

Afreximbank grants \$40m to aid Fidelity Bank's Union Bank UK acquisition

The African Export-Import Bank (Afreximbank) has announced a \$40m disbursement from its intra-African investment facility to Fidelity Bank Nigeria Plc. This funding will support Fidelity Bank's acquisition and recapitalisation of Union Bank UK, aligning with its international expansion strategy.



Source: African Export-Import Bank. Kanayo Awani, executive vice president, Intra-African Trade Bank and Export Development Bank, Afreximbank.

Provided in two tranches of \$20m each, the first tranche of the facility enabled Fidelity to part-refinance the acquisition of 100% equity stake in Union Bank UK, while the second tranche was used to support its recapitalisation by means of the injection of additional equity into the acquired bank, as approved by the United Kingdom's regulator.

With this acquisition, Fidelity Bank is able to birth a new pan-African financial institution capable of providing correspondent banking and offshore banking services to banks in Africa and servicing the banking needs of Africans in the diaspora.

Commenting on the transaction, Kanayo Awani, executive vice president, Intra-African Trade Bank and Export Development Bank, Afreximbank, noted that the disbursement of the facility was part of Afreximbank's effort to promote African control and ownership of capital while improving intra-African trade and investments.

A boost for intra-African trade

"Fidelity Bank's acquisition of Union Bank UK aligned with Afreximbank's intra-African investment facility. It was a significant milestone for both institutions, reinforcing African ownership and control within the global financial landscape," Awani said.

"By supporting this strategic transaction, we are not only bolstering Nigeria's banking sector but also fostering greater financial integration between Africa and its diaspora. This initiative is a testament to our commitment to enhancing intra-African trade, promoting economic stability and driving forward the objectives of Agenda 2063 for a prosperous and self-reliant Africa," she added.

Awani stated that Afreximbank's bank acquisition strategy, empowers African entities to acquire financial assets divested by foreign entities in Africa and the diaspora. This is also in line with the bank's diaspora strategy which seeks to promote and finance the integration of the African diaspora with the rest of the continent.

She noted that, through the facility, Fidelity was extending its services to the UK, in particular, to Africans and African-owned businesses in the UK, including products to support diaspora investments.

Strengthening Africa's trade finance

In the words of the managing director/chief executive officer of Fidelity Bank, Nneka Onyeali-Ikpe, "We are very thankful to Afreximbank for supporting our expansionary initiatives for international growth. It is, indeed, the result of a strong partnership between the two institutions over the years that has produced this good outcome.

"The refinancing of the Union Bank (UK) acquisition by Afreximbank will unlock additional value and help create a scalable and more sustaining service franchise that will support trade businesses in Africa and diaspora banking."

The acquisition is expected to contribute to Africa's economic growth and development by increasing intra and extra-African trade finance and trade flows between Nigeria and the UK, supporting the integration of African diaspora into regional and continental supply chains and enabling small and medium-sized enterprises across the continent to improve their export competitiveness and light export manufacturing capabilities.