

Afreximbank releases consolidated financial results for 2021, showing strong growth despite the challenging operating environment

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Categories: Press Releases

Cairo, 19 April 2022: – African Export-Import Bank (“Afreximbank” or the “Bank”) has released the consolidated financial statements of the Bank and its wholly owned subsidiaries, altogether referred to as the Afreximbank Group (the “Group”), for the year ended 31 December 2021. The Group results demonstrated strong and resilient growth, with interest income crossing the US\$1 billion mark once again.

Two non-bank subsidiaries, Fund for Export Development in Africa (“FEDA”) and Afreximbank Insurance Management Company (“Afrexinsure”) commenced operations during the 2021 financial year. This resulted in the reporting of consolidated financial statements for the first time. The consolidated financial statements showed a separate performance of the Bank and an aggregate performance of the Bank and the subsidiaries. The contribution of these subsidiaries to Group results was not significant, as they only operated for a few months, towards the end of the 2021 financial year.

Afreximbank Group’s Total Assets grew by 13.4% from \$19.3 billion as at 31 December 2020 to about \$22 billion as at 31 December 2021, primarily due to the 11.5% growth in net loans and advances and a 12.1% increase in cash and cash equivalents to \$18.2 billion and \$3.1 billion respectively. With significant growth in guarantees and letters of credit, in line with strategy, total assets and guarantees of the Group rose from US\$21.7 billion in 2020 to US\$25 billion as at 31 December 2021.

The Bank achieved a 10.1% increase in the Bank’s net income from \$351.7 million in 2020 to \$387.3 million in 2021 largely due to a solid growth in operating income in 2021. However, the Group’s net income of US\$375.8 million was slightly lower than the net income reported by the Bank (\$387.3 million) mainly because of the pre-establishment expenses incurred by the subsidiaries

The Group’s gross income profile improved having recorded \$1.13 billion (2020: \$1.08 billion) on the back of strong interest income, which crossed US\$1 billion in 2021. The increase in funded income was driven by healthy interest margins and higher loan volumes. The Group’s shareholders’ funds rose by 17.4% to \$4 billion from the prior year position of US\$3.4 billion, primarily on account of the progress made in the ongoing US\$6.5 billion General Capital Increase (GCI, US\$2.6 billion expected as paid-in amount). Overall, the Group maintained a healthy, liquid and robust balance sheet position with respective NPL, liquidity coverage and capital adequacy ratios of 3.4%, 169% and 25% in 2021.

Professor Benedict Oramah, President and Chairman of the Board of Directors of Afreximbank, reflected:

“2021 was, again, a challenging year with continued economic and business disruptions caused by the pandemic, including continued supply chain disruptions, delayed access to the COVID-19 vaccines and rising global prices.

“Throughout 2021, the Bank remained focused on proactively and aggressively supporting the fight against Covid-19 in Africa by acting as a financial and transaction advisor, guarantor, payment agent and instalment payment facility provider under the \$2 billion Advance Procurement Commitment (APC) Guarantee Facility which supported Africa Vaccine Acquisition Trust (“AVAT”) to secure 400 million doses of Covid-19 vaccines for the continent with 220 million doses committed in parallel, we maintained strong support for financial institutions, corporates and our member states in other areas.”

Regarding flagship initiatives supporting the African Continental Free Trade Agreement (AfCFTA), President Oramah noted that “The Bank has also made substantial progress on its strategic AfCFTA-enabling initiatives. In this regard, the Commercial operation of the Pan-African Payment and Settlement System (“PAPSS”) was launched on 13 January 2022. The customer due diligence data platform (“MANSA”) became operational; the Trade Information and Trade Regulations Portals have been developed and the development of the Africa Trade Exchange (“ATEX”), an AfCFTA B2B / B2G platform is well advanced and will soon be launched to support pooled procurement of critical commodities in response to the Ukraine crisis. The Bank has also commenced the process of integrating these platforms through the creation of the African Trade Gateway”.

To support the implementation of its strategy, the Bank launched an African Union-endorsed general capital increase amounting to \$6.5 billion of which \$2.6 billion is to be paid-in capital. It is pleasing that the Bank has received immense support from its shareholders, with some of the equity having been received ahead of schedule.

In concluding he indicated that “the Bank will remain focused on delivering on the priorities set under its new Plan (the Sixth Strategic Plan, covering 2022-2026). Management is confident that the Bank’s solid financial position will provide a strong foundation for the Bank and its member states to sustain efforts towards building the Africa we all want and deserve.”

Highlights of the results for the Group and Bank are shown below:

Financial Metrics	2020 (\$ million)	Group, 2021 (\$ million)	Bank, 2021 (\$ million)	
Gross Income	1,080	1,135	1,135	
Net Interest Income	575.2	703.3	703.3	
Fee and Commission Income	111.3	114.8	114.8	
Operating Expenses	126.6	197.8	186.3	
Profit for the Year	351.7	375.8	387.3	
Total Assets	19,307	21,898	21,931	
Loans and advances	16,302	18,176	18,176	
Guarantees and Letters of Credit	2,350	3,043	3,043	
		Dec. 2020	Group Dec. 2021	Bank Dec. 2021
Profitability Return on average assets (ROAA)		2.1%	1.8%	1.9%
Return on average equity (ROAE)		11.4%	10.3%	10.6%
Operating Efficiency Net interest margin		3.3%	3.6%	3.6%
Cost -to -income ratio		18.0%	24.1%	22.7%
Asset Quality Non-performing loans ratio (NPL)		3.18%	3.35%	3.35%
Loan loss coverage ratio		119%	115%	115%

Liquidity and capital adequacy	Cash/Total assets	Capital Adequacy ratio (Basel II)	23%	14.1%	25%	13.9%	25%
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Note: Group was equivalent to Bank data in 2020

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About Afreximbank

African Export-Import Bank (Afreximbank) is a Pan-African multilateral financial institution mandated to finance and promote intra- and extra-African trade. Afreximbank deploys innovative structures to deliver financing solutions that support the transformation of the structure of Africa's trade, accelerating industrialization and intra-regional trade, thereby boosting economic expansion in Africa. A stalwart supporter of the African Continental Free Trade Agreement (AfCFTA), Afreximbank has launched a Pan-African Payment and Settlement System (PAPSS) that was adopted by the African Union (AU) as the payment and settlement platform to underpin the implementation of the AfCFTA. Afreximbank is working with the AU and the AfCFTA Secretariat to develop an Adjustment Facility to support countries in effectively participating in the AfCFTA. At the end of 2021, the Bank's total assets and guarantees stood at US\$24.8 billion, and its shareholder funds amounted to US\$4 billion. Afreximbank disbursed more than US\$51 billion between 2016 and 2021. The Bank has ratings assigned by GCR (international scale) (A-), Moody's (Baa1), Japan Credit Rating Agency (JCR) (A-) and Fitch (BBB-). The Bank is headquartered in Cairo, Egypt.

Media Contacts

Amadou Labba Sall, asall@afreximbank.com