liabilities of a single issuer. The maximum term deposit placed with any one bank will not exceed 15% of the unimpaired capital of the Issuer.

The Issuer may engage in securities lending and repo agreements, securities borrowing and reverse repos, both against adequate collateral, only if the maturity of each transaction does not exceed 90 days and the cash and securities exchanged will be in U.S. dollars.

(g) *Funding Policy*

The objective of the Issuer's Funding Policy is to provide funds to meet operational needs. The funding requirements are derived from the cash flow forecasts and the business plan with a margin for slippage both in cash flow and timing.

The Funding Policy also seeks to accommodate the expected asset growth. The Issuer aims to increase and diversify its funding base by using bilateral credit lines and money market lines, Euroloan syndications and club deals, bond issuances, floating rate notes, commercial paper and term deposits.

In order to access these funds Afreximbank targets specific markets. Markets that were identified under the Funding Policy are the Eurocredit Market, the ECAs, banks and investors in the USA and worldwide, multilateral and national financial institutions, and DFIs. The Issuer intends to use future bond issuances to target specific markets.

(h) *Currency Exposure Management*

The Issuer's working currency is the U.S. dollar. In cases where a loan disbursement is not U.S. dollar denominated, the Issuer is required to purchase or borrow that currency. Afreximbank does not purchase foreign currency for proprietary trading purposes. Speculation on future exchange rate movements is prohibited under the Risk Management Policies and Procedures.

In case of a non-U.S. dollar currency exposure, the Issuer seeks to apply a 100% hedging policy, if possible. Afreximbank usually manages the foreign exchange risk from its financing operations by entering into forward foreign exchange contracts with creditworthy counterparties.

(i) *Interest rate risk management*

The Issuer's policy on interest rate risk is to minimise exposures by ensuring an appropriate balance of longer term fixed and short term variable rates. The Issuer's specific policies are (i) for both its assets and liabilities to be based on variable interest rates, (ii) for all variable rates to be based on SOFR as a replacement of LIBOR, and (iii) for re-pricing periods to be limited to no more than three months. The Issuer reviews its exposure on a regular basis. Both the Issuer's loans and advances and funding portfolio generally have interest rate resetting periods of three months.

(j) Capital Risk Protection Facility ("**CARPROOF**")

The Issuer has developed CARPROOF as part of its overall capital and risk management strategy to ensure robustness of the Issuer's financial soundness. CARPROOF comprises an insurance policy under which the Issuer is compensated when the Issuer's non-performing loans exceed a pre-agreed threshold. CARPROOF aims to respond to exceptional, unexpected events in one or more of the African states in which the Issuer operates that could have significant negative effects on the business of the Issuer. CARPROOF aims to protect the Issuer against perceived high risks in the operating environment of the Issuer, such as country risk events resulting in disruption of the business operations funded by the Issuer, which could lead to significant financial losses for the Issuer. CARPROOF also aims to serve as a capital cushion (contingent capital) in the event of exceptional unexpected losses. CARPROOF intends to strengthen the Issuer's capital and ensure the continued operation of the Issuer by accelerating the capital inflows in such critical periods. As a contingent capital buffer against exceptional losses it would be recognised as "Tier 1 capital" at the time of drawdown, giving the Issuer time to address other capital raising issues without affecting operations during such periods.

(k) ***Operational risk***

Operational risk, as described in the Issuer's Operational Risk Policy (part of the RMPP), is the risk of loss resulting from inadequate or failed internal processes, people and systems and/or from the external and internal environment, and also legal risk. The Issuer has sought to develop a comprehensive framework for the identification, measurement, management and monitoring of operational risk inherent in its business.

While operational risk cannot be entirely eliminated, it is managed and mitigated by trying to ensure that there is appropriate infrastructure, controls, systems, procedures, and trained and competent personnel in place to discharge the various functions of the Issuer. An internal and operational risk control culture, including, among other things a clear allocation of responsibility, segregation of duties, effective internal reporting, business continuity and contingency plans, document retention policy, staff code of conduct and staff rules, and customer due diligence policies has been implemented as part of the Issuer's implementation of risk management systems (see below "*Enterprise Risk Management systems and RISTRAC"*).

(l) ***Enterprise Risk Management systems and RISTRAC***

The RMPP incorporates an ERM Framework in order to identify both opportunities and risks and to ensure that these are dealt with appropriately. The four key objectives of the ERM, as set out in the RMPP, are: (i) achieving the mandate and strategic goals of the Issuer, (ii) attaining operational efficiency, (iii) ensuring reliability and timeliness of reporting of financial and non-financial information and (iv) ensuring compliance with applicable laws, conventions, treaties and regulations. The ERM is comprised of eight components: (i) internal environment (that is, the Issuer's attitude to risk and how risks and controls are managed within the Issuer), (ii) setting objectives (the Issuer's strategic plan), (iii) event identification (being anything that effects the implementation of the Issuer's strategy and achievement of its objectives), (iv) risk assessment (to be carried out in conjunction with the strategy planning and budget setting processes), (v) risk response (which should form part of the Issuer's strategic plan and budget), (vi) control activities (as determined by the Issuer's strategic planning, budgeting, staff manual and accounting policies), (vii) information and communication and (viii) monitoring.

The governance structure in terms of risk management is that the risk management department assists with the creation, development and monitoring of the Issuer's risk policies and the risk awareness of the Issuer's staff, and also submits a quarterly consolidated risk report to the risk and strategy committee ("**RISTRAC**") and half yearly report to the Board, as well as periodically reporting on the Issuer's risk profile. RISTRAC (comprising the President, or in his absence the most senior Executive Vice-President, the Executive Vice Presidents, the Head of Risk Management and the Head of Planning and Strategy) recommends the annual risk appetite statement to the Board, oversees the Issuer's risk stress tests, monitors the day to day implementation of the RMPP and provides regular updates on best practices in risk management and suggested amendments to the RMPP. RISTRAC meets at least quarterly and submits half yearly reports to the Executive Committee and an annual report to the Board.

The Executive Committee is accountable to the Board for exercising oversight over the Issuer's risk management, risk control and risk assurance as regards finance credit and investment decisions and reviews and recommends amendments to the Issuer's ERM and RMPP. The Audit and Risk Committee runs a parallel risk function by reviewing the effectiveness of the Issuer's internal control policies and practices and ensuring compliance with both internal policies and the requirements of the financial, accounting and audit standards adopted by the Issuer. The Board provides oversight and approval of the Issuer's risk policies and has overall accountability for ERM.

(m) **Anti-Money Laundering, "Know-Your-Customer" Checks and Sanctions Compliance**

Sanctions Compliance

The Issuer's policy is to comply with any sanctions to the extent they are applicable to its operations and/or specific transactions, including those administered and enforced by the AU, United Nations Security Council ("**UNSC**"), the EU, OFAC, HMT and other relevant internationally recognised sanctions authorities (collectively, "**Sanctions**"), as the same are in force from time to time. The Issuer notes that, as a supranational organisation, it generally complies with the letter and spirit of these restrictions, notwithstanding that the Issuer is not under any obligation to comply with sanctions imposed by specific jurisdictions.

As part of its approach to ensuring that its activities and business are carried out in compliance with Sanctions and its general commitment to seek to observe international best practices, the Issuer has put in place systems, processes and controls, which include, for example, cross-checking against the Specially Designated Nationals and Blocked Persons List ("**SDN list**") maintained by OFAC and other relevant global watchlists. All Issuer relationships are screened against the relevant global watchlists for sanctions risks. Please see also "*Risk Factors – Risks* *relating to the Issuer's operations – Although the Issuer seeks to adhere to internationally recognised sanctions, the Issuer has relationships with states which have citizens or entities that are subject to international sanctions*".

Compliance Unit (AML, KYC and Sanctions)

Afreximbank joined the global efforts directed at fighting money laundering and terrorist financing by establishing its Compliance Unit.

The systems, processes and controls enable the Issuer's standards to conform to Financial Action Task Force 40 Recommendations on Anti-Money Laundering and Countering Terrorist Financing, the Wolfsberg Group Principles established in 1989 (and subsequently amended a number of times, most recently in 2014) by leading international financial institutions (the "**Wolfsberg Principles**"), and the Basel Customer Due Diligence Principles among other international initiatives. The Issuer strives to ensure that its policies and procedures conform to standard policies and procedures of international key regulators and industry leaders in AML regime.

The Compliance Department is headed by a Director who is supported by Managers, Associates and Administrators. The activities of the Compliance Unit are tabled at the Management Committee on Compliance ("**MANCOCO**"), which is chaired by the Executive Vice President, Corporate Governance and Legal Services and the membership comprises the Director in charge of the Risk Department, the Director in charge of Legal Services, the Director in charge of Compliance, the Director in charge of Board Secretariat and the Managing Director in charge of Banking Operations. MANCOCO presents quarterly reports to the Executive Committee (EXCO). The Compliance Department is regularly subjected to review by the Internal Audit function.

As a multilateral financial institution, as well as a good corporate citizen, Afreximbank has developed a documented AML policy with the related procedures to adequately address potential money laundering and terrorist financing risks. The Compliance Department is responsible for updating the Issuer's AML Policy.

Furthermore, the Issuer has an AML and Know-Your-Customer Handbook (the "**Handbook**") which is distributed to all the members of staff for knowledge sharing and awareness raising. The Handbook is periodically reviewed to ensure it adequately addresses current global trends. The Issuer has also published a Statement on AML and KYC Approach (the "**Statement**"). The Statement, which is available on the Issuer's website, is distributed to all partner financial institutions that have relationships with the Issuer. The Statement describes the Issuer's AML and counter-terrorist financing philosophy. It is compulsory for all of the Issuer's employees to comply with the requirements of the AML policy and the related procedures at any given time during execution of their duties, hence all employees receive AML training upon joining the Issuer and subsequent follow-up and refresher sessions are held for all staff and all training records are maintained by the Issuer.

*Customer Due Diligence ("**CDD**")*

The Issuer's AML policy makes it mandatory to fully identify, and verify information on, all potential customers. These include partner financial institutions, credit customers, services providers, suppliers, employees, investors and any other third parties that the Issuer discretionary engages. The process includes but is not limited to identifying and verifying the legal establishment status, address, shareholding, corporate governance, sources of funds etc., as the case may be. The Issuer will not establish any relationship until satisfactory meeting of CDD requirements. The Issuer conducts due diligence on sub-borrowers where it deems this appropriate; however, it is a mandatory requirement of the Issuer that its correspondent banking clients conduct full CDD on their borrowers and provide the Issuer with all required information about such borrowers, prior to accessing funds. The Issuer declines transactions that involve sub-borrowers for which there is inadequate or unavailable due diligence information.

5. Funding

The Bank's funding structure comprised a mixture of debt and equity. Growth in loan assets was funded by new equity and debt funding mobilization exercises as well as liquidity from loan repayments.

The debt funding was well diversified, comprising Customer deposits, loans from financial institutions and bond issuances. (Customer accounts and deposits base comprise Debt service reserve accounts (DSR) and Central Bank term deposits).

Funding sources were mainly in US Dollars and Euro currencies. Typically, any funds raised in a currency other than US Dollars were matched with assets in the same currency or swapped into US Dollars.

The Bank continued to enjoy deep access to market and diverse liquidity sources. Main geographical sources included Africa, Mainland Europe, United Kingdom, the USA and the Middle East.

The Bank made use of derivative instruments to manage its exposures to interest.

The following table shows the Bank's funding distribution as at 31 December 2021, 2022 and 2023 and 30 September 2024, respectively.

	Funding sources as at			
	31 December			**30 September**
	2021	**2022**	**2023**	**2024**
	(in percentages)			
Shareholder funds	18.10	18.69	18.29	20.52
Deposits and customer accounts	26.64	29.60	30.41	24.02
Borrowings	54.37	51.06	50.45	54.36
Other liabilities	0.89	0.65	0.85	1.10
Total	**100**	**100**	**100**	**100**

(1) Prepaid income, dividends payable, hedging payables and other liabilities which include accruals

The following table outlines the borrowed funds of Afreximbank for the years ended 31 December 2021, 2022 and 2023 and the period ended 30 June 2024, respectively.

	Funds borrowed during the period
	1 January to 31 December

	2021	2022	2023	1 January to 30 June 2024
		(US$'000)		
Syndicated loans / Club loans	1,000,000	1,640,000	1,800,000	500,000
Bilateral loans	1,760,000	1,740,000	3,000,000	1,580,000
Bonds	1,300,000	35,000	Nil	Nil

The following table sets out the residual maturity of Afreximbank's debt securities and other borrowings as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively.

	Amount outstanding as at			
	31 December			**30 June**
	2021	**2022**	**2023**	**2024**
		(U.S.$'000)		
Borrowings due to banks				
Up to one year............................	3,867,580	4,967,312	5,412,007	4,497,051
Between one and two years	1,495,082	2,015,685	3,615,845	3,955,384
Two years and more...................	2,977,068	4,904,251	4,912,224	4,390,506
Deposit & Customers Accounts				
Up to one year............................	4,817,214	7,374,630	6,794,572	8,528,242
Between one and two years	1,000,000	1,057,750	Nil	Nil
Two years and more...................	Nil	536,424	435,383	599,127
Bonds				
Up to one year............................	145,014	520,784	765,104	Nil
Between one and two years	500,000	797,156	38,691	73,952
Two years and more...................	2,798,070	2,574,842	2,461,047	2,367,010
Total..	**17,600,028**	**24,478,833**	**24,434,873**	**24,441,272**

6. Liquidity

Despite the challenges in global financing conditions, the Bank was able to achieve its funding objectives, culminating in an excellent liquidity position. The Bank's Liquidity Policy requires asset portfolio duration to either be shorter or match liabilities duration. This enables the Bank to accumulate asset cash flows which, in turn, are used to fund maturing obligations.

The Bank closed the first nine months of 2024 with a robust liquidity position, holding US$3.9 billion in cash and cash equivalents (2023: US$5.6 billion). The liquidity ratio stood at 12.2% (2023: 16.8%). Please also refer to "*Section 5: Selected Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations – Operating and Financial Indicators*" for more information on the liquidity ratio and liquidity coverage ratio.

Please find the information on the treasury headroom as of 31 December 2021, 2022 and 2023 and 30 September 2024 in the below table.

Treasury Headroom	As of			
	31 December			30 September
	2021	2022	2023	2024
	(U.S. in millions)			
Committed Facilities	1,801	1,189	1,701	1,148
Uncommitted Facilities	1,588	1,588	1,057	941
Untapped Headroom	**3,389**	**2,747**	**2,758**	**2,089**
Cash and Cash Equivalents	3,048	4,099	5,622	3,919
Total Treasury Headroom	**6,437**	**6,846**	**8,380**	**6,008**

Headroom & Alternative Liquidity Sources

- **Undrawn lines:** As at 30 September 2024, the Bank had approximately US$2.1 billion undrawn lines available. These were availed by banks, ECAs and DFIs. Of these lines, approximately US$1.2 billion were committed, while US$941 million were uncommitted.

- **Callable capital:** Afreximbank's callable capital was US$3.8 billion as at 30 September 2024 compared to US$3.7 billion as at 31 December 2023. The Bank maintains the callable capital as an additional buffer in case of need. Callable capital was credit-enhancement as part of the Bank's capital management initiatives.

- **Assets sales:** Syndications and asset sales are an integral part of the Bank's liquidity management strategy.

7. Capital Adequacy

Capital Management

Afreximbank is not subject to capital requirements by a regulatory body such as a central bank or equivalent institution. However, the Issuer has established a Capital Management Policy that is based on the maintenance of a capital adequacy ratio that is in line with the recommendations of the Basel Paper, the Basel II Paper and the Basel III Papers. Please see also "*Risk Factors – Risks relating to the Issuer's constitution and structure – As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy and corporate governance*".

Capital adequacy is reviewed regularly by management using techniques based on the guidelines developed by Basel Committee. The Bank is complying with the provisions of the Basel III framework in respect of capital adequacy measurement. The tier 1 capital adequacy ratio for 2023 is 24 percent (2022: 28 percent). Please refer to note 6.7 "Capital Management" to the 2023 Audited Financial Statements for a summary of the composition of capital and the ratio of the Bank's capital for the year ended 31 December 2023.

Reserves

The Bank maintains a general reserve in accordance with the Bank's Charter in order to cover general banking risks, including future losses and other unforeseeable risks or contingencies. As at 30 September 2024, Afreximbank's reserves totalled US$1,438.9 million, the same as that at the end of 2023.

8. CORPORATE GOVERNANCE AND MANAGEMENT OF THE BANK

Board of Directors

The Bank's Board consists of no more than 12 members and meets once every three months, and additionally as often as the business of the Bank may require, at the headquarters of the Bank or at any other place specified in the convening notice. The Charter sets out the required composition of the Board, who are responsible for the everyday functioning of the Bank.

The following table lists the members of the Board of the Issuer.

Name	*Position*
Dr. Benedict Okey Oramah	Chairman of the Board, President
Mr. Hassan Abdalla (Egyptian)	Director representing Class A shareholders
Dr. Denny Kalyalya (Zambian)	Director representing Class A shareholders
Ms. Lydia Shehu Jafiya (Nigerian)	Director representing Class A shareholders
Mr. Kee Chong LI Wong Wing (Mauritian)	Director representing Class B shareholders
Dr. John Mangudya (Zimbabwean)	Director representing Class B shareholders
Mr. Noël Mekulu Mvondo Akame (Cameroonian)	Director representing Class B shareholders
Mr. Victor Nembelessini-Silué (Ivorian)	Director representing Class B shareholders
Dr. Sidi Ould Tah (Mauritanian)	Director representing Class C shareholders
Ms. Yu Wen (Chinese)	Director representing Class C shareholders
Mr. Anil Dua (British)	Independent Director
Mr. Ronald Sibongiseni Ntuli (South African)	Independent Director
Mr. Mohamed Hesham Aboumoussa	Alternate Director
Ms. Leila Mokkadem	Alternate Director
Mr. George Stanley	Alternate Director
Mr. Nianga Komata Goumou	Alternate Director
Mr. Calixte Nganongo	Alternate Director
Mr. Nikita Gusakov	Alternate Director
Dr. Kevin Greenidge	Alternate Director

The Board forms sub-committees, which include:

- **the Executive Committee**. The Executive Committee meets as often as the business of the Issuer may require to make decisions on matters delegated to it by the Board, such as those relating to investment, guarantee and financing operations.

- **the Audit Committee**. It is empowered by the Board to review, examine and verify the proper application of the financial, operational and administrative policies and procedures of the Issuer. The Audit Committee meets at least twice a year or as often as its business may require..
- **the Strategy and Risk Committee** The purpose of this committee is to provide reasonable assurance to the Board that all the material risks associated with, and arising from, the Issuer's operations are being managed in a risk efficient manner and assisting the Board in its oversight of the Issuer's strategy formulation and implementation functions.
- **the Remuneration Committee**. The Remuneration Committee exists for the purpose of determining the remuneration of the President and the terms and conditions of his service.
- **Branch Management Committee**. The Branch Management Committee is responsible for exercising oversight over the Bank's branches.

Senior Management

The following is a list of the senior management of the Bank.

Name	*Position*
Dr. Benedict O. Oramah	President
Mr. Denys Denya	Senior Executive Vice President
Dr. George Elombi	Executive Vice President – Corporate Governance and Legal Services
Mrs. Kanayo Awani	Executive Vice-President, Intra-African Trade Bank
Mr. Haytham El Maayergi	Executive Vice-President, Global Trade Bank
Mrs. Hayam Abou Arab	Director, Credit Assessment
Dr. Robert Tomusange	Director & Global Head, Administration
Mr. Stephen T. Kauma	Group Managing Director, Human Resources
Dr. Yemi Kale	Managing Director & Group Chief Economist
Dr. Sampawende Jules Tapsoba	Deputy Chief Economist & Director, Data Management & Model Development
Mr. Elias Kagumya	Group Managing Director & Chief Risk Officer
Mr. Nyevero Hlupo	Chief Finance Officer
Ms. Gwen Mwaba	Managing Director, Trade Finance
Mrs. Anne Ezeh	Director, Communications & Events
Mr. Constantin von Moltke	Director, Syndications & Agency
Mr. Kwabena Ayirebi	Managing Director, Banking Operations
Mr. Chandi Mwenebungu	Treasurer & Managing Director, Treasury & Markets
Mr. Abel Azuwueze Osuji	Director, Internal Audit
Mr. Olaleye Babatunde	Director, Information Technology
Mr. Idrissa Diop	Director, Compliance
Mr. Gerald Chihota	Director, Board Secretariat
Mr. Kofi Asumadu	Director, Guarantee & Specialised Finance
Mr. Francis Esoh	Head, Credit Quality Assurance
Mr. Mhamed Laraqui Houssaini	Head, Equity Mobilisation & Investor Relations
Ms. Oluranti Doherty	Managing Director, Export Development
Mr. Zitto Alfayo	Head, Project Preparation
Mrs. Helen Brume	Director, Projects & Asset Based Finance
Mr. Hatem El Demerdash	Director & Global Head, Advisory & Capital Markets
Mr. Kudakwashe Matereke	Regional Chief Operating Officer, East Africa
Mr. Eric Intong Monchu	Acting Group Managing Director, Client Relations

Name	*Position*
Mr. Humphrey Nwugo	Regional Chief Operating Officer, Southern Africa
Mr. Alain-Thierry Mbongue	Acting Regional Chief Operating Officer, Anglophone West Africa
Mr. Jean Arsene Yerima	Regional Chief Operating Officer, Francophone West Africa
Mr. Ibrahim Bagarama	Chief Regional Operating Officer, Central Africa
Joy Albright	Director, Banking Legal Services
Emeka Uzoigwe	Group Managing Director, Strategy & Product Development

9. PROPERTIES, PLANT AND EQUIPMENT

The Issuer's headquarters are located at No. 72 (B) El Maahad El Eshteraky Street, Heliopolis, Cairo 11341, Egypt. The Issuer owns the building located at El Maahad El Eshteraky, Plot No. (1, 1A, 10, 11, 12), Block No. 72(B), Granda Avenue Cairo, Egypt, which the Issuer owns and has let to a number of international finance institutions and from which it earns rental income.

10. LEGAL PROCEEDINGS

As of the date of this Offering Circular, the Bank is not engaged in litigation that is material to the Bank's business, and to the best knowledge of the Bank's management there is no litigation or claim threatened against the Bank which is likely to have a material adverse effect on its business, financial condition or results of operations.

SECTION 5: SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following selected financial information of the Group and the Bank as of and for the years ended 31 December 2021, 2022 and 2023, respectively is extracted from the Financial Statements and should be read in conjunction with the accompanying notes to the Financial Statements. The 2023 Audited Financial Statements have been audited by Afreximbank's independent auditors, Deloitte & Touche and KPMG Hazem Hassan, the 2022 Audited Financial Statements and 2021 Audited Financial Statements have been audited by Afreximbank's independent auditors, PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and KPMG Hazem Hassan. The Financial Statements have been prepared in accordance with IFRS[3] as issued by the International Accounting Standards Board.

1. Selected Financial Information

(1) Profit or Loss and Other Comprehensive Income

The following selected financial information of the Group and the Bank for the years ended 31 December 2023 and 2022 has been extracted from 2023 Audited Financial Statements.

	For the year ended 31 December			
	GROUP		BANK	
	2023	2022	2023	2022
	(in thousands of US Dollars)			
Interest income calculated using the effective interest method	2,483,271	1,390,530	2,485,121	1,390,530
Interest expense calculated using the effective interest method	(1,044,764)	(474,848)	(1,044,764)	(474,848)
Other interest income/(expenses)	5,868	(5,379)	(10,286)	(5,833)
Net interest income	**1,444,375**	**910,304**	**1,430,071**	**909,850**
Fee and commission income	140,051	104,717	139,950	104,717
Fee and commission expense	(9,535)	(6,216)	(9,535)	(6,216)
Net fee and commission income	**130,516**	**98,501**	**130,415**	**98,501**
Other operating revenue	20,556	22,518	20,416	22,518
Personnel expenses	(128,309)	(99,811)	(124,391)	(95,750)
General and administrative expenses	(159,060)	(111,832)	(150,840)	(110,326)
Depreciation and amortisation expense	(17,130)	(14,026)	(16,156)	(13,983)
Exchange adjustments	15,038	22,659	16,393	23,133
Fair value gain/(loss) from financial instruments at fair value through profit or loss	34,507	1,619	20,616	(4,130)
Fair value loss on modification of financial instruments at amortised	(7,756)	(882)	(7,756)	(882)
Credit losses on financial instruments	(576,633)	(373,758)	(576,633)	(373,758)

[3] In 2023, IFRS issued by IASB was renamed as IFRS Accounting Standards.

PROFIT FOR THE YEAR	**756,104**	**455,291**	**742,136**	**455,171**
OTHER COMPREHENSIVE INCOME				
Items that will not to be reclassified to profit or loss				
Gains/(Loss) on revaluation of land and buildings	17,466	(3,314)	17,466	(3,314)
Total items that will not to be reclassified to profit or loss	**17,466**	**(3,314)**	**17,466**	**(3,314)**
Total other comprehensive income/(loss)	**17,466**	**(3,314)**	**17,466**	**(3,314)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**773,571**	**451,977**	**759,603**	**451,857**
Earnings per share				
Basic earnings per share (expressed in US$000 per share)	8.48	6.04	8.32	6.04
Diluted earnings per share (expressed in US$000 per share)	3.56	2.56	3.49	2.55

The following selected financial information of the Group and the Bank for the years ended 31 December 2022 and 2021 has been extracted from 2022 Audited Financial Statements.

	For the year ended 31 December			
	GROUP		**BANK**	
	2022	**2021**	**2022**	**2021**
	(in thousands of US Dollars)			
Interest income calculated using the effective interest method	1,390,530	1,007,051	1,390,530	1,007,051
Interest expense calculated using the effective interest method	(474,848)	(305,039)	(474,848)	(305,039)
Other interest (expenses)/income	(5,378)	1,332	(5,832)	1,332
Net interest income	**910,304**	**703,343**	**909,850**	**703,343**
Fee and commission income	104,717	114,823	104,717	114,823
Fee and commission expense	(6,216)	(7,998)	(6,216)	(7,998)
Net fee and commission income	**98,501**	**106,825**	**98,501**	**106,825**
Other operating revenue	22,518	11,292	22,518	11,292
Personnel expenses	(99,811)	(88,339)	(95,750)	(81,891)
General and administrative expenses	(111,832)	(97,843)	(110,326)	(92,806)
Depreciation and amortisation expense	(14,026)	(11,595)	(13,983)	(11,595)
Exchange adjustments	22,659	(19)	23,133	(19)
Fair value gain/(loss) from financial instruments at fair value through profit or loss	1,619	(14,477)	(4,130)	(14,477)
Credit losses on financial instruments	(374,640)	(233,378)	(374,640)	(233,378)
PROFIT FOR THE YEAR	**455,291**	**375,811**	**455,171**	**387,294**
OTHER COMPREHENSIVE INCOME				
Items that will not to be reclassified to				

profit or loss				
(Loss)/gains on revaluation of land and buildings	(3,314)	5,633	(3,314)	5,633
Total items that will not to be reclassified to profit or loss	**(3,314)**	**5,633**	**(3,314)**	**5,633**
Total other comprehensive income	**(3,314)**	**5,633**	**(3,314)**	**5,633**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**451,977**	**381,443**	**451,857**	**392,927**
Earnings per share				
Basic earnings per share (expressed in US$000 per share)	6.04	6.36	6.04	6.55
Diluted earnings per share (expressed in US$000 per share)	2.56	2.73	2.55	2.82

(2) Financial Position

The following selected financial position information of the Group and the Bank as of 31 December 2023 and 2022 has been extracted from 2023 Audited Financial Statements.

	As of 31 December			
	GROUP		BANK	
	2023	2022	2023	2022
	(in thousands of US Dollars)			
ASSETS				
Cash and cash equivalents	5,621,887	4,099,624	5,621,431	4,099,238
Derivative assets held for risk management	3,763	—	3,763	—
Financial assets at fair value through profit or loss	297,205	196,263	—	42,500
Loans and advances to customers	26,722,831	22,966,341	26,774,733	22,966,341
Prepayments and receivables	145,595	126,945	203,842	126,969
Investment securities at amortised cost	318,838	244,118	318,838	244,118
Other assets	18,547	55,981	18,280	56,940
Property and equipment	328,712	162,213	226,130	162,002
Intangible assets	11,231	11,506	11,231	11,506
Investment in subsidiaries	—	—	295,542	184,380
Total assets	**33,468,609**	**27,862,991**	**33,473,790**	**27,893,994**
LIABILITIES				
Derivative liabilities held for risk management	25,751	48,578	25,751	48,578
Money market deposits	1,376,761	1,664,654	1,377,820	1,664,654
Borrowings due to banks	12,629,756	9,146,841	12,629,756	9,146,841
Deposits and customer accounts	10,178,933	8,246,748	10,188,316	8,268,791
Debt securities in issue	2,852,509	3,368,112	2,852,509	3,368,112
Other liabilities and provisions	284,121	181,265	281,463	178,860
Total liabilities	**27,347,831**	**22,656,198**	**27,355,615**	**22,675,836**
EQUITY				
Share capital	920,528	849,504	920,528	849,504

Share premium	2,188,009	1,909,267	2,188,009	1,909,267
Warrants	183,914	183,914	183,914	183,914
Reserves	1,438,869	1,156,592	1,438,869	1,156,592
Retained earnings	1,389,458	1,107,516	1,386,855	1,118,881
Total equity	**6,120,778**	**5,206,793**	**6,118,175**	**5,218,158**
Total liabilities and equity	**33,468,609**	**27,862,991**	**33,473,790**	**27,893,994**

The following selected financial position information of the Group and the Bank as of 31 December 2022 and 2021 has been extracted from 2022 Audited Financial Statements.

	As of 31 December			
	GROUP		**BANK**	
	2022	**2021**	**2022**	**2021**
	(in thousands of US Dollars)			
ASSETS				
Cash and cash equivalents	4,099,624	3,047,771	4,099,238	3,047,771
Financial assets at fair value through profit or loss	196,263	136,237	42,500	98,177
Loans and advances to customers	22,966,341	18,111,835[(1)]	22,966,341	18,111,835[(1)]
Prepayments and receivables	126,945	103,991	126,969	108,288
Financial assets at amortised cost	244,118	243,646	244,118	243,646
Other assets	55,981	75,863	56,940	75,659
Property and equipment	162,213	101,298	162,002	101,298
Intangible assets	11,506	13,201	11,506	13,201
Investment in subsidiaries	—	—	184,380	66,479
Total assets	**27,862,991**	**21,833,842**	**27,893,994**	**21,866,354**
LIABILITIES				
Derivative liabilities held for risk management	48,578	16,681	48,578	16,681
Money market deposits	1,664,654	1,411,075	1,664,654	1,411,075
Borrowings due to banks	9,146,841	6,975,927[(1)]	9,146,841	6,975,927[(1)]
Deposits and customer accounts	8,246,748	5,817,214	8,268,791	5,840,633
Debt securities in issue	3,368,112	3,467,106[(1)]	3,368,112	3,467,106[(1)]
Other liabilities and provisions	181,265	193,482[(1)]	178,860	191,091[(1)]
Total liabilities	**22,656,198**	**17,881,486**	**22,675,836**	**17,902,513**
CAPITAL FUNDS				
Share capital	849,504	647,312	849,504	647,312
Share premium	1,909,267	1,219,219	1,909,267	1,219,219
Warrants	183,914	160,952	183,914	160,952
Reserves	1,156,592	996,969	1,156,592	996,969
Retained earnings	1,107,516	927,904	1,118,881	939,389
Total capital funds	**5,206,793**	**3,952,356**	**5,218,158**	**3,963,841**
Total liabilities and capital funds	**27,862,991**	**21,833,842**	**27,893,994**	**21,866,354**

Note:

(1) Restated as disclosed in Note 40 to the 2022 Audited Financial Statements.

(3) Cash Flows

The following selected cash flow financial information of the Group and the Bank for the years ended 31 December 2023 and 2022 has been extracted from 2023 Audited Financial Statements.

	For the year ended 31 December			
	GROUP		BANK	
	2023	2022	2023	2022
	(in thousands of US Dollars)			
Net cash used in operating activities	(1,594,182)	(1,640,801)[(1)]	(1,494,311)	(1,523,525)
Net cash used in investing activities	(106,038)	(76,663)[(1)]	(205,979)	(194,325)
Net cash inflows from financing activities	3,212,939	2,778,244	3,212,939	2,778,244
Net increase in cash and cash equivalents	**1,512,718**	**1,060,780**	**1,512,649**	**1,060,395**
Cash and cash equivalents at the beginning of the financial year	4,099,624	3,047,771	4,099,238	3,047,771
Effect of exchange rate fluctuations on cash and cash equivalents held	**9,544**	**(8,928)**	**9,544**	**(8,928)**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**5,621,887**	**4,099,624**	**5,621,431**	**4,099,238**

Note:

(1) the consolidated and separate statements of cash flows were restated as disclosed in Note 43 to the 2023 Audited Financial Statements.

The following selected cash flow financial information of the Group and the Bank for the years ended 31 December 2022 and 2021 has been extracted from 2022 Audited Financial Statements.

	For the year ended 31 December			
	GROUP		BANK	
	2022	2021	2022	2021
	(in thousands of US Dollars)			
Net cash generated/(used) in operating activities	(1,530,846)	295,432	(1,523,525)	295,432
Net cash used in investing activities	(186,618)	(230,899)	(194,325)	(230,900)
Net cash inflows from financing activities	2,778,244	265,786	2,778,244	265,786
Net increase in cash and cash equivalents	**1,060,780**	**330,318**	**1,060,395**	**330,318**
Cash and cash equivalents at the beginning of the financial year	3,047,771	2,717,453	3,047,771	2,717,453
Effect of exchange rate fluctuations on cash and cash equivalents held	**(8,928)**	—	**(8,928)**	—
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**4,099,624**	**3,047,771**	**4,099,238**	**3,047,771**

2. Financial Highlights and Other Information

(1) Group Financial Performance

2023 and 2022

Net Interest Income and Margin

Net interest income for the Group grew by 58.67 percent to reach US$1.4 billion (2022: US$910.3 million). This was largely driven by a 78.58 percent increase in interest income which reached US$2.5 billion for the year ended 31 December 2023. The reported growth in Interest income was driven primarily by the growth in the Bank's portfolio of loans and advances, and higher yields achieved on account of higher interest rates. Interest expense for the year ended 31 December 2023 was higher than the previous year, mainly due to the increased average cost of borrowings triggered by the increase in benchmark interest rates and increased level of borrowings.

The net interest margin improved to 4.96 percent compared to the prior year's level of 3.83 percent. The favourable results reflected the impact of higher interest income recorded during the year as aforementioned.

Non-Interest Income

Total fees and commission income, which was largely driven by the Bank's income arising from guarantees, letters of credit, and client advisory services amounted to US$140.1 million (2022: US$104.7 million). Income from guarantees and letters of credit grew by 7.96 percent to reach US$73.4 million for the year ended 31 December 2023, and this was mainly influenced by increased volume of unfunded business activities. The Bank earned advisory fees income of US$57.7 million during the year ended 31 December 2023, (2022: US$33.9 million). This increase was largely attributable to the increased number of advisory mandates concluded during the year compared to the previous year.

Operating Income

The Group's total operating income, which is the sum of net interest income, net fees and commissions income, and other operating income, reached US$1.6 billion, a 54.70 percent increase over the 2022 level. This increase was primarily driven by a 74.20 percent growth in the gross revenues which reached US$2.6 billion in 2023, (2022:US$1.5 billion), with interest income at US$2.5 billion (93.93 percent) (2022: US$1 billion (91.62 percent)) being the single biggest contributor to the gross revenue. The growth in gross revenue was underpinned by the growth in Interest income, driven by both the growth in interest-bearing assets and elevated global interest rates. Additionally, the growth in unfunded activities, and recovery efforts of previously written-off facilities, contributed to the growth in gross revenue.

Operating Expenses

Operating expenses of the Group increased by 34.93 percent, reaching US$304.5 million (2022: US$225.7 million). Although the Group's expenses were well contained and within budget, the relatively higher year-on-year growth in total operating expenses in 2023 over 2022 was mostly driven by a 28.55 percent increase in personnel expenses and a 42.23 percent increase in administrative expenses which totaled US$128.3 million and US$159.1 million, respectively. The increase was mainly due to global inflationary pressures and increased human resources capacity to support increased business activities as envisaged in the five-year Sixth Strategic Plan currently under implementation until December 2026.

Depreciation and amortisation expenses for the year ended 31 December 2023 increased by 22.13 percent to reach US$17.1 million largely due to the increased depreciable assets of the Group.

The Bank accounted for 95.69 percent (2022: 97.51 percent) of total expenses of the Group. Operating expenses of the subsidiary entities were US$13.1 million (2022: US$5.6 million) for the year ended 31 December 2023 and mainly comprised personnel costs and administrative expenses incurred by FEDA entities, AfrexInsure, AMCE, and AQAC.

Cost-to-Income Ratio

The cost-to-income ratio for the year ended 31 December 2023 stood at 19.09 percent (2022: 21.88 percent) and was in line with the strategic target range of 17 percent to 30 percent. This improved level of efficiency was achieved notwithstanding the 34.93 percent increase in operating expenses.

Expected Credit Loss

The charge to the Group's statement of profit or loss and other comprehensive income in respect of expected credit losses (ECL) on financial instruments subject to IFRS-9 impairment amounted to US$576.6 million for the year ended 31 December 2023 (2022: US$373.8 million). The increase in the ECL charge for the year is, in the main, due to the increase in lending activities, as evidenced by the 16.36 percent increase in net loans and advances.

Although loans and advances constituted 60.01 percent (compared to 59.91 percent in 2022) of the Group's total financial assets (including unfunded balances) in 2023, they accounted for 96.96 percent of the cumulative ECL as of that date (2022: 92.18 percent). This disproportionate contribution of loans and advances to the cumulative ECL was due to the perceived risks associated with loans and advances compared to other financial instruments.

Total loans and advances of the Bank classified under IFRS-9, as Stage 1 and Stage 2 on 31 December 2023, represented 97.53 percent (2022: 96.60 percent) of the Bank's total gross loans and advances. This is indicative of the consistently sound quality of the Bank's portfolio and the low probability of significant losses arising in the near term. The asset quality was within the Bank's risk appetite levels. The NPL ratio at 31 December 2023 was 2.47 percent (2022: 3.40 percent). The ECL coverage ratio on loans and advances was 3.75 percent (2022: 2.70 percent).

The consistently sound quality of the loans and advances portfolio, despite the increasingly challenging trading environment, demonstrates management's deep knowledge of the African markets and is also a direct result of prudent structured trade finance–based lending mechanisms and the benefits of preferred creditor treatment across the Bank's member countries.

2022 and 2021

Net Interest Income and Margin

Because of the significance of the Bank's contribution to interest income, the Group's performance on net interest income and margin mirrors that of the Bank. Net Interest Income of the Group grew by 29 percent to reach US$910.3 million (2021: US$703.3 million). This was largely driven by a 38 percent increase in interest income, which reached US$1.4 billion for the year ended 31 December 2022, and a 56 percent increase in interest expenses. The growth in the Bank's portfolio of loans and advances, in combination with increased yields on account of increasing benchmark rates, contributed to the significant increase in Interest income. The interest expense for the year ended 31 December 2022 was higher than for the previous year, mainly due to the increased average cost of borrowings caused by the accelerated upswing in benchmark interest rates.

The net interest margin for the Bank, at 3.83 percent, improved compared to the prior year level of 3.54 percent. The favourable results reflected the impact of higher interest income recorded during the year on account of increased levels of average interest–bearing assets as well as relatively higher yields achieved on loans and advances. The higher yields were triggered by the rise in benchmark rates. Despite the negative impact of rising benchmark rates on the average cost of borrowing, the cost-effective funding mix, against the backdrop of a relatively unchanged level of borrowing, positively influenced the growth in the net interest margin.

Non-Interest Income

Total fees and commission income for the Group substantially mirrored those achieved by the Bank and amounted to US$104.7 million (2021: US$114.8 million). Reported fees were largely driven by the Bank's income arising from guarantees and letters of credit. Income from guarantees and letters of credit grew by 39 percent to reach US$68 million for the year ended 31 December 2022, influenced by the 7 percent growth in the total portfolio of guarantees and letters of credit, which closed the period at US$3.2 billion (2021: US$3 billion). The 39 percent growth in guarantees and letters of credit fees was in line with the Bank's strategic goal of growing unfunded activities as well as the Bank's plan to enhance its fee-based income. The Bank earned advisory fees income of US$33.9 million during the year ended 31 December 2022 (2021: US$64.8 million). This decrease in advisory fees was largely attributable to relatively fewer advisory mandates concluded during the year.

Operating Income

The Bank was the biggest contributor to the reported operating income of the Group. The operating income, which is the sum of net interest income, net fees and commissions income, and other operating income, increased to US$1 billion, a 25 percent increase over the 2021 level of US$821 million. The 25 percent increase was primarily driven by 34 percent growth in the Bank's gross revenues, which reached US$1.5 billion in 2022, (2021:US$1.1 billion), with Interest income at US$1.4 billion (92 percent) (2021: US$1 billion (89 percent) being the single biggest contributor to the gross revenue. The growth in gross revenue was underpinned by the growth in interest-bearing assets, the growth in unfunded activities, and favourable results on recovery efforts of previously written-off facilities. The increase in benchmark interest rates also gave impetus to the growth in net interest income despite the adverse effect on interest expense.

Operating Expenses

The operating expenses of the Bank increased by 18 percent, reaching US$220.1 million (2021: US$186.3 million). Though the Bank's expenses were within budget, the relatively higher year-on-year growth in total operating expenses in 2022 over 2021 was mostly driven by a 17 percent increase in personnel expenses and a 19 percent increase in administrative expenses. For the year ended 31 December 2022, personnel-related and administrative expenses reached US$95.7 million and US$110.3 million, respectively.

In a managed way, the Bank and its subsidiaries strengthened the human capital resource base so as to effectively deliver on the targeted business growth and on the implementation of various strategic initiatives as set out in the Sixth Strategic Plan. In addition to higher business travel and in-person statutory meetings following the substantial containment of the COVID-19 pandemic, the growth in the Bank's and its subsidiaries' administrative expenses were primarily due to significant inflationary pressures.

Depreciation and amortisation expenses for the year ended 31 December 2022 increased by 21 percent to reach US$14 million. This increase was largely due to increased depreciable assets of the Bank.

The Group's total operating expenses for the year ended 31 December 2022 amounted to US$225.7 million (2021: US$197.8). The Bank accounted for 98 percent (2021: 94 percent) of these expenses. The operating expenses of the subsidiary entities were US$5.6 million for the year ended 31 December 2022 and mainly comprised personnel costs and administrative expenses incurred by FEDA entities and AfrexInsure. In 2021, the subsidiary entities' costs totalled US$11.4 million and mainly comprised pre-incorporation costs.

Cost-to-Income Ratio

The cost-to-Income ratio for the Bank for the year ended 31 December 2022 stood at 21 percent (2021: 23 percent) and was in line with the Bank's strategic target range of 17 percent to 30 percent. Over the same period, the cost-to-Income ratio of the Group was 22 percent (2021: 24 percent). This improved level of efficiency at both the Bank and Group levels reflected deliberate implementation of efficiency measures.

Expected Credit Loss

The charge to the Group's statement of profit or loss and other comprehensive income in respect of Expected Credit losses ("**ECL**") on financial instruments amounted to US$374.6 million for the year ended 31 December 2022 (2021: US$233.38 million). This ECL charge only relates to the Bank because the Bank is the only entity within the Group currently holding financial assets that are subject to IFRS-9 impairment. The increase in the ECL charge for the year is, in the main, due to the increase in lending activities, as evident in the 27 percent increase in gross loans and advances.

The cumulative ECL with respect to loans and advances accounted for 92 percent of the total cumulative ECL as at 31 December 2022 (2021: 87 percent). This was because loans and advances contributed 61 percent (2021: 63 percent) of the Bank's Total financial assets (including unfunded balances) falling within the scope of IFRS-9.

Total loan facilities of the Bank classified under IFRS-9, as Stage 1 and Stage 2 on 31 December 2022, represented 97 percent (2021: 97 percent) of the Bank's total gross loans and advances. This is indicative of the consistently sound quality of the Bank's portfolio and the low probability of significant losses arising in the near term. The asset quality was within the Bank's risk appetite levels. The NPL ratio at 31 December 2022 was 3.40 percent (2021: 3.35 percent). In addition, the provisions coverage ratio on loans and advances, at 100 percent (2021: 115 percent), was well within the internal minimum threshold of 100 percent. The ECL coverage ratio on loans and advances was 2.72 percent (2021: 2.22 percent).

The consistently sound quality of the loans and advances portfolio, despite the increasingly challenging trading environment, is a direct result of prudent Structured Trade Finance–based lending mechanisms and the benefits of Preferred Creditor Treatment across the Bank's member countries. It also demonstrates the Bank's deep knowledge of the African markets.

(2) Statement of Financial Position

2023 and 2022

Assets

Total assets of the Group grew by 20.12 percent from US$27.9 billion as at 31 December 2022 to US$33.5 billion as at 31 December 2023. The growth in Group assets is largely on account of increases in net loans and advances to customers and cash and cash equivalents.

Loans and advances to customers closed 31 December 2023 at US$26.7 billion (31 December 2022: US$23 billion) and constituted 79.84 percent (31 December 2022: 82.43 percent) of the total assets of the Group as at 31 December 2023. The growth in loans and advances is on account of additional disbursements made during 2023 as the Bank continued to support its member countries through various product offerings.

The Bank's loans and advances were mostly structured trade finance facilities, either funded directly by the Bank on a bilateral basis or within syndicates. An analysis of the loan portfolio by beneficiary as at end of 2023 showed that the share of corporates, including state-owned enterprises, was 34.20 percent (31 December 2022: 36.19 percent), financial institutions' share was 50.10 percent (31 December 2022: 52.07 percent) and sovereigns' (governments') share was 15.70 percent (31 December 2022: 11.74 percent). In line with its strategy, the Bank provided financial institutions with lines of credit to support their trade finance business. This strategy, whilst enhancing the Bank's footprint on the continent, also enables financial institutions to support their local counterparties, who for various reasons, would not be able to access financing directly from the Bank.

The Bank achieved a wider geographical diversification of the portfolio, providing facilities in 45 African countries and 6 in the Caribbean Community (CARICOM) region.

Cash and cash equivalents which constituted 16.80 percent of the Total assets at 31 December 2023 (31 December 2022: 14.71 percent) closed 31 December 2023 at US$5.6 billion (31 December 2022: US$4.1 billion). The balance of cash and cash equivalents provided ample capacity to respond to market uncertainties in a timely manner and enables the Group to meet its obligations as they fall due.

The Group's contingencies, which were made up of letters of credit and guarantees stood at US$3.8 billion as at 31 December 2023, compared to US$3.2 billion as at 31 December 2022. Resultantly, total assets and contingencies closed 2023 at US$37.3 billion (31 December 2022: US$31.1 billion).

Undrawn commitments at 31 December 2023 stood at US$8.9 billion (31 December 2022: US$7.6 billion).

Included in the Group's total assets at 31 December 2023, were FEDA Holdings' impactful investments amounting to US$297.2 million (31 December 2022: US$155 million).

Liabilities

The Group's total liabilities amounted to US$27.3 billion as at 31 December 2023. This represented a 20.71 percent increase from the US$22.7 billion reported as at 31 December 2022 and largely comprised the Bank's liabilities to fund lending activities. The increase in total liabilities to US$27.3 billion as at 31 December 2023 was largely on account of US$3.5 billion net increase in bilateral and syndication facilities (borrowings due to banks) and US$1.9 billion net additional deposits from customers (deposits and customer accounts). The notable decrease in debt securities in issue, from US$3.4 billion to US$2.9 billion, was primarily due to the repayment of matured bonds amounting to US$500 million.

As at 31 December 2023, borrowings due to banks and debt securities in issue accounted for 56.61 percent of the Bank's liabilities (31 December 2022: 55.24 percent). Deposits and customer accounts accounted for 37.22 percent of the Bank's total liabilities (31 December 2022: 36.40 percent) and money market deposits accounted for 5.03 percent (31 December 2022: 7.35 percent) of the Bank's total liabilities. This borrowing mix enabled the Bank to maintain a healthy balance of cost of borrowing despite the higher benchmark rates.

Included in the Group's total liabilities position as at 31 December 2023, was US$2.3 million (31 December 2022: 3.4 million) relating to liabilities payable by subsidiary entities to third parties.

The major component of total liabilities over the past five years were borrowings which was an aggregate of borrowings due to banks and debt securities in issue. In terms of the geographical distribution, the outstanding borrowings were spread across mainland Europe, North and South America, the United Kingdom, Asia, the Middle East, and Africa.

Shareholders' Funds

The Group Shareholders' funds, which largely mirrored the Bank's Shareholders' funds, recorded a solid growth of 17.55 percent to reach US$6.1 billion as at 31 December 2023 (31 December 2022: US$5.2 billion). This growth was largely attributed to the US$349.8 million fresh equity contributions raised during the year as Shareholders supported the GCI II programme. The net income of US$546.8 million generated during the year, net of 2022 appropriated dividends, also contributed to the growth in Shareholders' funds. The Bank's callable capital, a sizable proportion of which was credit enhanced as part of the Bank's capital management strategy, amounted to US$3.7 billion as at 31 December 2023 (31 December 2022: US$3.1 billion).

2022 and 2021

Assets

Total assets of the Group grew by 28 percent from US$21.8 billion as at 31 December 2021 to US$27.9 billion as at 31 December 2022. The Bank remained the significant contributor to the Group's Total assets. The growth in Group assets is largely on account of a 27 percent increase in net loans and advances and a 35 percent increase in Cash and cash equivalents, which closed 31 December 2022 at US$23 billion and US$4.1 billion, respectively. These two line items accounted for 97 percent of the Group's total assets at the end of 2022 and 2021.

In line with Management's expectation and consistent with the improved capital position of the Bank and the Group, net loans and advances increased from US$18.1 billion to US$23 billion, mainly driven by UKAFPA facilities. The Loans and advances accounted for 82 percent of the total assets of the Group as at 31 December 2022, (2021: 83 percent).

At 31 December 2022, the Bank's liquid assets accounted for 15 percent (2021: 14 percent) of total assets of the Group. The high liquidity levels maintained will enable the Bank to achieve its planned loan disbursements and to meet maturing obligations for 2023 and beyond. Additionally, high liquidity levels will enable the Bank to intervene in response to any unplanned credit requests occasioned by the current global turmoil and market uncertainties.

The Bank's loans and advances were mostly structured trade finance facilities, either funded directly by the Bank on a bilateral basis or within syndicates. An analysis of the loan portfolio by beneficiary as at the end of 2022 showed that the share of corporates, including state-owned enterprises, was 35.1 percent (2021: 28 percent), financial institutions' share was 52.4 percent (2021: 54 percent), and sovereigns' (governments') share was 12.5 percent (2021: 18 percent). The Bank provided financial institutions with credit lines to support their trade finance business with local counterparties who, for various reasons, were unable to access financing directly from the Bank. The Bank achieved a wider geographical diversification of the portfolio, providing facilities in 45 African countries and 6 in CARICOM.

Included in the Group's total assets as at 31 December 2022, were FEDA's investments and property and equipment amounting to US$153.8 million (2021: US$38.1 million) and US$0.2 million (2021: US$nil), respectively.

Total on-balance sheet assets and guarantees

The guarantees and letters of credit portfolio grew by 7 percent to reach US$3.2 billion as at 31 December 2022, (2021: 3 billion). This resulted in the Bank's total assets and unfunded exposures closing the year at US$31.1 billion (2021: US$24.9 billion). This growth aligns with the Bank's strategic objective of increasing its unfunded activities.

Liabilities

The Group's total liabilities amounted to US$22.7 billion as at 31 December 2022; this represented a 27 percent increase from the US$17.9 billion reported as at 31 December 2021 and largely comprised the Bank's liabilities. The increase in Total liabilities to US$22.7 billion as at 31 December 2022 was largely on account of US$2.4 billion in additional deposits from customers (deposits and customer accounts), US$2.2 billion from bilateral and syndication facilities (borrowings due to banks) and US$0.3 billion from money market deposits. Debt securities in issue at US$3.3 billion (2021: US$3.4 billion) remained largely unchanged.

As at 31 December 2022, total borrowings (borrowings due to banks and debt securities in issue) accounted for 58 percent of the Bank's liabilities (2021: 58 percent). Deposits and customer accounts accounted for 33 percent of the Bank's total liabilities (2021: 21 percent), and money market deposits accounted for 7 percent of the Bank's total funding (2021: 7 percent). This funding mix enabled the Bank to maintain a healthy balance of cost of borrowing despite the steep rise in benchmark rates during the year. Additionally, the Group maintained sufficient liquidity and financed the sustainable growth in loans and advances.

Included in the Group's total Liabilities position as at 31 December 2022 was a total of US$3.4 million relating to liabilities payable by subsidiary entities to third parties.

The major component of total liabilities over the five years were borrowings which were made up of borrowings due to banks and debt securities in issue. In terms of the geographical distribution, the outstanding borrowings were spread across mainland Europe, North and South America, the United Kingdom, Asia, the Middle East, and Africa.

Shareholders' funds

The Group shareholders' funds, which largely mirrored the Bank's shareholders' funds, recorded solid growth of 32 percent to reach US$5.2 billion as at 31 December 2022 (2021: US$4 billion). This growth was largely attributable to the US$892.2 million in fresh equity contributions received during the year in support of the GCI II. Net income of US$342.5 million generated during the year, net of 2021 appropriated dividends, also contributed to the growth in shareholders' funds. 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 December 2022 (2021: US$1.82 billion).

3. Recent Financial Updates

The Bank released its Interim Financial Statements on 7 November 2024. Please refer to the recent financial information extracted from Interim Financial Statements as follows.

(1) Statements of Profit or Loss

	For the nine months ended 30 September			
	GROUP		**BANK**	
	2024	**2023**	**2024**	**2023**
	(in thousands of US Dollars) *(unaudited)*			
Interest income using the effective interest method	2,219,432	1,780,246	2,226,270	1,780,246
Interest expense using the effective interest method	(966,468)	(741,778)	(966,551)	(741,778)
Other interest income/(expense)	14,314	(157)	(929)	(10,024)
Net interest income	**1,267,278**	**1,038,311**	**1,258,790**	**1,028,444**

Fee and commission income	96,660	86,168	96,203	86,138
Fee and commission expense	(3,700)	(6,364)	(3,700)	(6,364)
Net fee and commission income	**92,960**	**79,804**	**92,503**	**79,774**
Other operating income	8,035	14,910	8,011	14,890
Personnel expenses	(101,507)	(81,827)	(97,779)	(79,556)
General and administrative expenses	(119,238)	(97,629)	(114,695)	(96,600)
Depreciation and amortisation expense	(14,099)	(10,746)	(13,272)	(10,673)
Exchange adjustments	16,274	(8,509)	16,268	(8,647)
Fair value gain from financial instruments at fair value through profit/loss	(15,437)	(1,075)	(17,849)	(8,074)
Credit losses on financial instruments	(492,094)	(410,700)	(492,094)	(410,700)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**642,171**	**522,539**	**639,883**	**508,857**
Owners of African Export-Import Bank	643,001	522,539	639,883	508,857
Non controlling interest in AfCFTA Adjustment Fund	(831)	—	—	—

(2) Financial Position

	As of			
	GROUP		BANK	
	30 September 2024	**31 December 2023**	**30 September 2024**	**31 December 2023**
	(in thousands of US Dollars)			
ASSETS				
Cash and cash equivalents	3,919,620	5,621,887	3,919,095	5,621,431
Derivative assets held for risk management	—	3,763	—	3,763
Financial assets at fair value through profit or loss	333,630	297,205	—	—
Loans and advances to customers	27,079,258	26,722,831	27,176,423	26,774,733
Prepayments and receivables	89,261	145,595	158,773	203,842
Financial investments at amortised cost	370,499	318,838	370,499	318,838
Other assets	22,448	18,547	20,999	18,280
Property and equipment	376,369	328,712	236,713	226,130
Intangible assets	9,709	11,231	9,709	11,231
Investment in subsidiaries	—	—	318,497	295,542
Total assets	**32,200,794**	**33,468,609**	**32,210,708**	**33,473,790**
LIABILITIES				
Derivative liabilities held for risk management	30,997	25,751	30,997	25,751
Money market deposits	1,854,358	1,376,761	1,859,802	1,377,820
Borrowings due to banks	13,513,334	12,629,756	13,513,334	12,629,756
Deposits and customer accounts	7,736,231	10,178,933	7,750,547	10,188,316
Debt securities in issue	2,104,906	2,852,509	2,104,906	2,852,509
Other liabilities and provisions	353,215	284,121	350,751	281,463
Total liabilities	**25,593,041**	**27,347,831**	**25,610,337**	**27,355,615**

CAPITAL FUNDS				
Share capital	947,193	920,528	947,193	920,528
Share premium	2,330,779	2,188,009	2,330,786	2,188,009
Warrants	171,421	183,914	171,421	183,914
Reserves	1,438,869	1,438,869	1,438,869	1,438,869
Retained earnings	1,717,822	1,389,458	1,712,102	1,386,855
Capital and reserves attributable to owners of the Bank	**6,606,084**	**6,120,778**	**6,600,371**	**6,118,175**
Non-controlling interests	1,669	—	—	—
Total capital funds	**6,607,753**	**6,120,778**	**6,600,371**	**6,118,175**
Total liabilities and capital funds	**32,200,794**	**33,468,609**	**32,210,708**	**33,473,790**

(3) Cash Flows

	For the nine months ended 30 September			
	GROUP		**BANK**	
	2024	**2023**	**2024**	**2023**
	(in thousands of US Dollars) *(unaudited)*			
Net cash utilised in operating activities	(1,807,916)	(2,399,646)	(1,808,006)	(2,362,432)
Net cash outflow on investing activities	(85,219)	(80,266)	(85,199)	(117,486)
Net cash inflows from financing activities	190,869	2,858,256	190,869	2,858,256
Net (decrease)/increase cash and cash equivalents	**(1,702,267)**	**378,345**	**(1,702,336)**	**378,335**
Cash and cash equivalents at 1 January	5,621,887	4,099,624	5,621,431	4,099,238
CASH AND CASH EQUIVALENTS AT PERIOD END	**3,919,620**	**4,477,969**	**3,919,095**	**4,477,574**

(4) Financial Highlights and Other Information

Interest income reached US$2.2 billion during the nine months ended 30 September 2024, a 24.67 percent increase from US$1.8 billion reported for the nine months ended 30 September 2023.

Net interest income increased to US$1.3 billion, representing a 22.05 percent increase compared to the nine months ended 30 September 2023 amount of US$1 billion.

Net income increased by 22.89 percent to reach US$642.2 million, compared to prior period level of US$522.5 million.

The cost to income ratio stood at 17.16 percent for the nine months ended 30 September 2024, compared to 16.79 percent for the nine months ended 30 September 2023.

Net loans and advances at US$27.1 billion as at the end of 30 September 2024, represented a modest growth of 1.33 percent over 31 December 2023 balance of US$26.7 billion.

Total assets and contingencies stood at US$36.3 billion compared to US$37.3 billion as at 31

December 2023.

Liquid assets of the Group were 12.17 percent at 30 September 2024 compared to 16.80 percent at 31 December 2023.

The non-performing loans (NPL) ratio as at 30 September 2024 stood at 2.42 percent compared to 2.47 percent at 31 December 2023.

At 30 September 2024, the Group achieved a return on average shareholders' equity (ROAE) and return on average assets (ROAA) of 13.46 percent (30 September 2023: 12.17 percent) and 2.64 percent (30 September 2023: 2.34 percent).

The capital adequacy ratio was 24.86 percent at 30 September 2024 (31 December 2023: 23.77 percent).

Please refer to the Interim Financial Statements disclosed together with this Base Offering Circular for more information on the recent financial updates of the Issuer.

4. Operating and Financial Indicators

	At 31 December			**At 30 September**
	2021	**2022**	**2023**	**2024**
	(in billions of US Dollars, except otherwise indicated)			
Non-interest/gross income ratio	10.23%	7.0%	5.34%	4.50%
Cost-to-income ratio (period)	24%	22%	19%	17.16%
Total assets and contingencies (guarantees and letters of credit)	24.9	31.1	37.3	36.3
Net loans and advances	18.1	23.0	26.7	27.1
Non-performing loan ratio	3.35%	3.40%	2.47%	2.42%
Non-performing loan coverage ratio	115%	139%	161%	231%
Liquidity ratio	13.9%	14.7%	16.8%	12.17%
Liquidity coverage ratio	169%	157%	154%	107%
Capital adequacy ratio	26.00%	27.62%	23.77%	24.86%

SECTION 6: USE OF PROCEEDS

The net proceeds from the offering of the Bonds under the Programme will be used to fund the Issuer's ordinary operations denominated in RMB or other currencies onshore or offshore in accordance with its Charter. In particular, no less than 20% of the net proceeds will be retained in Renminbi and used onshore in China; and up to 80% of the proceeds may be swapped into other currencies or retained in RMB for offshore use.

The use of proceeds from the offering of each series of the Bonds are set forth in the respective Supplemental Offering Circular.

SECTION 7: SELLING RESTRICTIONS

1. General

The distribution of this Base Offering Circular, any Supplemental Offering Circular or any other offering materials relating to the Bonds and the issuance, sale and delivery of the Bonds must comply with the rules and limitations of any selling restrictions of the relevant jurisdictions. Accordingly, each potential holder of this Base Offering Circular, any Supplemental Offering Circular or any other offering materials relating to the Bonds shall consult with its own legal advisors with regard to selling restrictions and each potential holder is advised to observe such selling restrictions. Neither this Base Offering Circular nor any Supplemental Offering Circular constitutes an offer or an invitation to subscribe for or purchase any Bonds without authorization.

The Bonds will be offered only on the Interbank Market. Except for the registration with NAFMII, no action has been taken or will be taken in relation to a public offering of any Bonds, nor in respect of listing on the Shanghai Stock Exchange or the Shenzhen Stock Exchange or in any other countries or jurisdictions.

2. China

The Bonds will only be offered or distributed to institutional investors of the Interbank Market (other than those prohibited under applicable laws or regulations) and the Bonds will be only traded among institutional investors on the Interbank Market (other than those prohibited under applicable laws or regulations). Offshore investors participating in the subscription of any Bonds through the "Bond Connect" regime must, in connection with the registration, custody, clearing and settlement of the Bonds and the remittance and conversion of funds, comply with all applicable laws and regulations, including the *Interim Measures for the Administration of Mutual Bond Market Access between the Mainland China and Hong Kong SAR* (*《内地与香港债券市场互联互通合作管理暂行办法》*) published by the PBOC, as well as applicable rules of other relevant entities.

3. United States of America

The Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Each principal underwriter has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any Bonds within the United States, and will distribute the Bonds only in accordance with Rule 903 of Regulation S under the U.S. Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of such principal underwriter or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the same meanings assigned to them in Regulation S under the U.S. Securities Act.

4. Hong Kong, China

Each Underwriter of a series of the Bonds is expected to represent and agree that (i) it has not offered or sold and will not offer or sell in Hong Kong, China, by means of any document, any Bonds other than: (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong, China and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, China or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong, China or elsewhere, any advertisement, invitation or document relating to any Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong, China (except if permitted to do so under the securities laws of Hong Kong, China) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong, China or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

SECTION 8: TAXATION RELATING TO THE BONDS

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Base Offering Circular, all of which are subject to change (possibly with retroactive effect).

This summary is not intended to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of any Bonds and is not intended to deal with consequences applicable to all categories of prospective investors, some of which may be subject to special rules. Each prospective investor considering the purchase of any Bonds should consult its own tax advisors concerning the possible tax consequences relating to the Bonds.

1. Taxation of China

(1) VAT and Local Surcharge and Levies

(a) Domestic Investors

The *Circular on Comprehensive Roll-out of the Pilot Programme for Transforming Business Tax to VAT* issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.36) (*《财政部、国家税务总局关于全面推开营业税改征增值税试点的通知》*) ("**Circular 36**"), which became effective on May 1, 2016, provides that, the provision of services within China (such term contemplating that the provider or recipient of such services is located within China, except for leasing of real properties) is subject to VAT, and income derived from the use and borrowing of funds, including interest income derived during the holding (including upon maturity) of financial products, is subject to VAT. VAT applies to lending services where the taxable turnover is the gross amount of the interest income and any income in the nature of interest. The transfer of financial products, including transfer of the ownership of marketable securities, is subject to VAT on the taxable turnover which is the balance of the sales price less the purchase price. With respect to a general VAT taxpayer, output VAT shall be calculated at 6% of the taxable turnover on the difference between output VAT and input VAT on the taxable items mentioned above. In the case of a small-scale VAT taxpayer, VAT shall be calculated at 3% of the taxable turnover on the taxable items mentioned above, without any credit for input VAT. A VAT taxpayer is also subject to urban maintenance and construction tax at 7%, education surcharge at 3% and local education surcharge at 2% of the VAT amount and potential other applicable local surcharges.

(b) Foreign Investors

Pursuant to Circular 36, it is possible that the revenues of foreign entities and individuals generated from their provision of services to other foreign entities or individuals are not deemed as the provision of services within the PRC and therefore not subject to VAT. As a result, if the interest income on the Bonds received by foreign investors is regarded as providing lending services to foreign issuer of bonds, such services are not categorized as provision of services in the PRC, thus interest income on such Bonds received by such foreign investors is not subject to VAT. Furthermore, pursuant to the *Circular on Renewal of Enterprise Income Tax and Value-added Tax in relation to Investments in China's Bond Markets by Overseas Institutional Investors* issued by the Ministry of Finance and the State Administration of Taxation of China (Announcement [2021] No.34 of the Ministry of Finance and the State Taxation Administration)(*《财政部、税务总局关于延续境外机构投资境内债券市场企业所得税、增值税政策的公告》*), during period from 7 November 2021 to 31 December 2025, interest income received by overseas institutional investors from investing in China's bond markets is exempt from VAT.

In addition, Circular 36 categorizes transfers of financial products as the provision of financial services. Pursuant to the *Supplemental Circular on VAT Policies Relating to Transactions between Financial Institutions* issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2016] No.70) (*《财政部、国家税务总局关于金融机构同业往来等增值税政策的补充通知》*), the income earned by investments in the Interbank Market by foreign investors that are approved by PBOC to invest in the Interbank Market is exempt from VAT. Therefore, if the gains of foreign investors on the transfer or sale of any Bonds are recognized as such income, such gains are exempt from VAT and the relevant surcharges.

(2) EIT

(a) Domestic Investors

According to the *Enterprise Income Tax Law of the People's Republic of China* (*《中华人民共和国企业所得税法》*) and its *Implementation Rules* (*《中华人民共和国企业所得税法实施条例》*), investors of the bonds who are resident enterprises in China shall be subject to income tax for the interest income received from the bonds held by them and for gains received from their transfer or sale of the bonds. Such income shall be included in such investors' taxable income recognized in the respective period, income tax on which is generally assessed at the rate of 25%.

(b) Foreign Investors

The *Enterprise Income Tax Law of China* (*《中华人民共和国企业所得税法》*), together with its *Implementation Rules* (*《中华人民共和国企业所得税法实施条例》*), provides that a non-resident enterprise that has no business establishment or place in China, or has a business establishment or place in China but the income derived is not effectively connected with such business establishment or place, is subject to EIT on the income sourced from China. The source of income for interest is determined on the basis of the location of the enterprise or entity that bears or pays such income. For income derived from the transfer of movable property, the source of income is determined on the basis of the location of the enterprise or entity that transfers such property.

If an investor of the Bonds is a non-resident enterprise that has no business establishment or place in the PRC or that has a business establishment or place in the PRC but the income derived is not effectively connected with such business establishment or place, and the interest arising from the Bonds is borne and paid by a foreign bond issuer, such interest income shall be regarded as income sourced from outside of the PRC and such investor shall not be subject to EIT on such interest income. Additionally, if an investor is a non-resident enterprise located outside the PRC, the gain derived by such investor from transferring or selling the Bonds shall be regarded as the income sourced from outside the PRC and thus shall not be subject to EIT. Furthermore, pursuant to the *Circular on Renewal of Enterprise Income Tax and Value-added Tax in relation to Investments in China's Bond Markets by Overseas Institutional Investors* issued by the Ministry of Finance and the State Administration of Taxation of China (Announcement [2021] No.34 of the Ministry of Finance and the State Taxation Administration)(*《财政部、税务总局关于延续境外机构投资境内债券市场企业所得税、增值税政策的公告》*), during the period from 7 November 2021 to 31 December 2025, interest income received by overseas institutional investors from investing in the PRC bond markets that are not derived from, nor associated with, any entities or establishments of such overseas institution in the PRC is exempt from EIT.

(3) Stamp Duty

Pursuant to the *Stamp Duty Law of the People's Republic of China* (*《中华人民共和国印花税法》*) (the "**Stamp Duty Law**"), effective July 1, 2022, persons or entities who conclude taxable vouchers or conduct securities transactions within China shall be taxpayers of stamp duty and pay stamp duty. Currently, the transfer of Bonds is not subject to stamp duty under the Stamp Duty Law.

2. General

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within or on behalf of any Participating State or any authority therein or thereof having power to tax (for the purposes of this Term, the "**relevant Participating State**"), unless such withholding or deduction is required by a law to which the Issuer is or becomes subject. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the relevant Participating State other than the mere holding of the Bond.

SECTION 9: LOCAL CREDIT RATING

1. Rating Summary

The Issuer was assigned an issuer rating of "AAA" with an outlook of "stable" by CCXI on 19 December 2024. CCXI affirms the advantages of the African Export-Import Bank including its very high strategic positioning, sound risk management system, flexible in business development, very strong profitability, prudent liquidity management and very high coverage ratio of current assets on short-term debts. These advantages strongly support the overall credit strength of the Bank. CCXI also concerns the factors impacting the Bank's operations and overall credit position, including Africa's weak economic foundation and volatile macroeconomic environment, high geographical and industrial concentration of the Bank's loan portfolio and the weak support capability of its major shareholders and member states.

For more information on the rating report issued by CCXI with respect to the Issuer (the "**Rating Report**"), including without limitation, the positive, concerns and ratings outlook, please refer to the Rating Report disclosed together with this Base Offering Circular.

2. Tracking Rating Arrangements of CCXI

CCXI will conduct follow-up ratings during the validity period of this rating result, in accordance with the pertinent regulatory provisions and the credit rating service agreement.

CCXI will follow up with and monitor the risk profile of the Rated Entity throughout the validity period of its credit rating. In the event of any significant matter likely to impact the credit standing of the Rated Entity, the Rating Entrusting Party or the Rated Entity shall promptly notify CCXI of the matter and provide relevant information. CCXI will then conduct necessary investigations, make timely analysis of the matter, and confirm or adjust the rating result accordingly. All related information will be disclosed in accordance with the applicable rules.

If the Rating Entrusting Party or Rated Entity fails or refuses to provide the necessary information for follow-up ratings in a timely manner, or if other circumstances stipulated by regulators arise, CCXI reserves the right to terminate or revoke the rating.

SECTION 10: DISCLOSURE ARRANGEMENTS

The Issuer shall make, in a timely manner, accurate, truthful and complete disclosure of relevant information relating to the Bonds in accordance with the requirements under applicable laws and regulations of China as well as self-regulatory rules of the NAFMII. For each series of the Bonds, during the offering process and during the period in which any of that series of the Bonds remain outstanding, the Issuer will disclose relevant information through the Designated Disclosure Methods on the Interbank Market in accordance with the applicable requirements.

1. Documents Relating to the Bonds

For the offering of each series of the Bonds, the Issuer will prior to the bookbuilding of that series of the Bonds disclose the relevant offering documents as specified in the respective Supplemental Offering Circular through the Designated Disclosure Methods in accordance with the requirements under applicable laws and regulations of China as well as self-regulatory rules of the NAFMII.

2. Regular Reports

During the period in which any Bonds remain outstanding, the Issuer will disclose the following information through the Designated Disclosure Methods:

(1) (i) the English version of the Issuer's audited annual consolidated financial statements by 30 April after the end of each financial year, and (ii) a Chinese abstract of such financial statements within 20 Business Days after the English version is disclosed on the Interbank Market; and

(2) (i) the English version of the Issuer's abridged unaudited consolidated quarterly financial statements (other than for the last quarter of a year) at the same time as, or as soon as reasonably practicable after, the Issuer discloses such financial statements on its website, but no later than 90 days after the end of such quarter; and (ii) a Chinese abstract of the abridged unaudited consolidated financial statements (other than for the last quarter of a year) within 20 Business Days after the English version is disclosed on the Interbank Market.

3. Disclosure of Material Events

During the period in which any Bonds remain outstanding, upon the occurrence of any Material Events (as listed below) affecting the Issuer's ability to perform its obligations to pay the interest and principal of the Bonds, the Issuer will disclose such Material Events in English through the Designated Disclosure Methods as soon as reasonably practicable, and a Chinese version or abstract thereof within seven Business Days after such English version is disclosed on the Interbank Market.

"**Material Events**" include

(a) any change in the Articles of Agreement or any basic documents of the Issuer or any laws applicable to the Issuer which may have a material impact on the Bonds;

(b) any Event of Default under, or acceleration or debt restructuring of, any external indebtedness of the Issuer;

(c) the failure of the Issuer to receive any of its callable capital as scheduled;

(d) any change in the rights of Bondholders, including, but not limited to, any change in the terms and conditions of the Issuer's other debt obligations that indirectly alters the rights of the Bondholders; and

(e) any other events that may have a material adverse effect on the Issuer's ability to perform its obligations under the Bonds, including, but not limited to, its obligations to pay the interest and principal of the Bonds in full when due.

4. Payments of Interest and Principal

For each series of the Bonds, the Issuer will (i) on the fifth Business Day prior to each interest payment date of such series of the Bonds (as specified in the respective Supplemental Offering Circular), publish an interest payment announcement, and (ii) on the fifth Business Day prior to the maturity date of such series of the Bonds(as specified in the respective Supplemental Offering Circular), publish a final redemption announcement, through the Designated Disclosure Methods in accordance with applicable regulatory requirements.

The interest payment announcement and the final redemption announcement shall be made in Chinese.

5. Downgrades of Credit Rating

The Issuer will disclose to investors through the Designated Disclosure Methods any downgrades of credit rating on the Issuer by the Credit Rating Agency (or any other PRC rating agency substituted for the Credit Rating Agency at the direction by the Issuer) within 5 Business Days after such credit rating report is issued.

6. Others

If the Issuer makes any information disclosure on any overseas markets that may reasonably affect the investment decisions of investors of the Bonds, the Issuer will make the same disclosure in Chinese in accordance with applicable regulatory requirements through the Designated Disclosure Methods at the same time as, or as soon as reasonably practicable thereafter, the Issuer discloses such information on any such overseas markets.

SECTION 11: INVESTOR PROTECTION MECHANISM

The investor protection mechanism with respect to each series of the Bonds will be set forth in the Supplemental Offering Circular for that series of the Bonds.

SECTION 12: PARTIES INVOLVED IN THE OFFERING

The parties involved in the offering of each series of the Bonds will be set forth in the Supplemental Offering Circular for that series of the Bonds.

SECTION 13: DOCUMENTS AVAILABLE FOR INSPECTION

1. Documents Available for Inspection

For each series of the Bonds, the documents available for inspection will be set forth in the respective Supplemental Offering Circular.

2. Address for Keeping the Documents

Issuer	**The African Export-Import Bank**
Address:	Afreximbank Building, 72 (B) El Maahad El Eshteraky St. Heliopolis, Cairo 11341, Egypt
Contact:	Chandi Mwenebungu, the Treasurer
Tel:	+202 2456 4210

In addition, investors may obtain full access to this Base Offering Circular on record at the following websites:

http://www.shclearing.com.cn

http://www.chinamoney.com.cn

http://www.cfae.cn

Investors who have any questions regarding this Base Offering Circular should consult their own securities brokers, legal advisors, professional accountants or other professional advisors.

(This Page is the Execution Page of the African Export-Import Bank 2025 Renminbi Bonds Base Offering Circular.)

Issuer:

The African Export-Import Bank

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Name: GEORGE ELOMBI

Title: EXECUTIVE VICE PRESIDENT

Date: 21 March 2025