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Spotlight on Afreximbank

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The team at Afreximbank outline the strength of the bank's network, the health of its financial performance, and the important steps it is taking to boost trade in Africa.

The 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 industrialisation and intra-regional trade, thereby boosting economic expansion in the continent.

The bank has a rich history of intervening in support of African countries in times of crisis. Through the Pandemic Trade Impact Mitigation Facility (PATIMFA), launched in April 2020, Afreximbank disbursed more than US\$6.5bn throughout last year to help member countries manage the adverse impact of

financial, economic and health shocks caused by the Covid-19 pandemic.

A stalwart supporter of the African Continental Free Trade Area (AfCFTA), Afreximbank has completed the development of 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.

The bank's shared purpose is to stimulate a consistent expansion and diversification of African trade so as to rapidly increase Africa's share of global trade, and in doing so, to operate as a first-class, profit-oriented, socially responsible financial institution and a centre of excellence in African trade matters.

Achieving our vision is dependent on our ability to successfully execute our strategy around four strategic pillars, which are 'promote intra-African trade', 'facilitate industrialisation and export development', 'strengthen trade finance leadership' and 'improve financial performance and soundness'.

Our success will be defined by the satisfaction of our stakeholders through increased trade finance and improved facilitation of intra-African trade and value-added exports and improvement in our financial performance, which will better position us to achieve our developmental objectives. Our financial performance is enhanced through strengthened financial soundness and improved business development activities, underpinned by sound risk management practices and adequate capitalisation.

Through improvements in business development, we are able to leverage diverse channels to provide solutions to our clients and other stakeholders, while improvements in our internal capacities in terms of people, systems and organisational culture are the bedrocks that uphold the increased efficiency of our processes. As a self-governing institution, we emphasise strong governance structures as key components of enterprise risk management and promote an organisational culture based on our core values of uncompromising integrity, teamwork, trust and respect for the individual, innovation, excellence and flexibility, a passion for learning and drive, professionalism and responsiveness, a commitment to Africa and supporting African emancipation and empowerment.

A robust network

The bank provides its wide offering of products and services to key stakeholders (African member states, state-owned enterprises, international, regional and local financial institutions and intermediaries, and international, regional and African stakeholders) through its network of branches and multiple digital channels serving over 2,500 institutional clients and prospects.

Afreximbank operates four branches in addition to its headquarters in Cairo, Egypt.

An additional branch in Central Africa is expected to become operational in 2021.

- **Cairo** – the bank's headquarters since 1994 – covers Egypt, Libya, Morocco, Tunisia and non-regionals.
- **Abuja regional branch** – operational since 2003 – covers Cabo Verde, Gambia, Ghana, Liberia, Nigeria, Sao Tome and Principe and Sierra Leone.
- **Abidjan regional branch** – operational since 2015 – covers Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Republic of Congo, Democratic Republic of Congo, Gabon, Guinea Bissau, Guinea Conakry, Mali, Mauritania, Niger, Senegal and Togo.
- **Harare regional branch** – operational since 1997 – covers Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Zambia and Zimbabwe.

- **Kampala regional branch** – operational since 2019 – covers Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Sudan, South Sudan, Tanzania and Uganda.

Afreximbank uses a secure, cloud-based core banking operating system, which empowers bank employees and leaders with true insight through an end-to-end solution combining customer relationship management, loan origination, workflow, enterprise content management and instant reporting capabilities. The platform integrates with the bank's core and transactional systems, while replacing point solutions and manual-based processes.

Afreximbank offers digitised bank operations, facilitating digital customer interactions and allowing the bank to offer a host of digital financial products. For example, E-Banking, a web-based banking platform, puts all corporate banking functions in one security-protected place, giving our clients around the globe centralised access to their account information in real time, direct from their computer or mobile device.

We have an ever-expanding suite of solutions and services designed for today's global economy.

Strong financial performance

Afreximbank disbursed more than US\$42bn between 2016 and 2020. The bank has ratings assigned by GCR (international scale) (A-), Moody's (Baa1) and Fitch (BBB-).

Despite the prevailing uncertainties in the operating environment due to the impact of the Covid-19 pandemic, the financial results for 2020 indicate that the bank once again performed well and closed the period in a healthy financial position. This was reflected in satisfactory profitability levels, healthy liquidity, and strong capital levels to support both existing volumes and future business prospects.

On March 31, 2021, the bank released its audited financial statements for the year ended December 31, 2020, showing strong and resilient growth, with total comprehensive income of US\$357.8mn and operating income higher than expectations. The results reflected a net income of US\$351.7mn, representing an 11.5% increase over the 2019 performance of US\$315.3mn. The strong overall performance achieved during the period was largely driven by the 35.5% growth in loan book, an increase in non-interest income and higher net interest income, accompanied by a 13% decline in interest expense.

Afreximbank's total assets grew by 33.7% from US\$14.44bn as of December 31, 2019, to US\$19.31bn as of December 31, 2020, primarily attributable to the solid growth in net loans and advances which grew by 35.5% on the back of PATIMFA.

The bank's shareholders' funds increased by 20.2% from the prior year to reach US\$3.37bn in 2020, primarily on account of new equity injections and internal capital generation arising from higher profitability.

We are confident that the bank's solid financial position, alongside the robust strategic measures put in place to proactively manage the effects of the pandemic, provide a strong foundation for the continued implementation of our mandate.

Champions of intra-Africa trade

Afreximbank has demonstrated relevance by championing intra-African trade. Today, intra-African trade is only 16% of total African trade. One reason is lack of access to trade and market information. As one of its many initiatives to address this challenge, the bank decided to convene the Intra-African Trade Fair (IATF) every two years to connect buyers and sellers from across the continent. The IATF is an initiative that supports the implementation of the AfCFTA. It is organised by Afreximbank in collaboration with the AU, marking an important step to sustainably address the gap in trade and market information for the successful realisation of the AfCFTA objectives.

Afreximbank has also demonstrated relevance through institutions created for specific purposes. Together with the Republic of Rwanda, on November 22, 2020, in Cairo, the bank signed key documents related to the establishment of the Fund for Export-Development in Africa (FEDA), a development-oriented subsidiary of Afreximbank. FEDA has been established to facilitate foreign direct investment flows into Africa's trade and export sectors and to fill the equity funding gap that amounts to US\$110bn per annum in export-related sectors.

FEDA aims to provide equity financing to companies operating in key industries and sectors to significantly increase the likelihood of success in delivering on Afreximbank's development priorities and meeting the bank's strategic goals under the main pillars of the intra-African trade strategy and the industrialisation and export development strategy. FEDA is a new vehicle created to deal with the perennial problem of capital constraints to private sector development and industrialisation in Africa. Afreximbank has already committed over US\$350mn to the fund, including commitments for operation of a credit fund, investments in the bank's strategic initiatives and those to be deployed under limited partnership frameworks.

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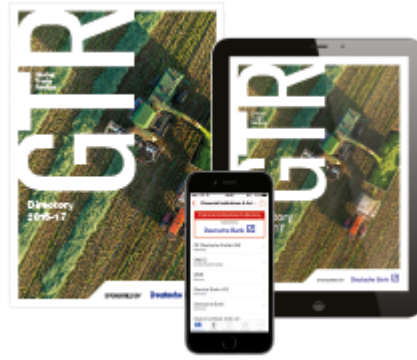
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