

Afreximbank inks \$80m deals with CBZ Bank

Afreximbank has signed two deals totalling \$80m for Zimbabwe's CBZ Bank.



Source: Supplied. Haytham El Maayergi, executive vice president, Global Trade Bank, Afreximbank and Srangele Mandidi, acting managing director of CBZ Bank during the signing ceremony.

In two deals signed at the recently concluded Afreximbank annual meetings (AAM2024), African Export-Import Bank (Afreximbank) is providing a \$60m line of credit and a \$20m Afreximbank Trade Facilitation Programme (AFTRAF) facility to CBZ Bank Limited, Zimbabwe's largest bank.

The line of credit facility will strengthen financial intermediaries' capacity to support SMEs through financing product and capacity building, indirectly support export-oriented Zimbabwean businesses and enable them to generate much-needed foreign exchange, thus easing the pressure on foreign currency in the country.

The AFTRAF facility will enable CBZ Bank to issue letters of credit confirmed by Afreximbank at a time when such instruments are not readily available due to a shortage of confirming banks.

Highlighting the impact of the deals for Zimbabwe, Haytham El Maayergi, executive vice president, Global Trade Bank, Afreximbank, said: "The \$60m line of credit facility will be used by CBZ Bank to provide financing to local corporates and small and medium-sized enterprises (SMEs) - helping to bridge the financing gap facing them at a time when most international banks are limiting their exposure to Zimbabwe banks.

"The \$20m facility, which is under the Afreximbank Trade Facilitation Programme, provides a wide variety of products where the Afreximbank takes on the direct risk of CBZ, as the issuing bank. The programme will increase intra- and extra-African trade for Zimbabwe, through the importation of critical goods, such as fuel, pharmaceuticals and fertiliser, and support exports and imports of vital goods and services to Africa. It will also enable CBZ to increase its trade activities and to expand its correspondent banking relationships."

Strategic plan for growth

CBZ group's strategic plan is to deploy affordable mobile banking solutions and increase its product offerings, create opportunities for direct and indirect employment by financing the importation of raw

materials for key industries, and drive financial inclusion in Zimbabwe. Sub-borrowers who are SMEs benefitting from the credit line will also be eligible for non-financial support as provided under the capacity building pillar of the bank's Export SME Development Programme.

At the deal signing ceremony, Smangele Mandidi, acting managing director of CBZ Bank, said: "As a bank our core focus remains on sourcing much-needed lines of credit to support the productive sectors of our economy and this will also go a long way in easing the liquidity challenges. We have received \$80m funding from Afreximbank which will be extended to support export growth through trade finance as well as capital expenditure financing."

The facility is in accordance with Afreximbank's mandate of supporting exports of value-added commodities and manufactures of a member state. Through the facility, there is also strategic fit as the structured nature of the facility supports Afreximbank's trade-finance leadership - one of the bank's strategic pillars.

The facility is consistent with the bank's strategy of financing exports which in turn contributes to the foreign exchange earning capacity of a country and increases productivity.

Hosted by the government of the Bahamas, AAM2024, which was combined with the third AfriCaribbean Trade and Investment Forum (ACTIF2024), was held from Wednesday, 12 June 2024 to Saturday, 15 June 2024.

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