

# MOODY'S

## INVESTORS SERVICE

### **Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of African Export-Import Bank**

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24 Jan 2020

New York, January 24, 2020 -- Moody's Investors Service ("Moody's") reviews all of its ratings periodically in accordance with regulations -- either annually or, in the case of governments and certain EU-based supranational organisations, semi-annually. This periodic review is unrelated to the requirement to specify calendar dates on which EU and certain other sovereign and sub-sovereign rating actions may take place.

Moody's conducts these periodic reviews through portfolio reviews in which Moody's reassesses the appropriateness of each outstanding rating in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. Since 1st January 2019, Moody's issues a press release following each periodic review announcing its completion.

Moody's has now completed the periodic review of a group of issuers that includes the African Export-Import Bank and may include related ratings. The review did not involve a rating committee, and this publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future; credit ratings and/or outlook status cannot be changed in a portfolio review and hence are not impacted by this announcement. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moodys.com](http://www.moodys.com) for the most updated credit rating action information and rating history.

The credit profile of the African Export-Import Bank (Afreximbank, issuer rating Baa1) is supported by its "baa3" Capital adequacy score, reflecting a relatively elevated average leverage ratio, consistent with the bank's profit oriented and mostly collateralized trade finance business model that aims for a risk-weighted Basel Capital Adequacy ratio in the 20-30% range. The bank's robust development asset quality and history of contained non-performing loans support the bank's asset performance. Liquidity and funding at "a3" reflects the bank's relatively lean liquidity position, consistent with its focus on trade finance with comparatively short maturities that allow for a rapid adjustment to shocks, and the mostly self-liquidating nature of loans from trade receivables, and benefits from established access to the syndicated loan and international capital markets. Despite the challenging operating environment on the African continent and the bank's track record of pursuing its mandate during crisis situations without jeopardizing its credit quality, Moody's does not include adjustments for operating environment or for quality of risk management. The 'Low' strength of member support reflects a very low weighted average shareholder rating in combination with very high non-contractual support by members, in addition to the credit support provided by the midterm credit risk mitigation instrument that was introduced in December 2016 to support its callable capital base.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period.

The principal methodology used for this review was Multilateral Development Banks and Other Supranational Entities published in June 2019. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

This announcement applies only to EU rated and EU endorsed ratings. Non EU rated and non EU endorsed ratings may be referenced above to the extent necessary, if they are part of the same analytical unit.

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