AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

Making a difference

INVESTOR PRESENTATION

March 2025

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OVERVIEW OF THE BANK GROUP

Africa’s premier development financial institution

AfDB Group: 3 legally and financially separate institutions, with a common goal…

African Development Bank (“AfDB”)

- Established in 1964
- 81 member countries
- Authorized capital: USD 313 billion
- Resources raised from capital markets
- 0% risk-weighting under Basel II
- Level 1 under Basel III

African Development Fund (“ADF”)

- Concessional financing, established in 1972
- Financed by 29 state participants (including Angola) and 5 regional donors (Algeria, Botswana, Egypt, Morocco and South Africa)
- Subscription: approximately USD 50 billion
- Focus on low-income countries
- Replenished every 3 years

Nigeria Trust Fund (“NTF”)

- Established in 1976 by Nigeria
- Targeted at the Bank’s needier countries
- Maturing in 2028
- Total resources: USD 242 million

Governance and Oversight

Board of Governors

- Highest decision-making body
- Composed of Ministers of Finance and Ministers of Cooperation of the member countries

Board of Directors

- 20 Executive Directors elected by the Board of Governors, resident in Abidjan
- Oversees the general operations

Decisions by both Boards require two-thirds majority or 70%, should any member request so

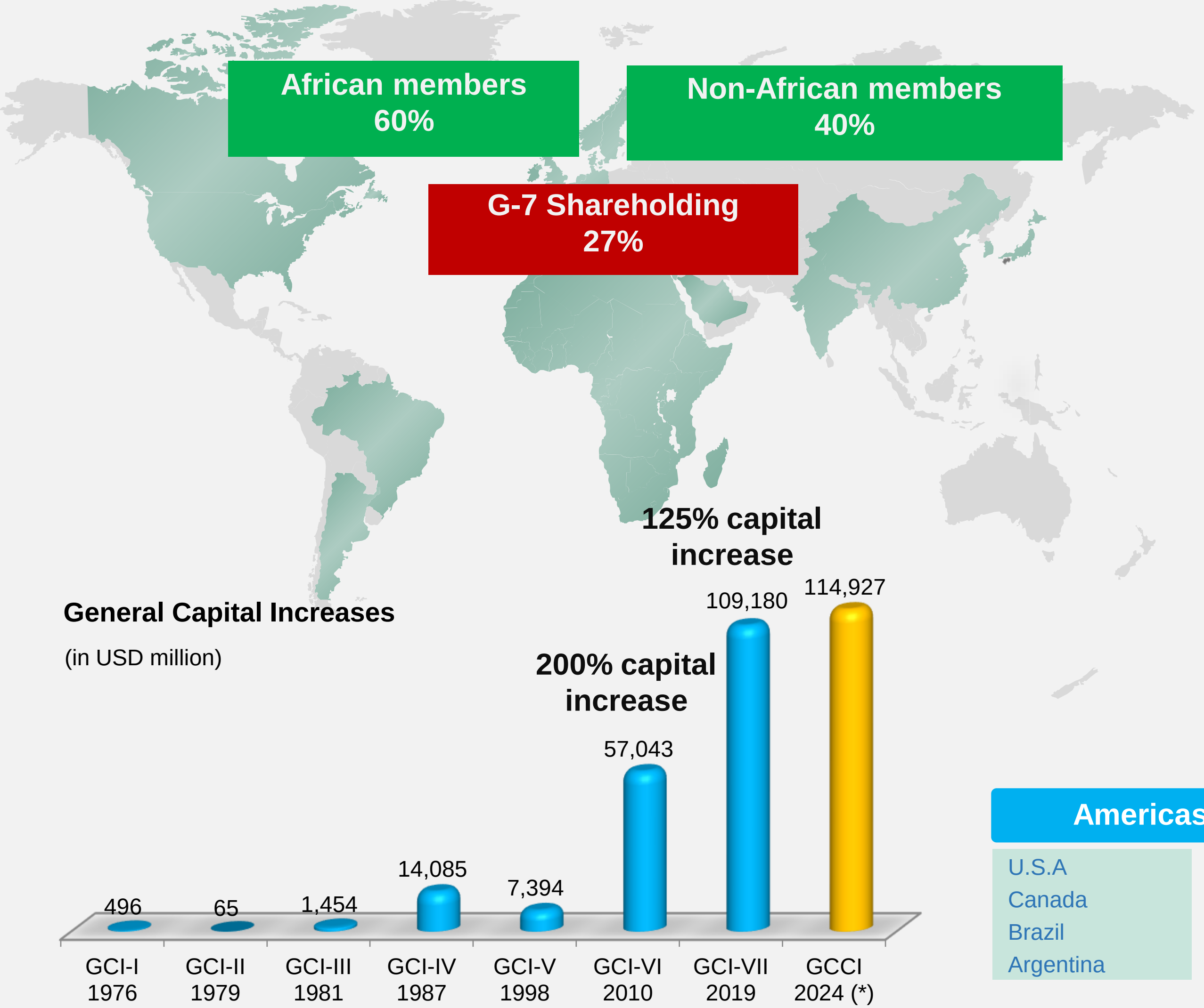
…of combating poverty and improving lives on the continent

(as of 31 December 2024)

60 years of partnership for the development of Africa

Africa

Nigeria	8.962%	Namibia	0.338%
Egypt	6.212%	Malawi	0.320%
Algeria	5.159%	South Sudan	0.306%
South Africa	4.981%	Burundi	0.216%
Morocco	4.643%	Niger	0.208%
Cote d'Ivoire	3.821%	Benin	0.208%
Ghana	2.161%	Liberia	0.193%
Libya	2.130%	Mali	0.174%
Zimbabwe	1.715%	Togo	0.164%
Dem.Rep.Congo	1.684%	Rwanda	0.135%
Ethiopia	1.535%	Gambia	0.129%
Tunisia	1.427%	Eswatini	0.111%
Kenya	1.298%	Sierra Leone	0.106%
Zambia	1.170%	Sudan	0.094%
Angola	1.083%	Lesotho	0.090%
Cameroon	1.000%	Eq.Guinea	0.064%
Senegal	0.964%	Sao Tome & P.	0.064%
Tanzania	0.825%	Chad	0.059%
Botswana	0.761%	Cabo Verde	0.056%
Madagascar	0.647%	Mauritania	0.053%
Mauritius	0.637%	Cent.Afr.Rep	0.035%
Mozambique	0.578%	Eritrea	0.031%
Gabon	0.443%	Somalia	0.029%
Burkina Faso	0.407%	Seychelles	0.022%
Guinea	0.395%	Djibouti	0.008%
Uganda	0.389%	Comoros	0.008%
Congo	0.382%	Guinea Bissau	0.007%



Europe

Germany	3.997%
France	3.600%
Italy	2.327%
U.K.	1.787%
Sweden	1.507%
Switzerland	1.406%
Norway	1.130%
Denmark	1.123%
Spain	1.016%
Netherlands	0.846%
Ireland	0.788%
Belgium	0.615%
Finland	0.469%
Austria	0.428%
Portugal	0.231%
Luxembourg	0.199%

Middle East

Kuwait	0.428%
Turkey	0.380%
Saudi Arabia	0.186%

Americas

U.S.A	6.352%
Canada	3.691%
Brazil	0.143%
Argentina	0.076%

Asia

Japan	5.279%
China	1.236%
Korea	0.461%
India	0.276%

Notes: Data for each country represents its shareholding within the Bank.

(*) General Callable Capital Increase approved by the Board of Governors in May 2024 to preserve the Bank's lending capacity and meet Fitch's Rating Agency requirements.

(as of 31 December 2024)

A responsive and effective partner

AfDB Sovereign Operations
17 middle-income countries eligible to receive AfDB funding

Criteria:
- GNI per capita
- Country's creditworthiness

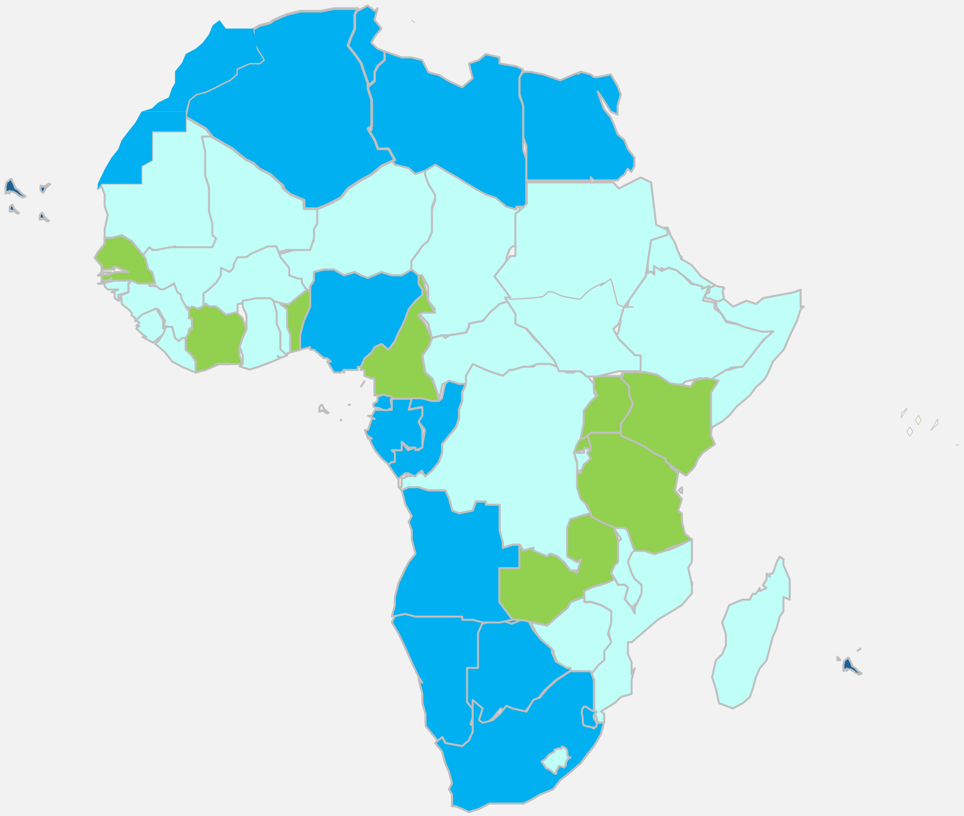
Access to both AfDB and ADF financing
9 countries eligible

6 Blend countries: Cameroon, Cote d'Ivoire, Kenya, Senegal, Tanzania and Zambia

3 ADF countries with access to AfDB resources through the revised 2014 credit policy: Benin, Rwanda and Uganda

ADF Concessional Financing
28 low-income countries eligible to receive loans and grants from ADF only

Providing selective access to Bank resources for countries with sound macroeconomic position and sustainable debt profile



Private Sector Operations

Viable enterprises and multinational projects with an additionality and development outcome
- Direct loans
- Lines of credits
- Equity participation
- Guarantees

Additionality and development outcome assessment – Indicators

- GDP growth (%)
- GDP per capita (constant 2010 $)*
- Mo Ibrahim Index of African Governance**
- Tax and non-tax fiscal revenues
- Gender Inequality Index
- Production efficiency
- Resilience to water shocks
- Number of refugees and internally displaced people

Enclave Finance
Self-sustaining, export-oriented projects, located in ADF countries

*Dollar GDP figures converted from domestic currencies using 2010 as a base year. Data reported in constant 2010 prices show data for 1990, 2000 and all other years in 2010 prices

**A statistical assessment of the performance of governance in every African country

A responsive and effective partner

The High 5s, at the heart of Africa’s development agenda

Light up and Power Africa

1 3 4 5 7 9 13

Feed Africa

1 2 5 13

Industrialize Africa

1 3 5 7 8 9 12

Integrate Africa

1 3 6 9 17

Improve the quality of life for the people of Africa

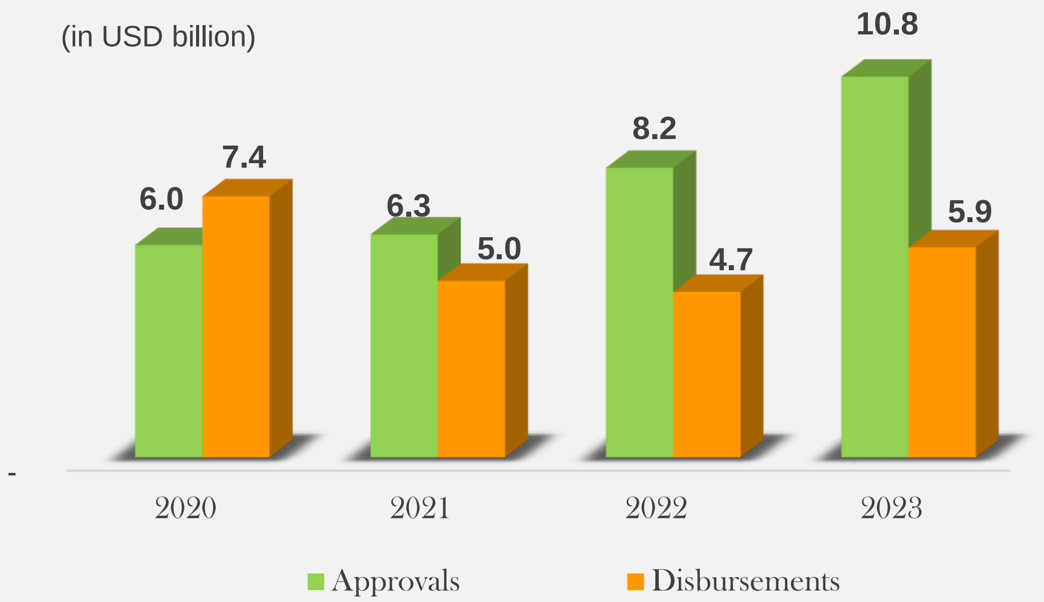
1 3 4 5 6 8 10 11

The High 5s will help Africa achieve close to 90% of the SDGs and are intrinsically linked to the African Union’s Agenda 2063

Delivering on the Bank's Ten-Year Strategy to accelerate inclusive green growth and drive prosperous and resilient economies

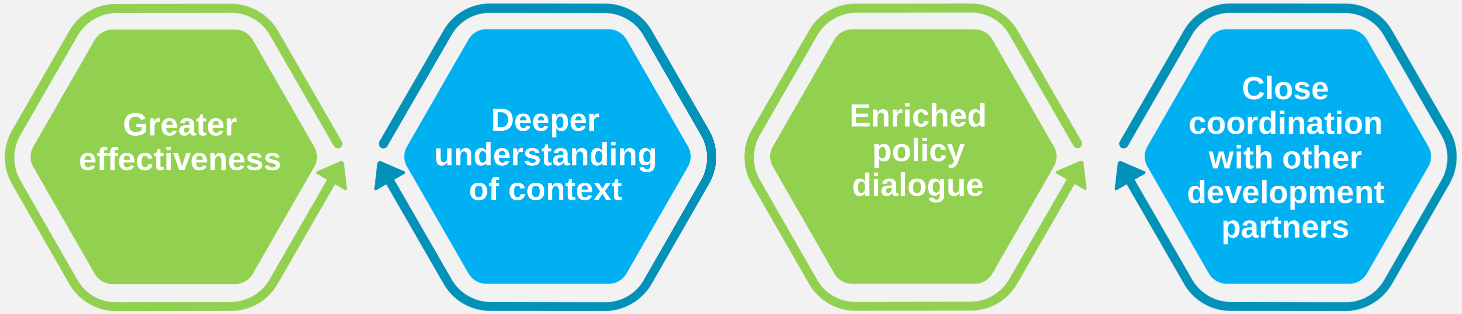
Group operations - investing in Africa's future

Bank Group approvals and disbursements



Note:

Includes loans, grants, equity investments, emergency operations, HIPC debt relief, loan reallocations, guarantees and the Post Conflict Country Facility

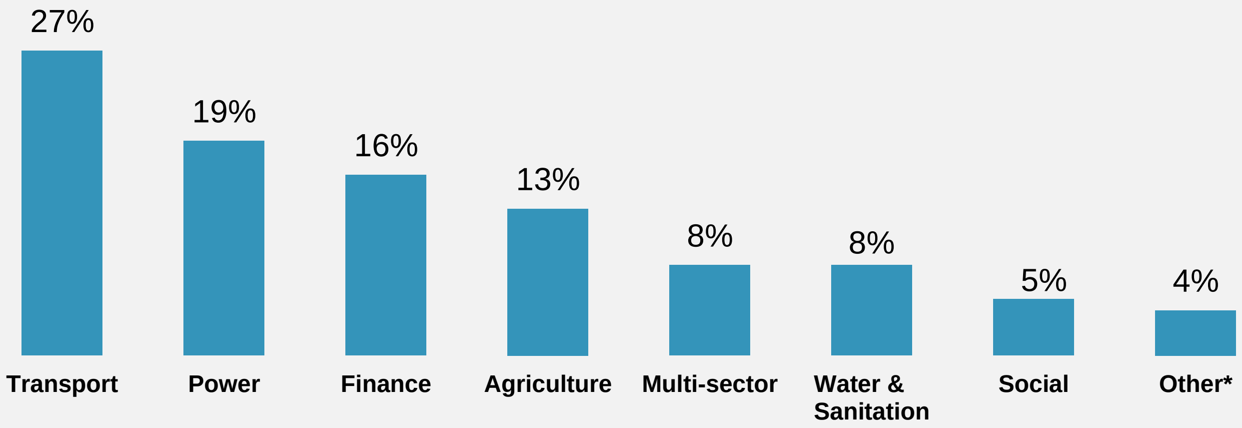


With the right investments and policies, the SDGs can be achieved in Africa

Delivering more to achieve the Africa we want

USD 60 billion Bank Group portfolio distribution by sector

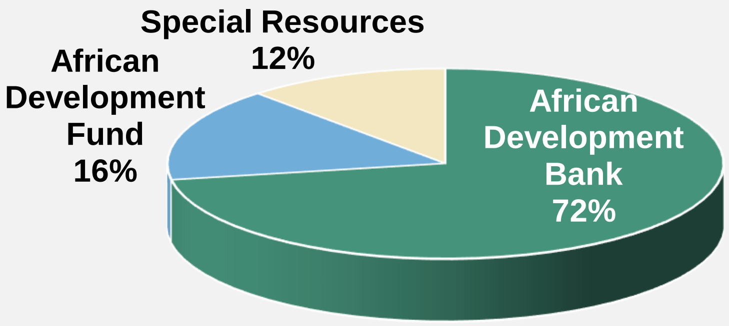
Africa's largest financier of transport infrastructure



(As of 31 December 2023)

** Industry, Communications and Environment*

Delivering across the organization



Energy for all, fueling inclusive growth

Energy is a human imperative

Reliable, affordable and green energy to achieve universal energy access needed for the continent

Immense power deficit across the continent

Energy use in Africa is the world's lowest

- 58% of households have access to electricity in 2022 vs 54% in 2018
- 990 million people without access to clean cooking
- 20 countries in the world with lowest electrification are in Africa
- Annual energy consumption per capita was 200 kWh in Africa in 2022 vs 12,700 kWh in the US and 6,500 kWh in Europe

Electricity demand projected to triple by 2030

- 603 million people still lack access to electricity
- Power outages costing 0.2-4% GDP annually
- 90% of primary schools lack electricity
- Hampers hospitals and emergency services

A considerable push toward cleaner, low-carbon energy

Africa holds more than 60% of world's solar potential

Abundant renewable energy potential
- 10 TW solar
- 350 GW hydroelectric
- 110 GW wind
- 15 GW geothermal

vs 46 GW currently installed

USD 70 billion investments in infrastructure needed annually to develop renewables

Need for innovative technologies and financing instruments

Connecting electricity grids for enhanced access

The Bank's investment priorities

- Accelerating African countries' access to universal, reliable, and affordable modern energy, which includes electricity and clean cooking solutions, services for their populations and productive sectors.
- Developing socially, economically, and environmentally sustainable energy sectors.
- Entrenching a low-carbon development pathway, thereby enhancing green growth while enhancing energy security.
- Strengthening the sustainability of power sectors and utilities and enhancing energy efficiency
- Building robust intra- and inter-regional power systems that will underpin the development of an interconnected continental power grid, linking existing power pools, and facilitating the establishment of an African Single Electricity Market.

Development impact from projects completed in 2023

- **2.4 million people** with new electricity connections
- **40,000 km** of new or improved power distribution lines
- **1,400 km** of new or improved power transmission lines
- **322 MW** of new power capacity installed

Strengthening the national electricity grid to improve access

Kenya - Last Mile Connectivity Project III
Project cost: EUR 115 million / ADB financing: EUR 101 million
Year of Approval: 2023

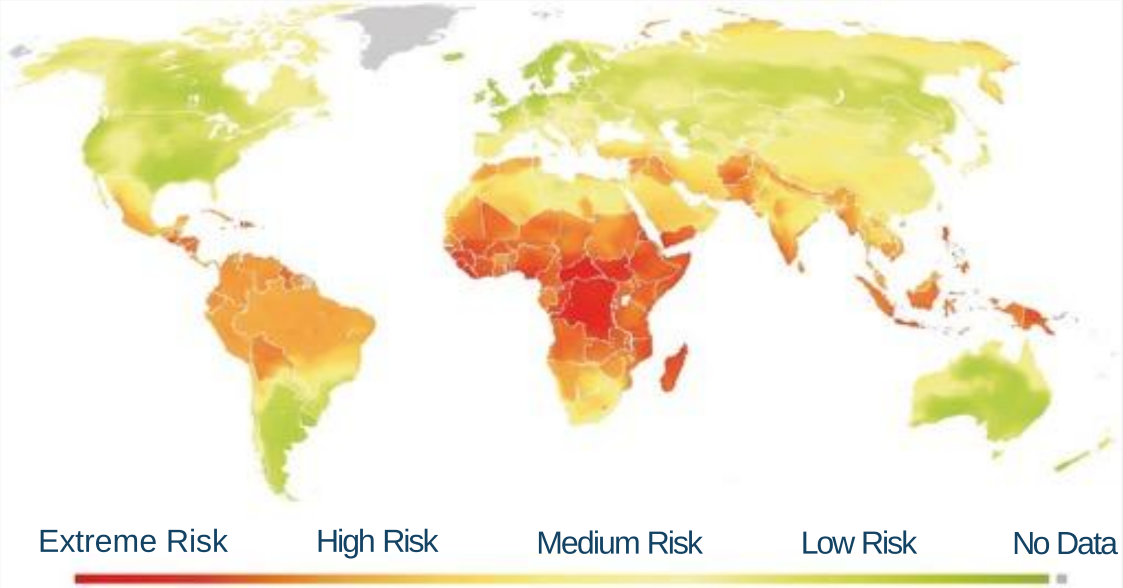
The third phase of the Last Mile Electricity Connectivity Project is an infrastructure development intervention that will increase access to adequate, affordable, and reliable electricity for households and public institutions as well as Micro, Small and Medium-Sized Enterprises (MSMEs).

Expected development outcomes:

- 140,000 households with access to electricity
- 3,440 tons of CO_2 emission reduction annually
- 25% reduction in electricity outages
- 54,000 jobs created

Fast-tracking Africa's climate change agenda

Africa needs approximately USD 2.8 trillion in climate financing to fulfill national commitments for climate actions under the Paris Agreement by 2030



Source: Climate Change Vulnerability Index 2017 - Verisk Maplecroft

Climate risks impacting the poorest and most vulnerable communities

- Rising sea levels, droughts, floods
- Impeding agricultural productivity and food security
- Threatening water and energy security
- Exacerbating poverty
- Impacting sovereign credit ratings

9 out of 10 world's most vulnerable countries are in Africa

Africa accounts for less than 4% of world's GHG emissions

Less than 3% of global climate finance flows to Africa

Protecting the continent from extreme climate

- Improving capacity to predict and issue effective early warning alerts
- Fostering innovation to manage emerging climate threats
- Strengthening governance, effective policies and institutions
- Mobilizing global climate finance

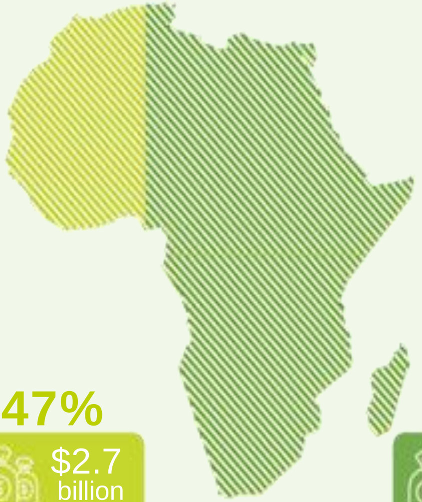
Building climate resilience by planning for growth and development

Financing climate-smart development

Climate change mainstreamed in 97% of Bank operations in 2023

In 2023

USD 5.8 billion of climate finance **= 55%** of all AfDB approvals



47%
$2.7 billion
Mitigation

53%
$3.1 billion
Adaptation

Africa needs approximately USD 2.8 trillion to implement the Nationally Determined Contributions (NDCs)

African Adaptation Acceleration Program (AAAP)

- Partnership with Global Center for Adaptation (GCA)
- USD 25 billion commitment to support adaptation in Africa by 2025
- AfDB hosting GCA's Africa office

Africa NDC Hub - a partnership platform to provide technical assistance and deliver NDC targets

- 54 African countries ratified the Paris Agreement; 49 countries updated their NDCs; and 9 countries submitted Long-Term Low-Carbon and Climate Resilience Strategy (LTS)
- LTS on-going support in Gabon, Liberia, Lesotho, Botswana, Mozambique and Uganda
- Support NDC implementation in Burkina Faso, Ethiopia and Zambia

USD 450 million mobilized in co-financing and external climate funds in 2023

AFRICA CLIMATE CHANGE FUND | CIF CLIMATE INVESTMENT FUNDS | gef | GREEN CLIMATE FUND

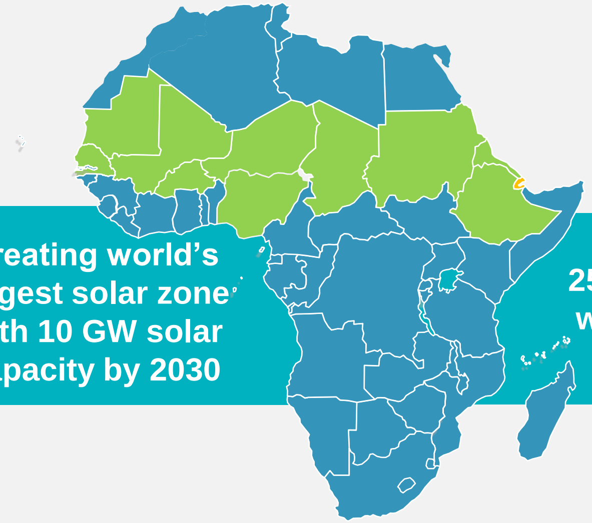
Africa offers tremendous greenfield investment opportunities to support climate action

Harnessing the sun to power the Sahel region

Desert-to-power Initiative - Transforming economic, social and climate related fragility of the Sahel into resilience

New approach

- Innovative blended finance package
- Cooperation with financial and specialized institutions, developers and political initiatives
- Encouraging new technologies



Creating world's largest solar zone with 10 GW solar capacity by 2030

250 million people will get access to electricity

Multiregional Desert to Power Initiative – 225 KV Mauritania-Mali Power Interconnection and Related Solar Power Plants Development Project (PIEMM)
Project cost: USD 888 million / ADF grant: USD 303 million
Year of approval: 2023
The objective of the project is to increase solar power generation and evacuation capacity and electricity access in Mauritania and Mali, by building a transmission interconnection between the two countries and through the development of electrical power grids.

Partnering with

ACWA POWER, AFD Agence Française de Développement, AFRICA50, Power Africa – A U.S. Government-led Partnership, IRENA International Renewable Energy Agency, European Commission, Sustainable Energy for All

Co-financing with

Green Climate Fund, AFD Agence Française de Développement, KOAFEC Korea-Africa Economic Cooperation

Key resource mobilization vehicle

Sustainable Energy Fund for Africa

Desert to Power projects approved in 2023 - 2024	
Eritrea	Dekemhare 30 MW Solar PV Project
Mauritania	Rural Electrification Project by Mini-Grids (RIMDIR)
Multinational	225 KV Mauritania-Mali Power Interconnection and Related Solar Power Plants Development Project (PIEMM)
Multinational	Desert-to-Power Regional Technical Assistance Program for the Sahel
Ethiopia	Ethiopia Distributed Renewable Energy Agriculture Modalities (DREAM) Program
Burkina Faso	Dedougou 18 MW Solar PV

Improve regional energy interconnection	Attract private sector in renewable energy	Slow migration and address fragility	Reduce poverty and improve food security	Develop agriculture and other economic activities	Increase gender inclusion and employment

Africa, the renewable energy powerhouse that will provide green solutions to combat climate change

Transforming agriculture, the greatest potential for Africa

Africa's challenges are a matter of global concern

Demographic

- 20% of Africa's population is undernourished
- 11% GDP loss in Africa is caused by malnutrition
- 34% of children under 5 are stunted
- 28 million people became food insecure between 2020 and 2022

Economic

- Over USD 100 billion made in revenue each year from chocolate…
- …of which Africa just receives 2%
- 60% of the world's arable land not yet put into production is in Africa
- USD 50 billion in agricultural trade deficit annually

Environmental

95% of African agriculture is rainfed and therefore vulnerable to drought

Weather shocks costing 2% contraction in GDP

Our over-arching goals

- End hunger and malnutrition
- Contribute to eliminating extreme poverty
- Make Africa a net food exporter
- Move Africa to the top of export-orientated global value chains
- Unleash prosperity to lift millions out of poverty

The Bank's role

- Scale-up agricultural technologies
- Access to high-yield, climate-adapted crops
- Improve food security and nutrition
- Boost agricultural productivity

Development impact from projects completed in 2023

- **11 million farmers** using improved inputs, including micro-irrigation, fertilizer, and climate-resilient seeds
- **33,820** agri-businesses supported
- **971 km** of feeder roads built or rehabilitated
- **52,625 hectares** of land with improved water management

Transforming agriculture, the wealth of Africa, is central to growth, poverty eradication and food security

Climbing up agricultural value chains

Approvals in 2023: USD 787 million
Transform African agriculture into a globally competitive, inclusive, business-oriented sector

Angola - Agriculture Sector Reform Program
Project cost: USD 105 million / ADB financing : USD 105 million
Year of Approval: 2023

The program will deepen reforms towards more efficient agricultural markets, while strengthening the governance and capacity of agriculture public institutions, encouraging the private sector to participate in agricultural markets and thus contributing to raise cereal and oil seed production in the country.

Expected development outcomes:

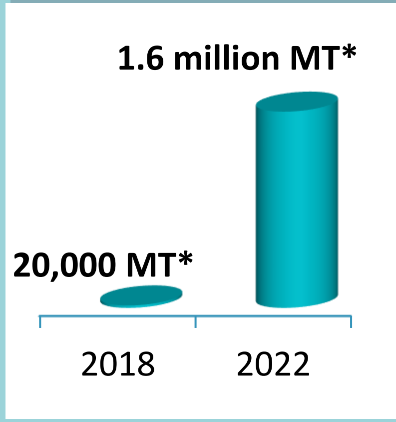
- 42,000 farmers to access modern agriculture inputs (50% women)
- 33,000 additional hectares in sustainable land acreage under production in Eastern Region
- 70% increase climate smart oil seeds
- 300% increase in climate smart cereals production

Wheat success story in Ethiopia

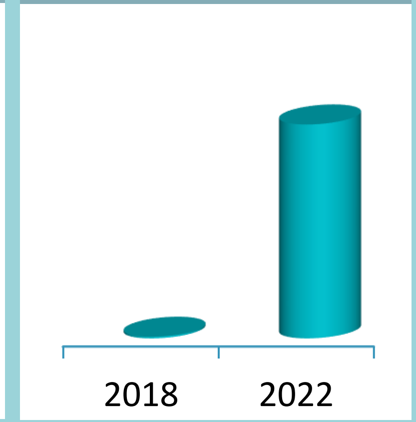
Transitioning from wheat importer to wheat exporter

Ethiopia became wheat self-sufficient in 2022…

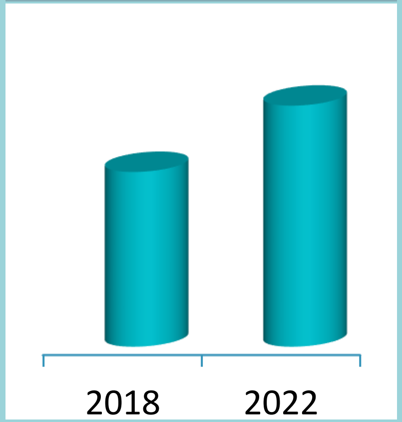
790% increase in irrigated wheat production



1300% increase in irrigated wheat land



38% increase in wheat productivity

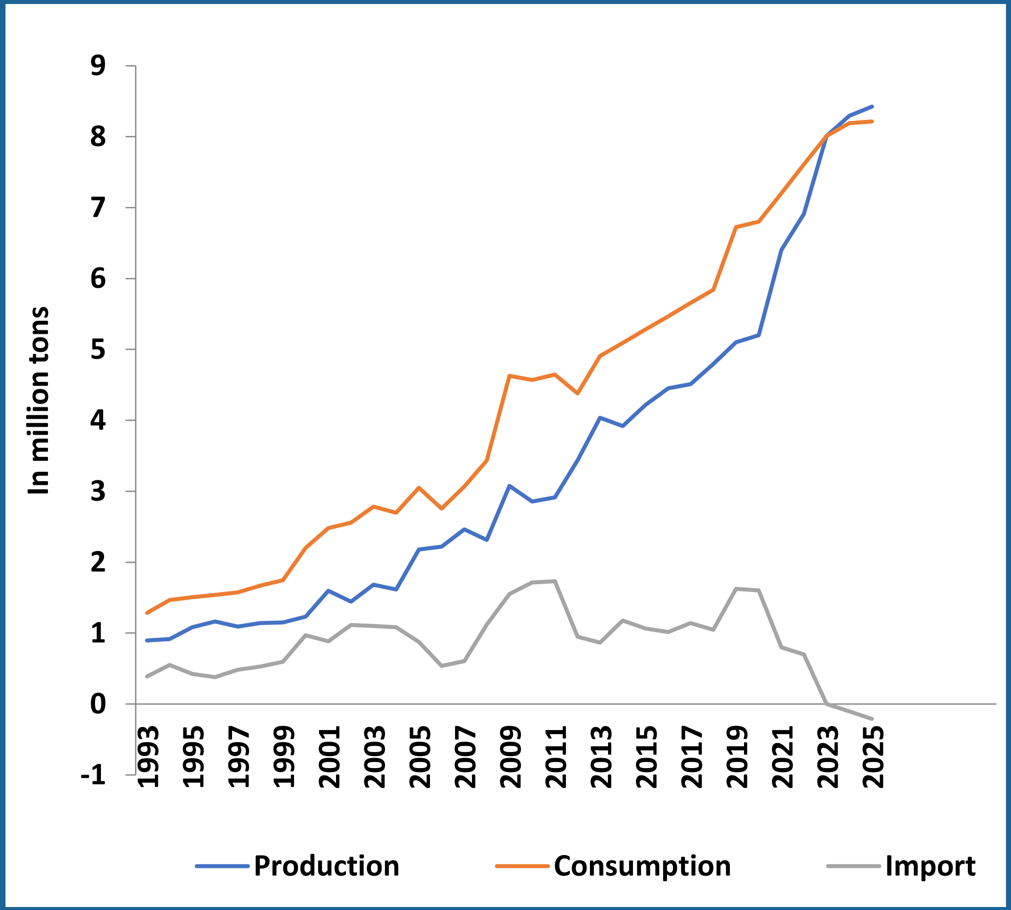


*MT= Metric Tons

Technologies for African Agricultural Transformation

The Bank's Technologies for African Agricultural Transformation (TAAT) program distribution of over 100,000 tons of certified seeds significantly expanded the cultivated wheat area under irrigated lowland conditions from under 5,000 hectares in 2018 to over 650,000 hectares in 2022, contributing to Ethiopia's success.

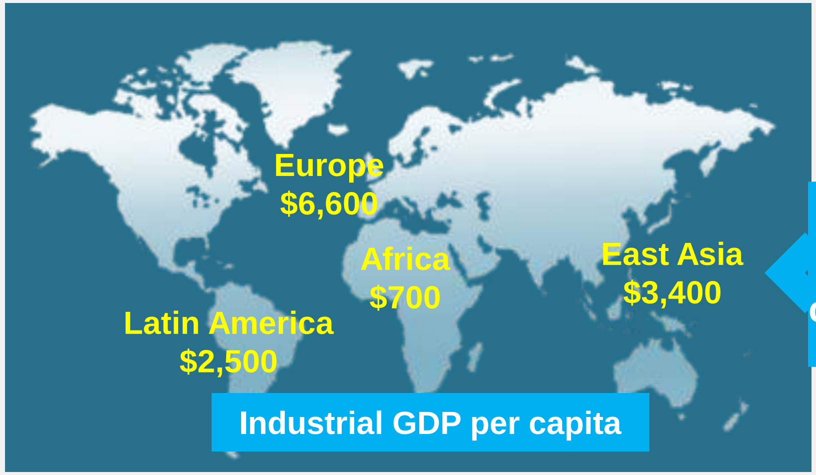
… And started exporting wheat from 2023



Agriculture plays a central role in safeguarding Africa's food supply and addressing SDG 2

Africa’s manufacturing sector, an engine of job creation

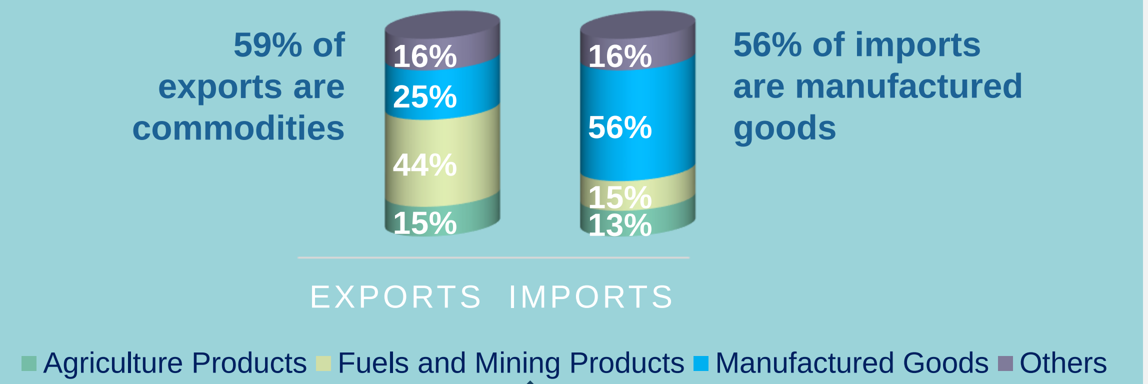
Strengthening regional ties and targeted policies can spur further industrial growth



Improve global competitiveness

*As of 2019

Exporting raw commodities and importing manufactured goods



Although manufacturing doubled over past decade, 2/3rd is produced in Algeria, South Africa, Nigeria and Egypt

The Bank’s priority sectors and goals

- Develop agro-processing in special processing zones
- Support extractive resources beneficiation
- Support Africa’s net zero transition
- Focus on connectivity infrastructure, digital and data services
- Support pharmaceuticals and vaccine manufacturing sector
- Develop the textile sector

Africa’s global competitiveness is improving

- Growing, youthful and affordable workforce of 500 million people by 2050
- Burgeoning middle class of 500 million consumers by 2040, a market worth USD 250 billion
- **56%** of African population will be urban by 2050. 20 biggest cities expected to grow by 50% in next 10 years
- World leader in mobile money enabling 49% of population to access finance

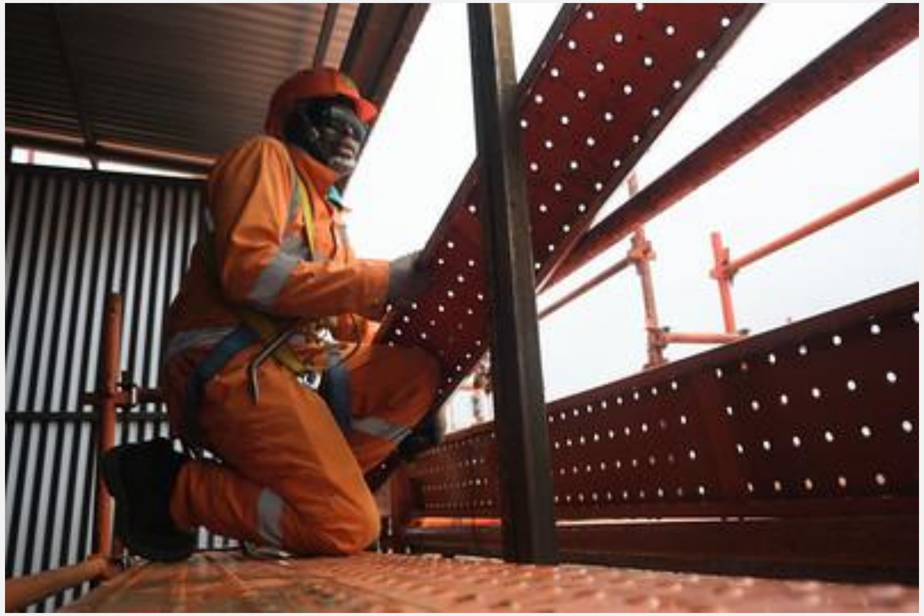
Promoting transformation to keep wealth within Africa

Processing locally to advance economic diversification

Boosts productivity → Adds economic value → Creates jobs → Improves trade balance → Additional government revenues

Development impact from projects completed in 2023

- **352 km** of roads constructed, rehabilitated, or maintained
- **443,510** enterprises supported with access to finance, **53%** of them women-owned



Côte d'Ivoire - Diversification, Accelerated Industrialization, Competitiveness and Employment Program
Project cost : EUR 178 million / ADB financing: EUR 120 million
Year of approval: 2023

The program seeks to strengthen the government's efforts to promote economic diversification, green transition, and industrial development. It aims to support reforms and investments in public goods required to create jobs, develop the private sector, de-risk the financing of small and medium enterprises and innovative start-ups, support the competitiveness and exports of enterprises and create jobs.

Expected development outcomes:

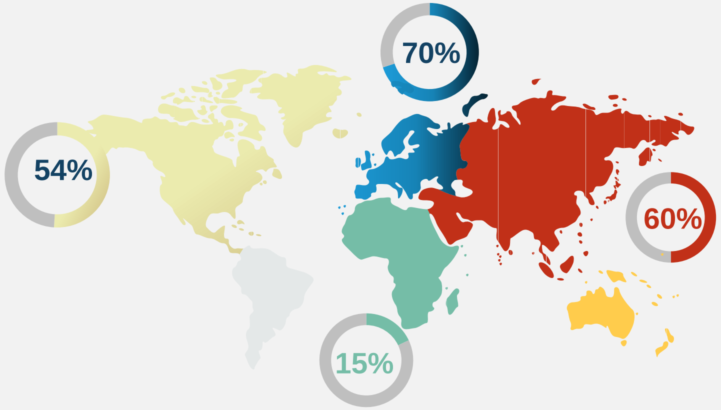
- EUR 43 million in loan financing to MSMEs, of which EUR 11 million earmarked for women- run businesses
- 500 SMEs to receive technical and management assistance
- 10,000 jobs created or secured

Shifting labor and capital resources to high productivity economic activities

Connecting the continent to unlock and accelerate development

Ushering in a new era for intra-Africa trade and economic cooperation

Low intra-Africa trade*



*As of 2019

Impediments to intra-regional trade

- Poor infrastructure
- Non-tariff barriers
- High cross-border trade cost
- Low visa openness

Bank's vision and strategy

- Scale up Infrastructure connectivity
- Promote Cross-Border Trade and investment
- Deepen Financial integration

Regional integration through the High 5s

- Grid regulatory and technical harmonization
- Labor markets creation
- Education, training and certification
- Trans-border water resource management
- Agribusiness integration
- Physical infrastructure connectivity
- Soft infrastructure establishment
- Energy markets and transmission lines

Greater political will for integration

Africa Continental Free Trade Area (ACFTA), a milestone

World's largest free trade area

- Signed by 54 countries (30 ratifications)
- Promotion of freer, expanded trade and reduction of other non-tariff obstacles

ACFTA expected outcome by 2035

- 90% of intra-Africa trade
- USD 450 billion increase in trade
- 7% increase in average income
- 30 million people lifted out of poverty

Crossing borders to drive competitiveness

Uganda – Muko-Katuna-Kamuganguzi/Laropi-Moyo-Afoji Road Project
Project cost: USD 293 million / ADB financing: USD 180 million
Year of approval: 2023

The project will improve rural transport connectivity and facilitate integration in the Kigezi and Moyo districts by increasing transport access, thereby expanding internal and cross-border trading opportunities. It is expected to boost income, deepen regional integration, and facilitate trade while opening an alternative transport corridor linking Uganda, South Sudan, and Central African Republic.

Expected development outcomes:

- 759 additional vehicles/day passing through the Laropi-Afoji road
- 145 km of roads asphalted and rehabilitated
- USD 55 million increase in earnings from annual Cross-border intra-trade
- 1,200 jobs created
- 75% reduction of travel time on Katuna-Muko-Kamuganguzi road
- 14,000 additional annual tourist arrivals

Development impact from projects completed in 2023

- **3.5 million people** gained access to better transport services
- **163 km** of cross-border roads constructed or rehabilitated
- **1,303 km** of cross-border transmission lines constructed or rehabilitated

Opening opportunities for trade and travel and encouraging greater foreign investments

Converting human potential into opportunities

Africa today	…By 2030
40% of Africans live below the poverty line*	10 poorest countries in the world will be African
72% of non-agricultural work in the informal sector	83% of world's poor will be in Africa
1/3rd of youth unemployed	100 million youth without jobs
10 million entering labor market yearly	Only 50% of new labor entrants will find jobs

69% of the population have access to safe drinking water

33% of the population have access to basic sanitation services

Successfully absorbing Africa's workforce holds the key to creating Africa's demographic dividend

African population to reach 2.5 billion by 2050

20% of global population

Largest and youngest workforce of 1 billion by 2030

Our strategy

- Creating jobs and opportunities for the youth to reduce pressure for irregular migration
- Skilling-up youth in science and technology to take advantage of the 4th industrial revolution (4IR)
- Improving access to water and sanitation
- Strengthening health systems

*on less than $2 per day

The youth are Africa's greatest assets

Equipping Africa to meet tomorrow's challenges

Rwanda – Transformative and Sustainable Water and Sanitation Program, Phase I
Project cost: USD 274 million / ADB financing: USD 200 million
Year of approval: 2023

The program is aimed at improving access to water supply for an additional 2.3 million people and access to basic sanitation services for 380,000 people in the targeted districts of Rwanda. It will strengthen water resources management and improve the operational performance of water and sanitation service providers and strengthen the resilience of the populations against climate change and variability.

Expected development outcomes:

- 2.3 million addition people with access to clean drinking water
- 15% increase in access to basic sanitation services
- 1,184 km of distribution network constructed
- 34,000 jobs created
- 4 water treatment plants constructed
- 507 water sector personnel trained

Development impact from projects completed in 2023

- **9 million people** with new or improved access to water and sanitation
- **2.8 million people** with access to better health services, **1.3 million** of them women
- **1 million people** trained through Bank operations, **461,671** of them women

Preparing for the future

Accelerating the empowerment of women

AFAWA aims to unlock USD 5 billion by 2026 to support women SMEs

Multinational - ETC group limited trade and agri-finance facility approved in 2021

AFAWA Technical Assistance grant of USD 2 million to support women farmers and entrepreneurs in Tanzania, Mozambique and Zambia to increase their business capacities along agriculture value chains and improve access to finance and employability.

AFAWA risk-sharing mechanism

USD 250 million AFAWA Guarantee for Growth (G4G) to be on-lent to 18,000 women entrepreneurs and enhance financial institutions' appetite in lending up to USD 3 billion to women-owned businesses.

Women Entrepreneurship Enablers Program

- Enhanced capacity for 10 women business development firms and associations
- 16,000 women impacted from 26 countries

Women in Africa Today

- USD 42 billion financing gap for women
- 20% women have access to formal long-term financing
- 30% of SMEs owned by women
- 15% of agriculture landowners are women
- 15% of young women are unemployed

Bank Group Gender Strategy 2021– 2025

- Empowering women through access to finance and markets
- Accelerating employability and job creation for women through skills enhancement
- Increasing women's access to social services through infrastructure

Systematizing gender mainstreaming in Bank operations

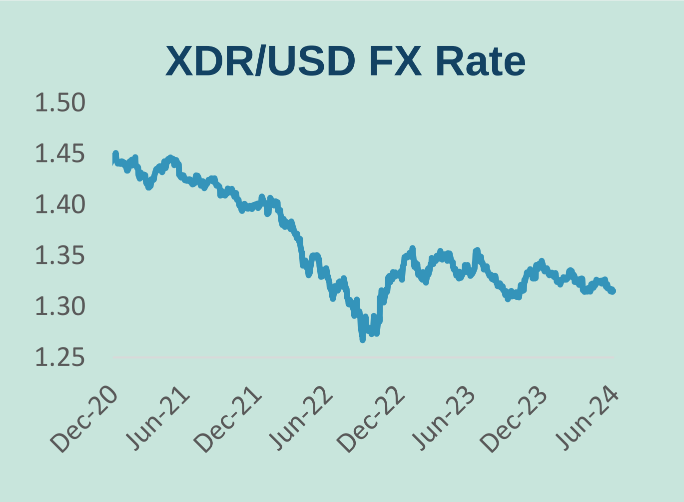
100% sovereign operations categorized and 57% have a gender equality outcome in 2023

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

FINANCIAL PROFILE OF AFRICAN DEVELOPMENT BANK

Summary financial information

(in USD million)	2020	2021	2022	2023	30 June 2024*
Assets	50,912	50,840	50,866	52,955	54,814
Loans	30,024	28,135	27,542	29,546	29,593
Investments	12,712	13,707	15,588	16,613	17,869
Cash	3,359	4,623	3,767	1,856	1,935
Borrowings	36,137	35,151	32,278	33,242	33,696
Equity	11,221	12,185	13,152	14,509	15,490
**Paid-in Capital ** **	7,105	7,774	8,267	9,123	9,351
Hybrid Capital					750
Reserves	4,116	4,410	4,885	5,386	5,389
Income before distributions	286	135	318	545	314
Subscribed Capital	145,246	207,801	197,987	198,719	195,838



* Unaudited figures

** Net of Cumulative Exchange Adjustment on Subscriptions

Note: Reporting currency is Special Drawing Rights (SDR) of the IMF. Data converted to USD at period-end exchange rates

SDRUSD: 1.44027 (2020); 1.39958 (2021); 1.33084 (2022); 1.34167 (2023); 1.31534 (30 June 2024)

The Bank's AAA, a driving force for development

Extraordinary shareholder support

Excellent level of liquidity

Preferred creditor status

Strong capitalization

Prudent financial and risk management policies

Aaa/AAA/AAA/AAA
Stable outlook

S&P Global Ratings

"The stable outlook indicates that we expect AfDB to expand lending in both the sovereign and non-sovereign portfolios. We anticipate that it will benefit from preferred creditor treatment and will maintain strong funding and liquidity profiles."
August 2024

Moody's

"AfDB benefits from a "Very High" strength of shareholder support score, reflected in continued capital increases, and demonstrated support from non-regional shareholders outside of regular capital increases."
November 2024

FitchRatings

"AfDB's 'aaa' liquidity assessment reflects the Bank's 'excellent' liquidity buffers, the high quality of liquid assets and its access to capital markets."
July 2024

JCR
Japan Credit Rating Agency, Ltd.

"The Bank retains a solid financial base, supported by its strong capitalization and ample liquidity."
October 2024

Prudent risk management policies consistent with our rating

Mitigated Foreign Exchange risk
Currency composition of net assets aligned with SDR basket*

Borrowings, investments and lending in multiple currencies while mitigating foreign exchange risk

Prudent liquidity management
At least one-year liquidity available to cover net cash-flow requirements

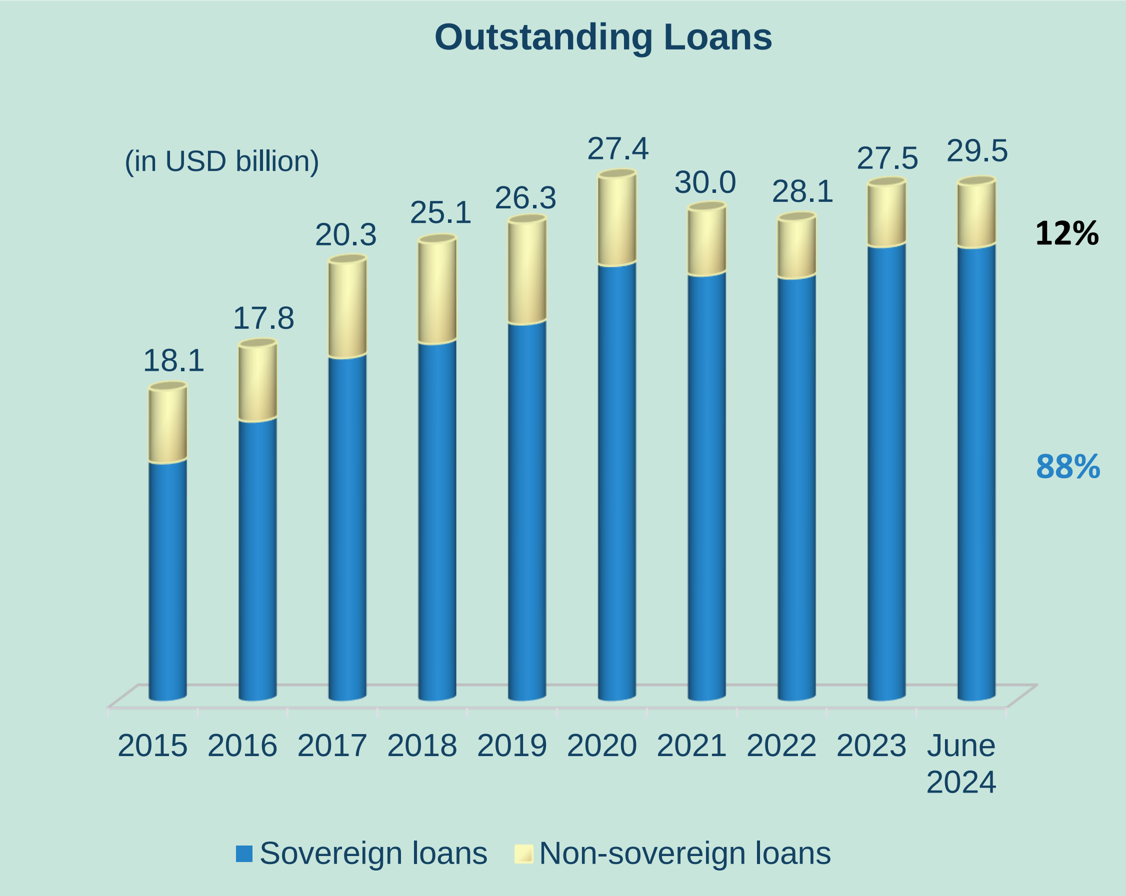
Prudent framework of approved counterparties and exposure limits

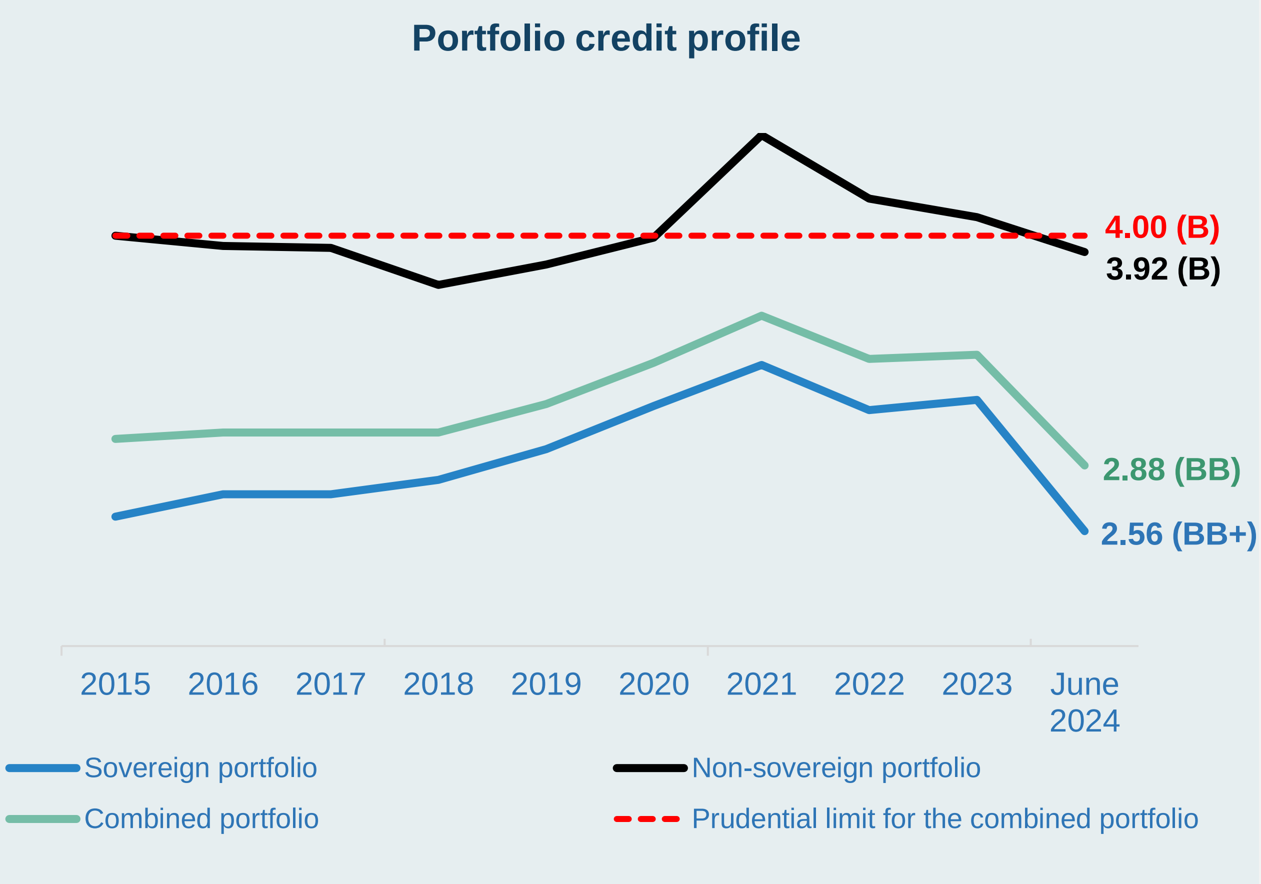
Use of derivatives to hedge interest rate and foreign exchange risk

Minimized counterparty credit risk
Minimum credit rating for treasury investments (A) and derivative counterparties (A-)

* Composed of USD, EUR, JPY, GBP, RMB

Lending to bolster Africa's transformation



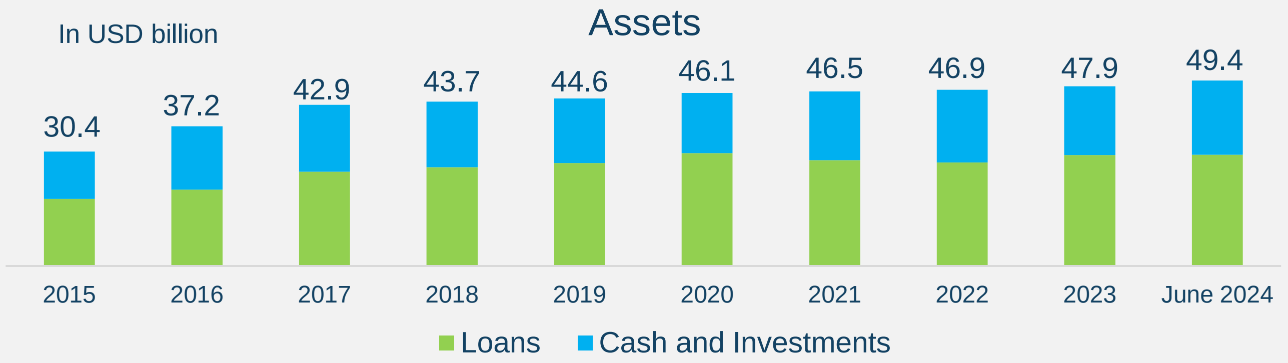


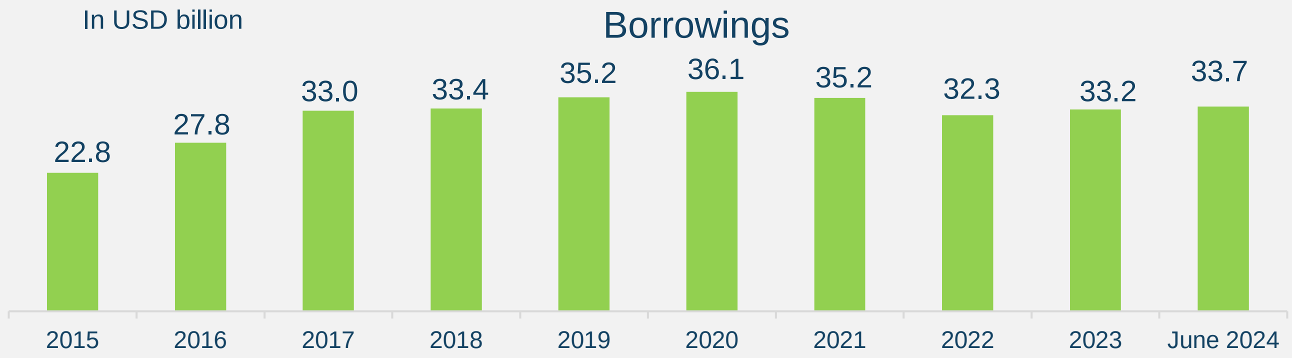
Weighted Average Risk Rating (WARR) within the Bank's target range of 3 (BB) and 4 (B)

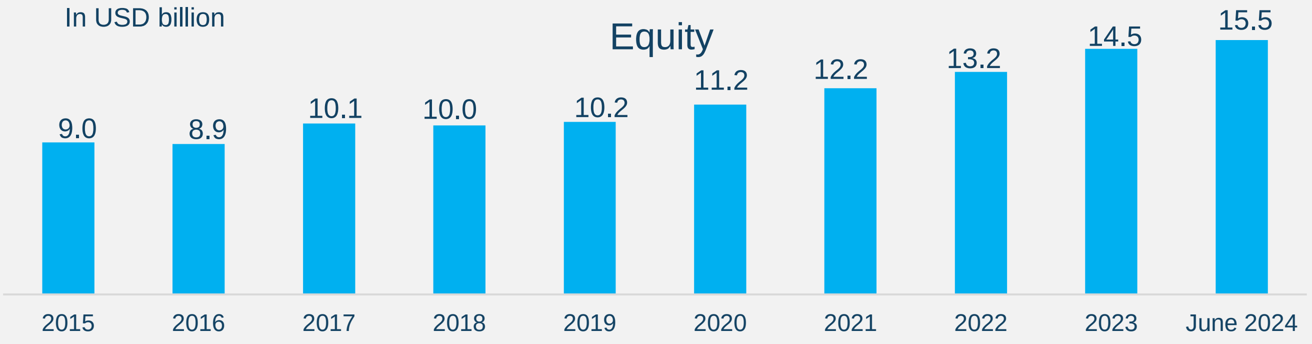
Extending lending while maintaining and sustaining risk profile in line with Bank's risk appetite

Leveraging capital to fund the Bank's development mandate

Putting the balance sheet to work for Africa

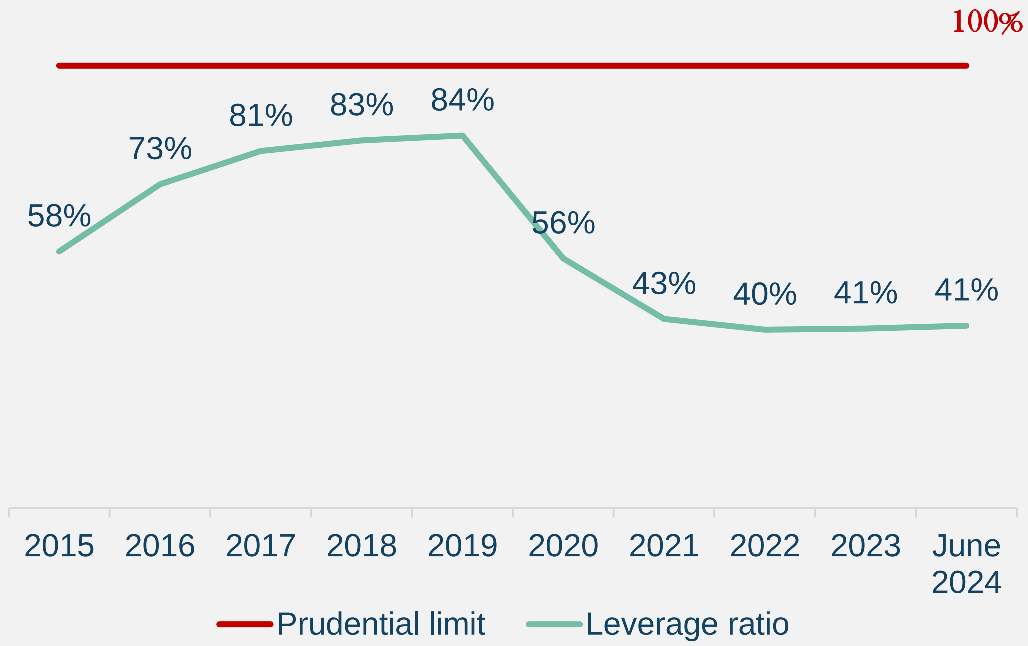






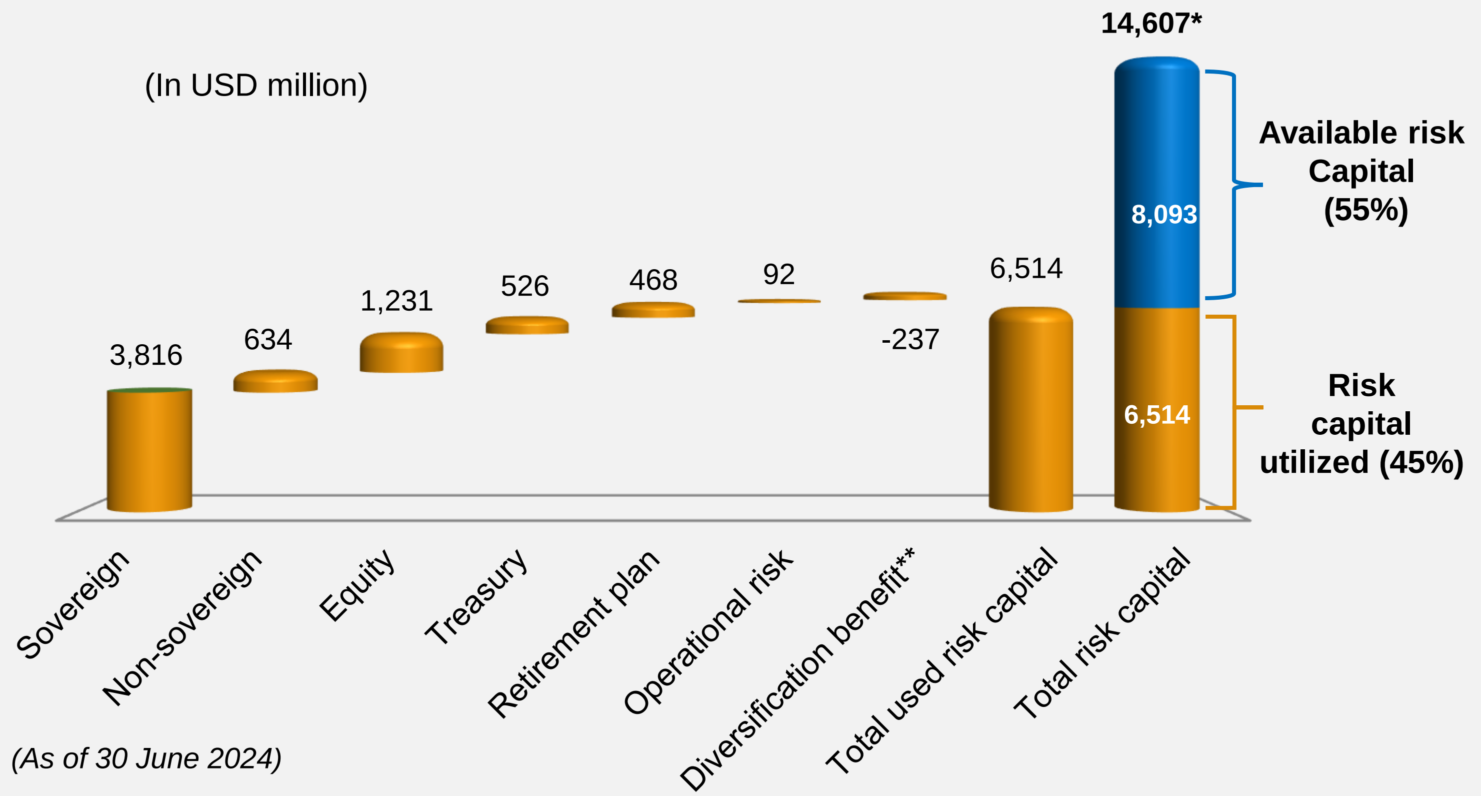
Leverage = Debt/Usable Capital

Usable capital = Σ (Paid-in capital, Reserves, Callable capital of non-borrowing countries rated A- and above)



Using capital to efficiently deliver on the continent

Bank's Risk Capital Utilization driven by various exposures and exposure amounts



(As of 30 June 2024)

Risk capital = Paid-in capital + Reserves + Adjustments

Risk capital utilization rate = Σ [[Exposure] * [Risk capital charge]] / Total risk capital

* Total risk capital after adjustments made for valuations of equity investments and borrowings
** Diversification benefit stems from correlation between risks

Innovations in redeploying capital for the High 5s

Optimizing the Bank's balance sheet to further its impact

UK Foreign Commonwealth and Development Office (FCDO) USD 1 billion guarantee to support the Just Energy Transition in South Africa – approved in December 2023

- Enhancing lending portfolio in support of South Africa's Just Energy Transition
- Supporting projects in renewable energy, energy efficiency, green hydrogen, new electric vehicles and Just Energy Transition activities in the Province of Mpumalanga and the country as a whole

Mobilizing financing to meet clients' needs

AfDB and AIIB Partial Credit Guarantees (PCGs) support Africa's first Sustainability Panda Bond Issuance

- Facilitated Egypt's inaugural RMB 3.5 billion 3-year Sustainability Panda Bond issuance to finance green and social projects
- Egypt's inaugural Sustainability Panda Bond issuance fully guaranteed by AfDB (63%) and AIIB (37%)

Partial Credit Guarantee for Benin's mobilization of SDG financing

- EUR 195 million PCG provided by ADF to support Benin's access to a EUR 350 million 12-year loan
- First loss guarantee from ADF
- Second loss insurance from African Trade and Investment Development Insurance (ATIDI) under the Africa Co-Guarantee Platform

EUR 400 million Partial Credit Guarantee for Cote d'Ivoire ESG financing

- PCG covered a 15-year EUR 533 million ESG facility to Côte d'Ivoire
- Credit insurance of EUR 194 million from the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), under the Africa Co-Guarantee Platform, to cover risk of non-payment of principal on a pro-rata basis

AfDB secures insurer capacity at loan origination

- Insurance participation for a manufacturing transaction in West Africa at deal origination for USD 50 million led by insurance brokers
- Transaction was supported by 3 commercial insurers to enable the Bank to approve needed financing amount despite internal country lending limits

Mobilizing funds from partners to leverage our intervention

Selected trust funds
USD 890 million

- Canada-AfDB Climate Change Fund — CAD 133 million
- Sustainable Energy Fund for Africa (SEFA) — USD 467 million
- African Water Facility — EUR 184 million
- Fund for African Private Sector Assistance (FAPA) — USD 121 million

Selected co-financing agreements
USD 9.9 Billion

- Japan International Cooperation Agency (JICA) — USD 4 billion
- French Development Agency (AFD) — EUR 2 billion
- European Commission — EUR 1 billion (approved)
- Korea-Africa Energy Investment Framework — USD 600 million
- People's Bank of China (Africa Growing Together Fund AGTF) — USD 2 billion

Selected Memorandum of Understanding (MOUs)

- Islamic Development Bank — USD 2 billion
- OPEC Fund
- China EXIM BANK
- Microsoft

Teaming up for greater impact

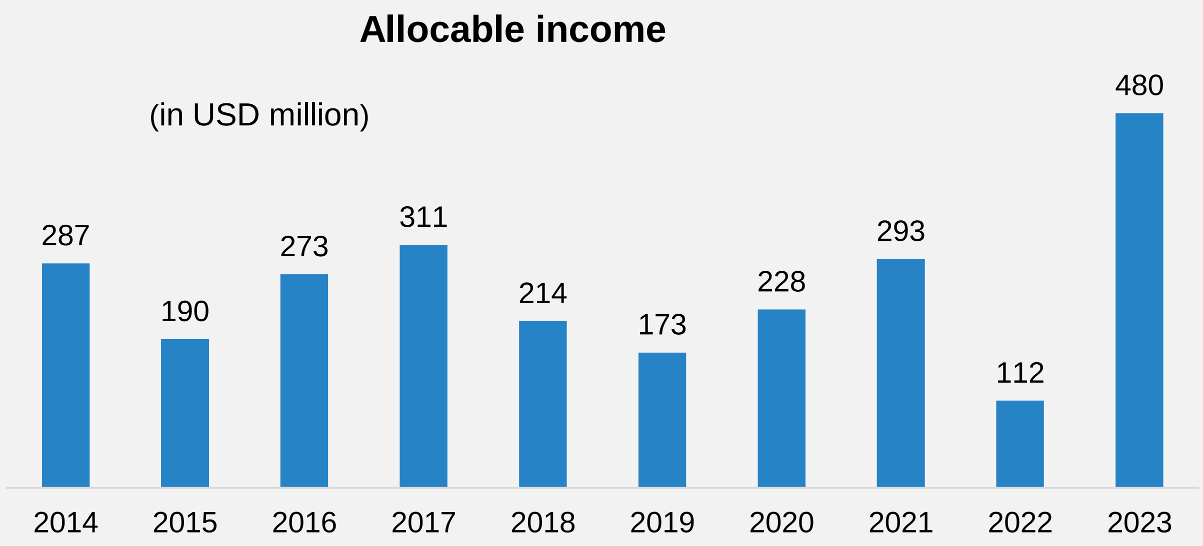
Partners

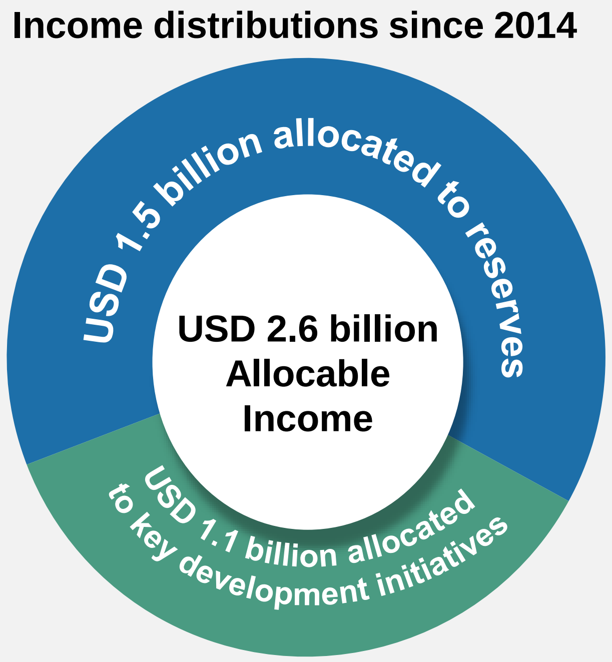
- Bilateral and multilateral development agencies
- MDBs
- UN agencies
- Philanthropic organizations and foundations
- Private sector

A solid institution with a strong financial performance

Allocable Income

Used for making distributions out of the Bank's net income. Reserves have first claim on allocable income





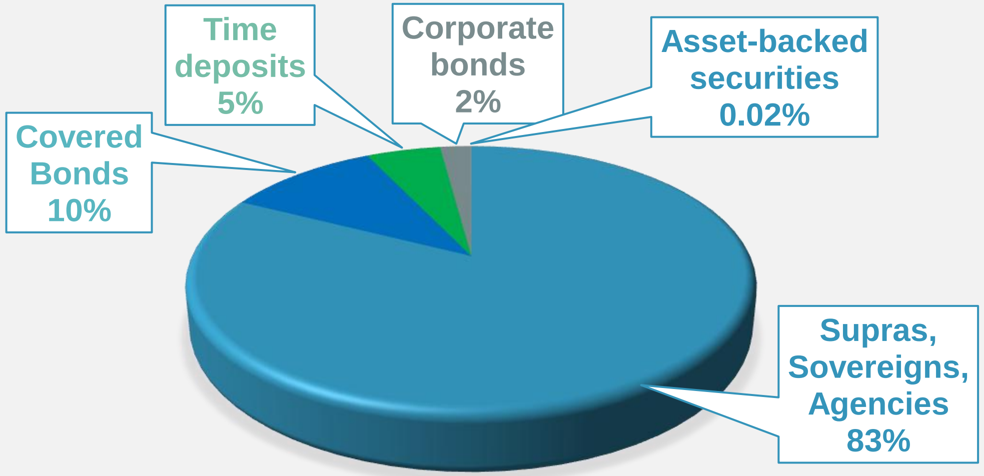
Transfer of allocable income for 2023

Reserves	USD 335 million
ADF	USD 81 million
Alliance for Green Infrastructure in Africa	USD 20 million
Climate Action window	USD 13 million
Middle Income Country Technical Assistance Fund	USD 13 million
Special Relief Fund	USD 12 million
NEPAD – IPPF	USD 3 million

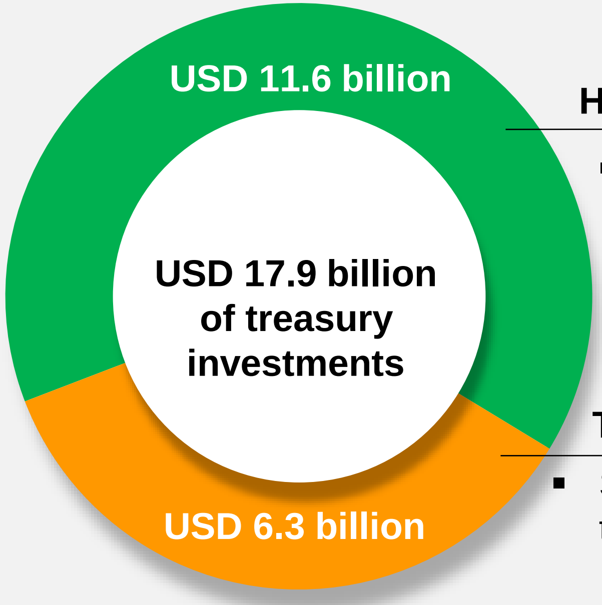
Bank’s liquidity invested in high quality assets

#1 Capital preservation | **#2 Liquidity** | **#3 Returns**

Conservative portfolio to meet investment objectives



At least 12-months liquidity available to cover net cash-flow requirements



Held at amortized cost

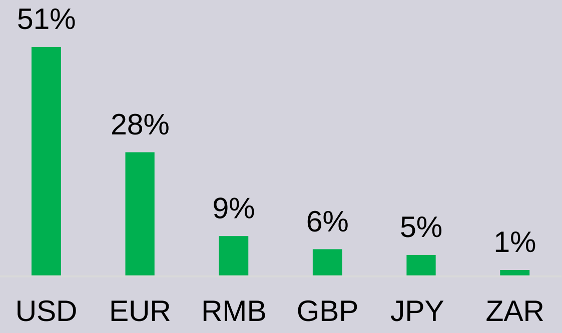
- Stabilize net interest margin

Trading*

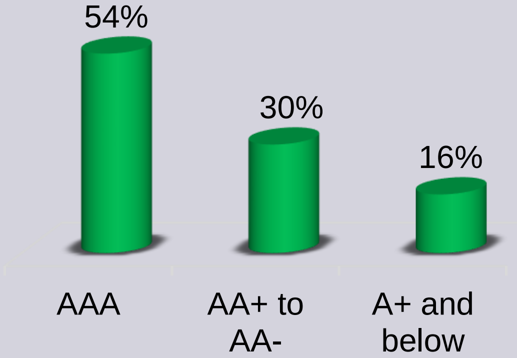
- Short- and medium-term cash-flow needs

*Excluding cash and derivatives

Multi-currency portfolio



Very high-quality portfolio



(As of 30 June 2024)

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT

CAPITAL MARKETS ACTIVITIES

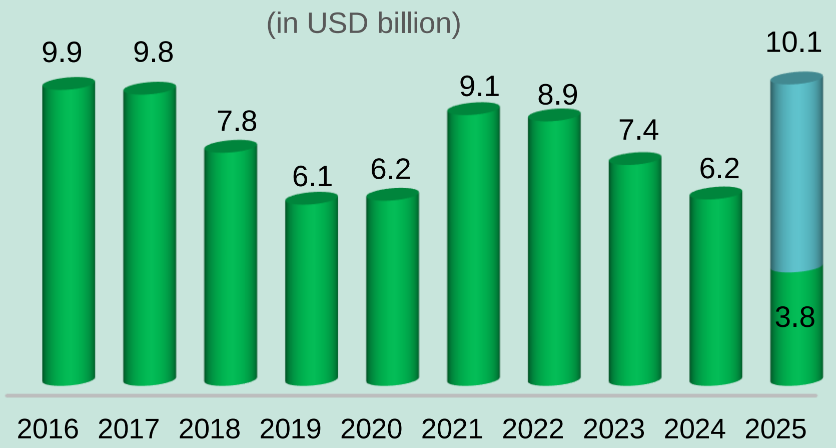
Leveraging our AAA rating to meet Africa's needs

A diversified funding profile in 27 markets across the world

USD 34.4 billion outstanding borrowings

(As of 31 December 2024)

Approved borrowing program



**38% executed as of March 2025*

Maintaining a strong track record in issuing liquid global benchmarks

Deepening and widening our investor base globally

Catering to the needs of ESG investors

Supporting the development of African capital markets

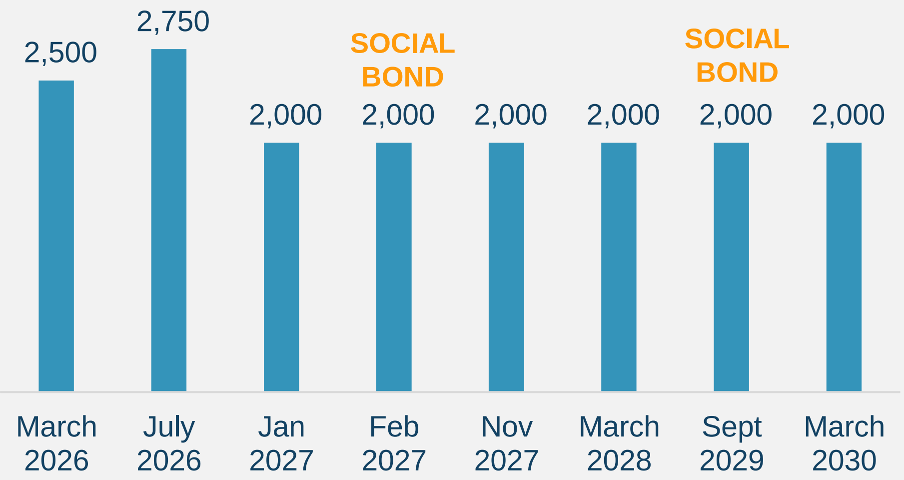
Attracting competitive funding levels for the benefit of the continent

USD Global Benchmarks, a cornerstone of the Bank's funding strategy

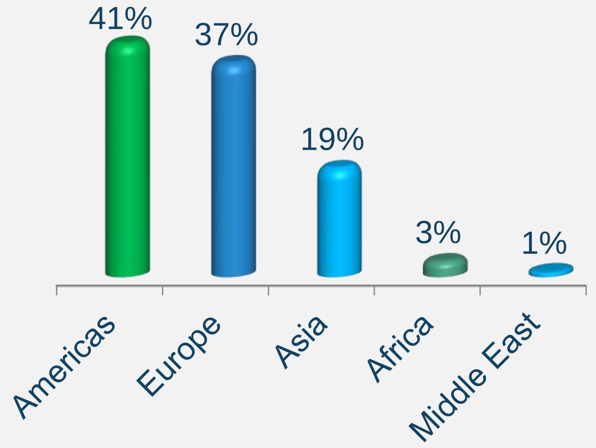
January 2024	September 2024	March 2025
USD 2 billion 4.125% 3-year Social Benchmark due Feb 2027 UST +10.3bps MS +31bps	USD 2 billion 3.500% 5-year Social Benchmark due Sept 2029 UST +11.3bps MS +41bps	USD 2 billion 4.000% 5-year Global Benchmark due Mar 2030 UST +14.3bps MS +43bps

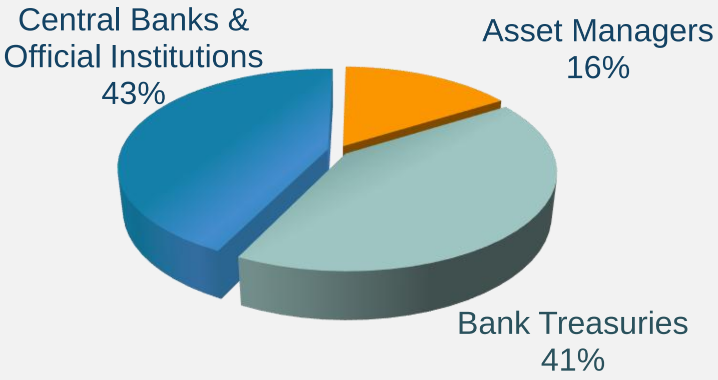
USD 9.8 billion combined orderbook with 208 orders and 15 new investors

Outstanding USD benchmarks



…deepening and widening the Bank's investor base





- Strong fundamentals and AAA rating
- High quality order books
- High quality of execution
- Good secondary market performance
- Strong developmental mandate

Euro issuance: expanding our footprint

March 2022	September 2022	May 2024
EUR 1.25 billion **0.50% 5-year Global Benchmark due March 2027** Bund + 63.1bps OAT + 39bps Midswaps – 11bps	**EUR 1.25 billion** **2.25% 7-year Social Benchmark due September 2029** Bund + 96.4bps OAT + 58.9bps Midswaps – 3bps	**EUR 500 million** **2.875% 4-year Green Benchmark due March 2028** Bund + 39.5bps OAT + 9.7bps Midswaps + 2bps

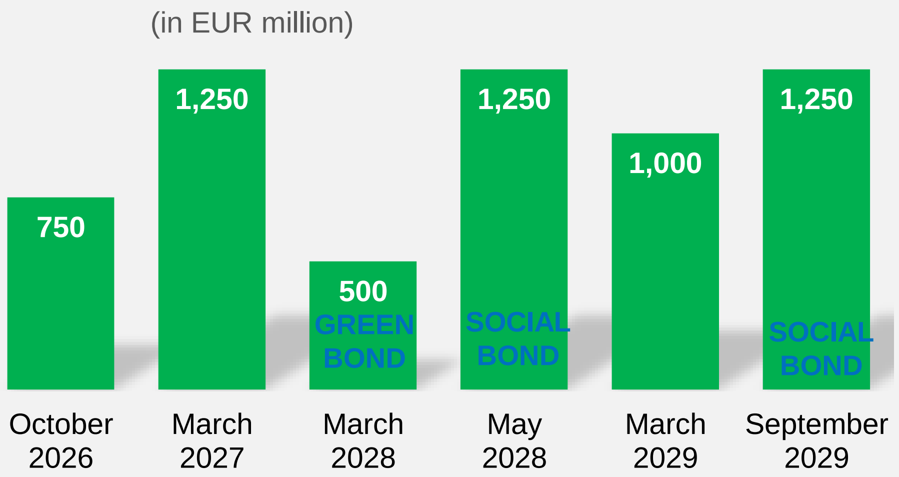
"Best supranational bond"

emeafinance Achievement Awards 2022

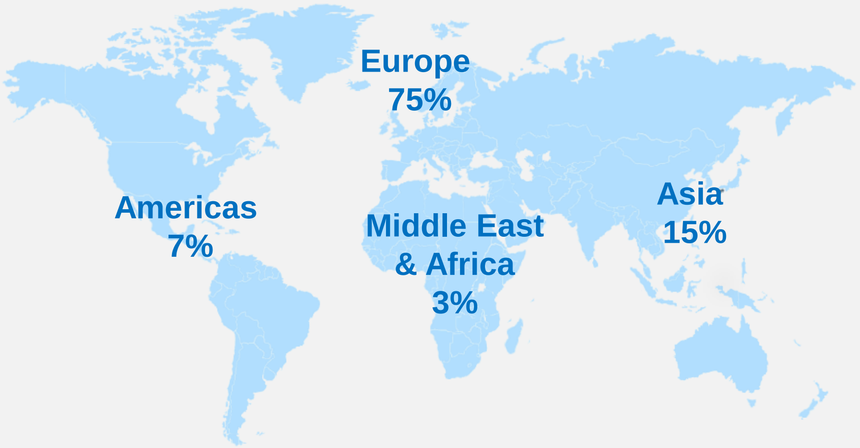
"Best social bond"

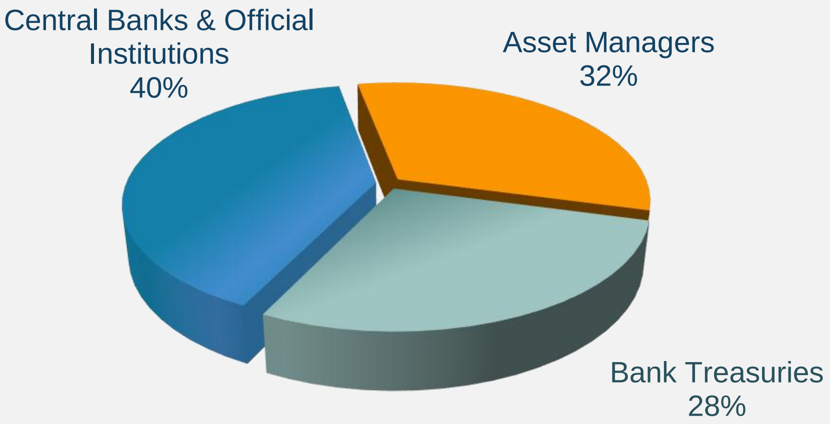
Inaugural Green Bond in EUR

EUR 6 billion in outstanding Global Benchmarks



Diversifying the Bank's investor base…





Investor reach in European markets

June 2023	July 2023	February 2025
CHF 100 million 1.603% Fixed Rate Note due July 2028	GBP 300 million 5.5% Social Benchmark due August 2025 UKT + 65 bps	GBP 1,170 million 4.625% Global Benchmark due February 2028 SONIA + 34 bps

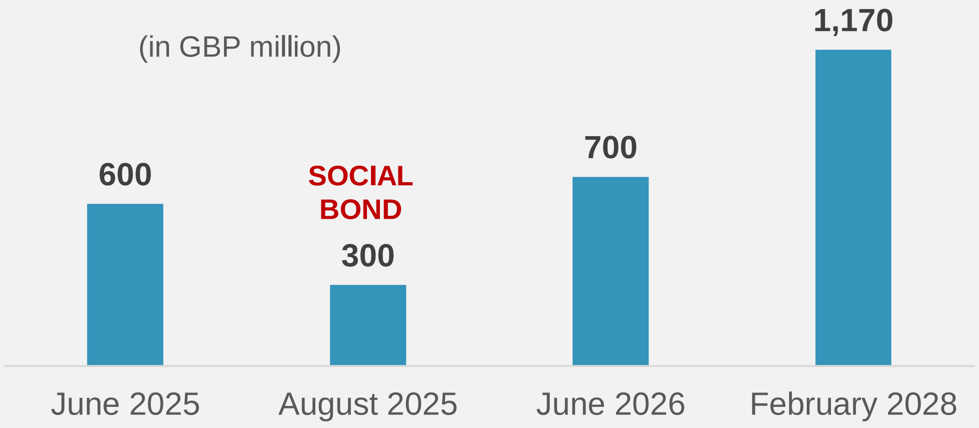
Return to CHF market after 14 years

Inaugural Social Bond on GBP market

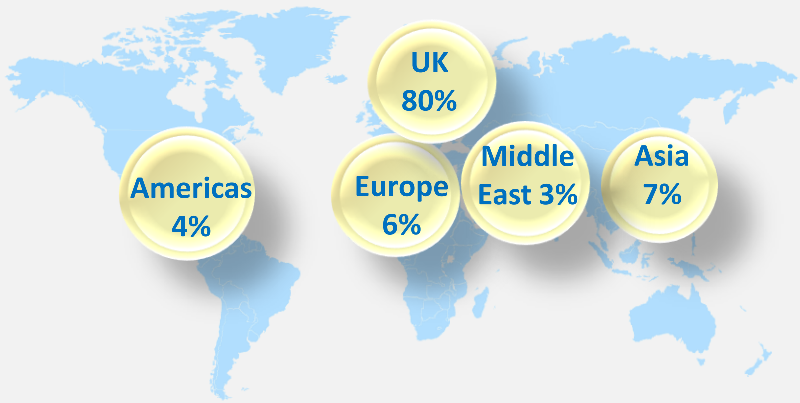
emeafinance Achievement Awards 2023

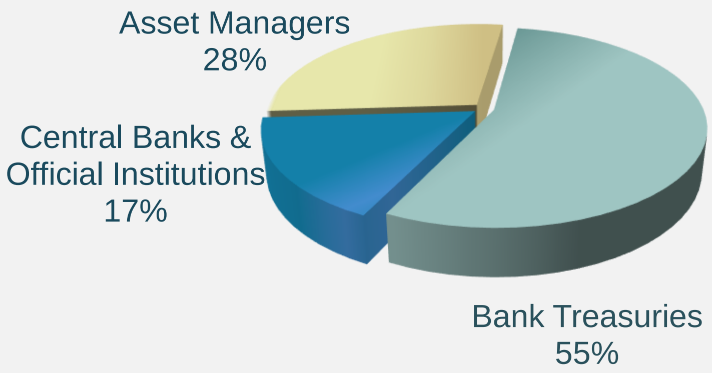
“Best CHF Bond”

GBP 2.8 billion in outstanding Global Benchmarks



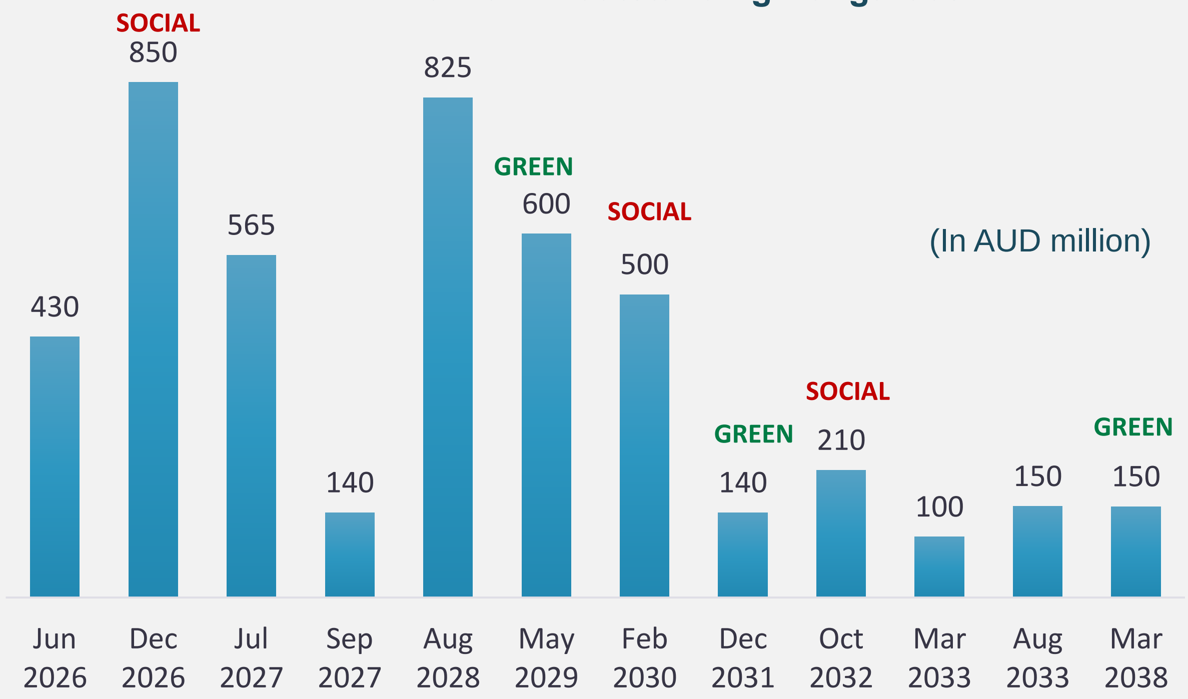
Investor breakdown in the sterling market …





Scouring the world for cost-effective funding

AUD 4.7 billion in outstanding Kangaroos…



… with AUD 1.2 billion issued in 2024

February 2024	April 2024	February 2025
AUD 600 million Green Kangaroo due May 2029	AUD 250 million Social Kangaroo due December 2026_Tap	AUD 500 million Social Kangaroo due February 2030
BBSW+46bps	BBSW+27bps	BBSW+50bps

USD 1 billion in Private Placements and Uridashi issued in 2024, representing 17% of borrowings

Selected private placements issued in 2025

ZAR	ZMW	USD	INR	NGN	UGX
1 billion	280 million	25 million	625 million	17 billion	19 billion

Sustainably green

USD 4.2 billion in Green Bonds issued since 2013

2023
SEK 1.5 billion 5-year Green Bond due January 2028

2023
AUD 150 million 15-year Green Bond due March 2038

2023
NOK 2 billion 5-year Green Bond due March 2028
"Best NOK Bond"
emeafinance Achievement Awards 2023

2023
SEK 1 billion 4-year Green Bond due November 2027

2024
AUD 600 million 5-year Green Bond due May 2029
First Green Bond issued under the Sustainable Bond Framework

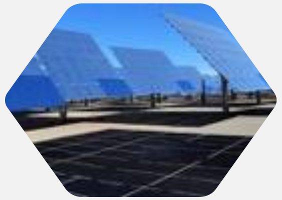
2024
EUR 500 million 4-year Green Benchmark due March 2028
Inaugural Green Bond in EUR market

Eligible green project categories

- Renewable energy
- Sustainable Mobility
- Energy efficiency
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management

Dedicated ESG investors

Affirmative IM, Alliance Bernstein, Amundi, AP2, AP3, AP4, AP7, APG, Blackrock, Brown Advisory, California State Teachers Retirement System, Calvert IM, City of Chicago, Kommunalbanken, Nordea IM, PGGM, Pictet AM, Praxis Impact Fund, SEB AM, Sony Bank, Storebrand, Syntrus Achmea, Taiju Life, TIAA-CREF, Trillium AM, Zurich Insurance


AfDB green bond portfolio contributing to 3.6 million tons of CO_2 emission reduction annually (as of December 2024)

Country	Selected Green projects
Egypt	Egypt National Railway Modernization Project
Gabon	Kinguele Aval Hydropower Project
Cabo Verde	Cabeólica Wind Power Project
South Africa	Redstone 100MW Concentrated Solar Power Project
Tunisia	Treated Wastewater Quality Improvement Project for Climate Resilience Building (PAQEE-RCC)

Green Impact reporting: https://www.afdb.org/sites/default/files/2023/12/18/green_bonds_impact_reporting_-_june_2023.pdf

Impactfully financing inclusive growth

2020
USD 3.1 billion
3-year "Fight Covid-19" Social Bond due April 2023

Best Issuer of covid-19 bonds
GlobalCapital Bond Awards 2020

International ESG & Sustainable Finance Deal of the Year 2021
Bonds & Loans AFRICA AWARDS
9th March 2022 | Mount Nelson, Cape Town

2024
USD 2 billion
3-year Social Benchmark due Feb 2027

First Social Bond issued under the 2023 Sustainable Bond Framework

2024
AUD 55 million
8-year Social Kangaroo due Oct 2032_Tap

2024
AUD 250 million
2-year Social Kangaroo due Dec 2026_Tap

2024
USD 2 billion
5-year Social Benchmark due Sept 2029

2025
AUD 500 million
5-year Social Kangaroo due February 2030

USD 12.4 billion in Social Bonds issued since 2017

Largest social bond issuer among MDB peers as of March 2025

Concrete actions to alleviate poverty

- Affordable basic infrastructure
- Access to essential services
- Food security and sustainable food systems
- Employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crisis, including through SME financing and Microfinance
- Socioeconomic advancement and empowerment

Country	Selected Social projects
Tunisia	Emergency Food Security Support Project (PAUSAT)
Senegal	National Integrated Livestock Development Programme - Phase 1
Benin	Secondary Towns Stormwater Drainage Programme
Morocco	Project to Support the Inclusive and Sustainable Development of Forest Areas
South Africa	Lesotho Highland Water Project Phase 2

Social impact reporting: https://www.afdb.org/sites/default/files/2023/12/18/social_bonds_impact_reporting_-_june_2023.pdf

Theme Bonds linked to the High 5s

Private Placements and Uridashi issued to satisfy ESG investors appetite

Proceeds allocated on a best- efforts basis towards lending in the relevant High 5 areas

Attractive funding levels to mitigate overall cost of funds

Theme bond related to the Bank's development priorities, essential in transforming the lives of the African people

- Improve the Quality of Life for the People of Africa
- Light Up and Power Africa
- Industrialize Africa
- Integrate Africa
- Feed Africa

High 5 theme bond issuance activity

USD 2.4 billion issued since 2016

USD 2 billion outstanding

(as of March 2025)

Selected recent High 5 theme bonds

ZAR 3 billion due January 2044
"Light Up and Power Africa"

ZMW 280 million due January 2029
"Feed Africa"

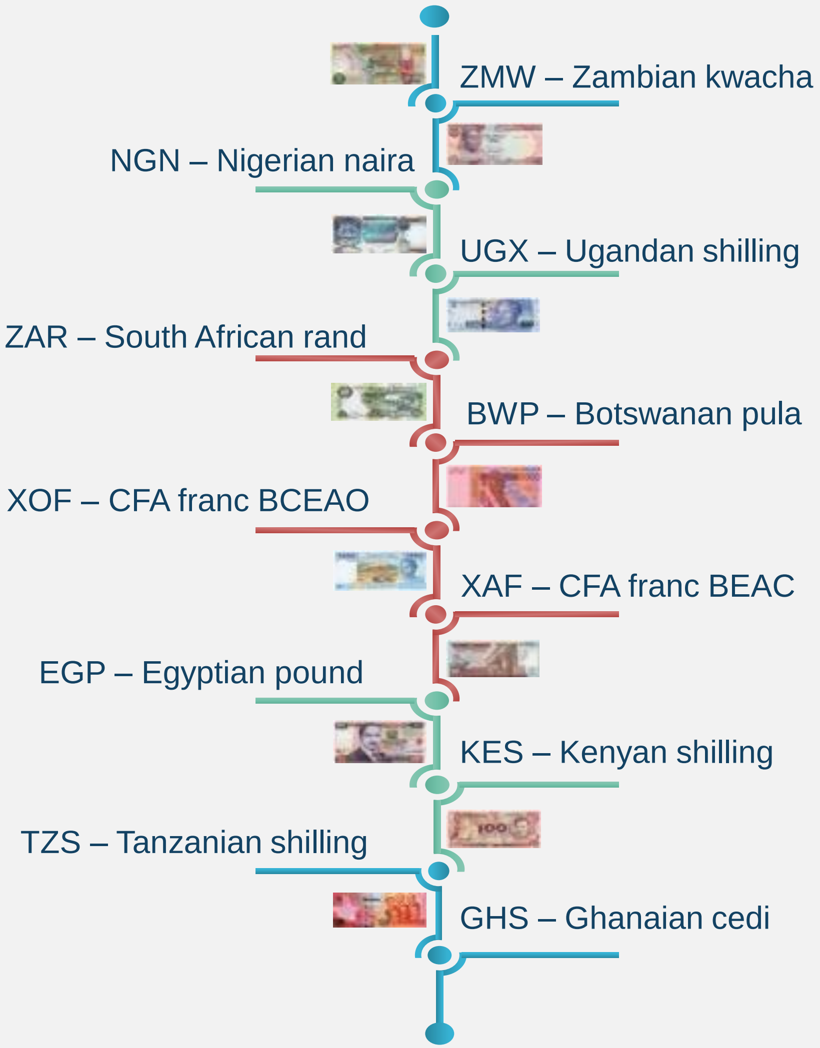
JPY 150 million due March 2044
"Integrate Africa"

BRL 550 million due June 2034
"Industrialize Africa"

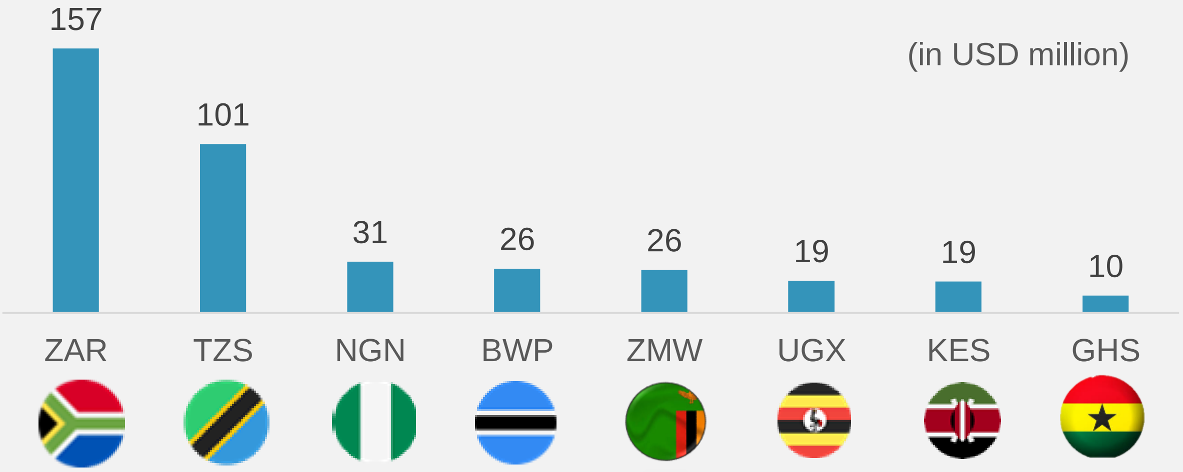
AUD 50 million due August 2033
"Improve the quality of life for the people of Africa"

Harnessing the full potential of Africa's capital markets

Expanding the Bank's African lending currencies



African currency linked transactions in 2023-2025

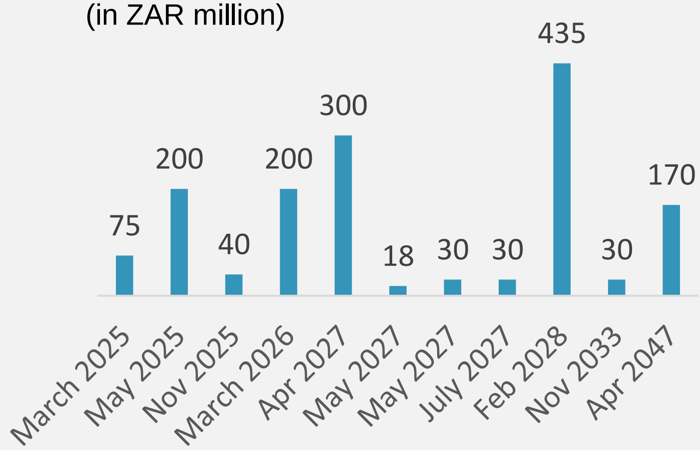


Approved local issuance programs

ZMW 160 million MTN program
NGN 160 billion MTN program
UGX 125 billion MTN program
BWP 5 billion MTN program
ZAR 20 billion inward listing program

Outstanding ZAR curve

(in ZAR million)



Offering African currencies for sustainable private sector development

Pioneering the adoption of Hybrid Capital within the MDB community

Hybrid Capital supplements shareholder capital

- 100% accounted as equity under IFRS
- 100% accounted for in AfDB's internal capital adequacy metric
- 100% of notional recognized as equity by Fitch, Moody's and S&P*

** S&P assessed Hybrid Capital as intermediate equity content, meaning full inclusion of Notes in Total Adjusted Capital (TAC), up to 33% of Adjusted Common Equity (ACE)*

Leveraging Sustainable Hybrid Capital

- Hybrid Capital expected to enable at least USD 2 of additional lending for every USD 1 raised
- Additional lending capacity directed to fund environmental and/or social projects
- Issued under the Bank's Sustainable Bond Framework

First Hybrid Capital issued by a Supranational

AA- (S&P) / Aa3 (Moody's)

Deeply subordinated and senior only to paid-in capital

- Optional coupon cancellation
- Mandatory coupon cancellation: trigger Total Assets/(Paid-In Capital + Reserves) > 7.5x
- Permanent principal write-down if the Bank exercises a call on its callable capital
- Perpetual with call option at year 10.5

"Best Supranational Bond" (emeafinance Achievement Awards 2023)

"Most Innovative SSA Issuer" (GlobalCapital Bond Awards 2024)

"Development Finance Institution (DFI) of the year" (TXF Global 2024)

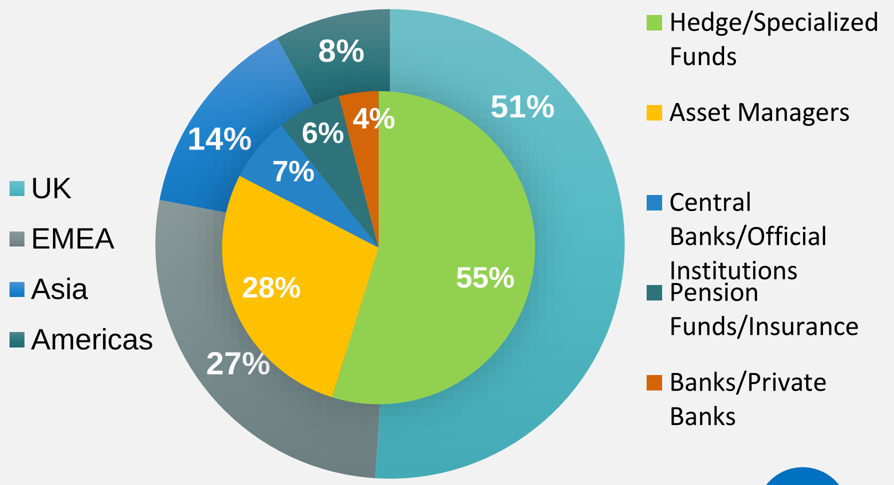
cmdportal TOP DEAL WINNER

Inaugural transaction launched in January 2024

USD 750 million
5.75%
PerpNC10.5
Sustainable Hybrid Capital
UST + 157.5bps

- Top quality and granular order book reaching a record USD 5.1 billion (6.8x oversubscribed)
- USD 6 billion at peak of demand
- 275 investors participating (with 190 allocated)

Investor distribution



Sustainable Hybrid Capital, an innovation to boost the Bank's lending capacity

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

APPENDIX

AfDB balance sheet highlights (UA* million)

Year ended 31 December	2023	2022	2021	2020	2019
Cash	1,383.15	2,830.74	3,303.14	2,332.19	2,132.92
Demand Obligations	1.15	1.14	1.14	3.82	3.8
Treasury Investments	12,382.66	11,712.63	9,793.90	8,825.82	10,322.50
Derivative Assets	895.35	924.35	825.94	1,544.55	1,071.40
Non-Negotiable Instruments on Account of Capital	36.88	-	-	-	-
Accounts Receivable	1,830.38	1,323.22	1,178.23	590.77	676.3
Outstanding Loans	22,749.19	20,695.33	20,102.39	21,343.23	19,821.19
Hedged Loans – Fair Value Adjustment	-278.76	-394.44	48.52	163.78	115.86
Accumulated provision for loan losses	-727.78	-732.26	-559.57	-497.41	-454.94
Equity Participations	1,119.07	1,043.84	983.2	937.27	1,001.32
Other Assets	78.39	84.41	88.75	104.67	98.77
Total Assets	**39,469.69**	**38,221.22**	**36,325.22**	**35,348.69**	**35,244.06**
Liabilities, Capital and Reserves					
Accounts Payable	1,871.02	1,459.40	1,554.59	1,544.26	1,760.08
Derivative Liabilities	2,007.87	2,624.88	949	923.72	643.15
Borrowings	24,776.41	24,254.21	25,115.71	25,090.10	25,466.87
Capital Subscriptions Paid	6,951.69	6,366.24	5,710.57	5,081.21	4,725.17
Cumulative exchange adjustment on subscriptions	-151.64	-154.17	-155.84	-148.21	148.45)
Reserves	4,014.34	3,670.66	3,151.19	2,857.61	2,797.24
Total Liabilities, Capital and Reserves	**39,469.69**	**38,221.22**	**36,325.22**	**35,348.69**	**35,244.06**

1 UA = 1 SDR = USD 1.38283 (2019); 1.44027 (2020) ; 1.39958 (2021); 1.33084 (2022); 1.34167 (2023)

*UA= Unit of Account

AfDB income statement (UA* million)

Year ended 31 December	2023	2022	2021	2020	2019
Operational Income and Expenses					
Income from Loans and related derivatives	1,223.55	521.57	348.24	460.62	650.2
Income from Investments and related derivatives	459.6	218.16	129.34	181.44	263.2
Income from Equity participations	20.48	14.19	23.86	15.25	7.11
Income from Other Securities	7.94	6.89	5.53	2.9	-
Total income from Loans and Investments	1,711.57	760.8	506.97	660.21	920.5
Interest and amortized issuance costs	-515.69	-418.13	-393.78	-501.12	-524.06
Net interest on borrowing-related derivatives	-676.02	64.14	322.73	248.18	47.95
Unrealized gains/(losses) on borrowings, related derivatives and others	59.48	88.9	-111.21	63.17	-7.15
Provision for Impairment on Loan Principal and Charges Receivable	-18.29	-97.02	-24.97	-59.86	-112.88
Provision for Impairment on Equity Investments	0.68	1.53	-0.26	-1.71	0.4
Provision for Impairment on Investments	-0.03	0.03	-0.07	-0.04	0.02
Provision for Impairment on Financial Guarantees	-1.43	0.87	-0.16	0.26	-0.85
Translation Gains/(Losses)	-10.98	66.46	-1.48	-23.18	8.13
Other Income	18.32	13.99	13.43	8.6	9.5
Net Operational Income	567.61	481.57	311.21	394.52	341.56
Administrative Expenses	-133.12	-207.16	-174.55	-158.41	-179.34
Depreciation – Property, Equipment and Intangible Assets	-28.09	-29.09	-32.75	-33.16	-27.62
Sundry (Expenses)/Income	-0.36	-6.04	-7.36	-4.55	-8.43
Total Other Expenses	-161.57	-242.3	-214.66	-196.12	-215.39
Income before Distributions Approved by the Board of Governors	406.05	239.28	96.55	198.4	126.17
Distributions of Income Approved by the Board of Governors	-46	-64	-55	-59	-74
Net Income for the Year	**360.05**	**175.28**	**41.55**	**139.4**	**52.17**

1 UA = 1 SDR = USD 1.38283 (2019); 1.44027 (2020) ; 1.39958 (2021); 1.33084 (2022); 1.34167 (2023)

*UA= Unit of Account

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SUSTAINABLE BOND FRAMEWORK

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Advancing the ESG market with a new Sustainable Bond Framework

A credible and transparent Sustainable Bond Framework

- Established in September 2023
- Collates and streamlines the existing Green Bond Framework (2013) and Social Bond Framework (2017)
- Aligned with ICMA Green Bond Principles (2021), Social Bond Principles (2023) and Sustainable Bond Guidelines (2021)
- Possibility to issue green bonds, social bonds and sustainability bonds under the new framework
- Extensive impact reporting published in the Bank’s annual Sustainable Bond newsletter
- External assurance conducted annually on sustainable bonds allocation to eligible green and/or social projects
- Covers issuance of both Senior Unsecured and Sustainable Hybrid Capital

https://www.afdb.org/sites/default/files/2023/09/12/230912_afdb_sustainable_bond_framework_final.pdf

MOODY’S INVESTORS SERVICE

Second Party Opinion
Sustainable Quality Score 2 **[very good]**

https://www.afdb.org/sites/default/files/2023/09/12/mis_spo_12092023_afdb_final.pdf

Financing projects with strong social outcomes and impacts leading to significant poverty reduction and job creation

Eligible social project categories

- Affordable basic infrastructure
- Access to essential services
- Food security and sustainable food systems
- Employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crisis, including through SME financing and Microfinance
- Socioeconomic advancement and empowerment

Financing projects focusing on climate change mitigation and adaptation

Eligible green project categories

- Renewable energy
- Sustainable mobility
- Energy Efficiency
- Environmentally sustainable management of living natural resources and land use
- Sustainable water and wastewater management

AfDB Sustainable Bond framework

Use of proceeds

- Only ADB financed projects
- An amount equal to Sustainable Bonds net proceeds will be used to finance eligible green/social projects
- Eligibility criteria for Green Bond portfolio linked to climate finance tracking methodology

Process for project evaluation and selection

- Operations identify and categorize all projects, screening those with strong environmental and/or social outcomes and impacts
- Final selection of Eligible Green/Social Projects agreed jointly by operations and Treasury Department
- Monitoring Sustainable Portfolio

Management of proceeds

- Portfolio approach
- An amount equal to Sustainable Bonds net proceeds allocated to the Sustainable projects within 36 months
- Semi-annual allocation tracked through an attested formal internal process that assures the link of net proceeds to eligible sustainable projects
- So long as Sustainable Bonds are not fully allocated, net proceeds kept in liquidity treasury portfolio and invested under same conservative investment guidelines

Reporting

- Dedicated Sustainable Bond webpage
- Annual Sustainable Bond newsletter
- Annual impact reporting on environmental and social benefits of the Eligible Green/Social Projects
- Development impact metrics per project category
- Aggregate impact reporting with key impact metrics for the Sustainable Portfolio
- Disclosure on disbursements and allocation of proceeds to green/social projects

External assurance

- Second Party Opinion from Moody's Investor Service confirmed alignment of Sustainable Bond framework with Bank's sustainability objectives and key features of ICMA Green and Social Bond Principles, and Sustainability Bond Guidelines
- Independent external reviewer to verify annually the allocation of Sustainable Bond net proceeds to eligible Green/Social projects

… aligned to ICMA Principles

Commitment to transparency

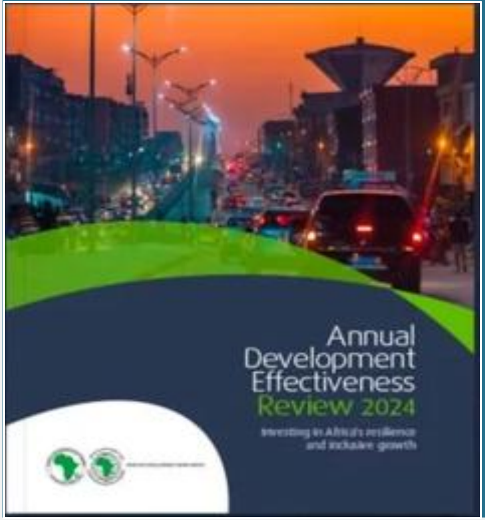
Dedicated sustainable bond webpage

- Sustainable Bond framework
- Moody's Second Party Opinion
- Eligible green/social projects
- Sustainable bond newsletters
- Sustainable bond transactions
- Bank's Ten-Year Strategy
- Environmental policy
- Energy policy
- Integrated Safeguards System
- Joint-MDB report on climate finance
- Climate finance tracking methodology
- Annual Development Effectiveness Review (ADER)
- New Deal on Energy for Africa
- African Economic Outlook

Annual sustainable bond newsletter

Impact reporting:

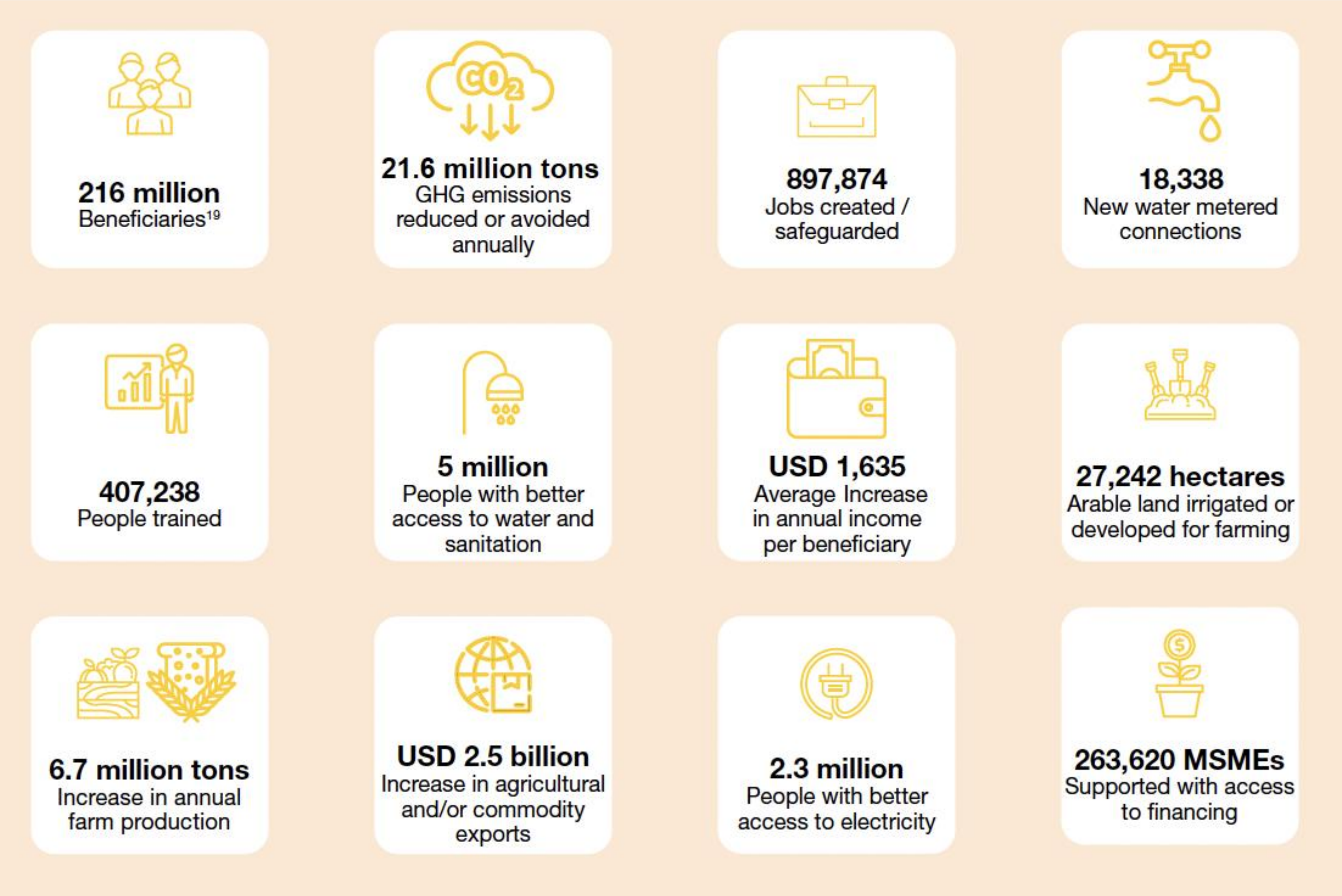
- Renewable energy capacity constructed or rehabilitated
- Annual energy savings and production
- Annual GHG emission reduced or avoided
- Number of beneficiaries
- Number of jobs created
- Other specific indicators to project category



The ADER report is produced annually and monitors all AfDB public and private sector projects, shows details on Africa's progress against its development goals and assesses the contribution made by the Bank to Africa's development

ADER report: https://www.afdb.org/en/documents/annual-development-effectiveness-review-2024
Aid Transparency Index 2024 :https://www.publishwhatyoufund.org/app/uploads/dlm_uploads/2024/07/2024-Aid-Transparency-Index-report.pdf

Social Bond impact reporting



- The impact reporting is based on ex-ante estimates at the time of project appraisal, therefore there is no guarantee that these results will ultimately materialize.
- The impact reporting doesn't provide actual results achieved in a specific year or reporting period.
- Impacts are prorated as per the Bank's economic share of the project.
- Full impact reporting per project is available for download on the Bank's Sustainable Bond webpage

(As of 30 June 2023)

Green Bond impact reporting

- **7.6 million tons** GHG emissions reduced or avoided annually
- **1,257 MW** Renewable energy capacity constructed or rehabilitated
- **1,637,518 MWh** Energy produced annually
- **820,761 MWh** Energy savings annually
- **519 million m³** Water saved/treated
- **111 million m³** Water savings annually
- **111 million m³** Wastewater treated, reused, or avoided annually
- **82,958 hectares** Irrigated land
- **46,824 hectares** Degraded forest rehabilitated or protected
- **435,773** Trees planted
- **15.2 million** Beneficiaries[18]
- **3 million** Jobs created

(As of 30 June 2023)

- The impact reporting is based on ex-ante estimates at the time of project appraisal, therefore there is no guarantee that these results will ultimately materialize.
- The impact reporting doesn’t provide actual results achieved in a specific year or reporting period.
- Impacts are prorated as per the Bank’s economic share of the project.
- Full impact reporting per project is available for download on the Bank’s Sustainable Bond webpage

Financing transformative social projects

ANGOLA – COASTAL TOWNS SANITATION PHASE 1

Project cost: USD 150 million / AfDB financing: USD 75 million

Year of approval: 2023

The project aim to improve access to climate-resilient and sustainable sanitation services in the coastal towns of Benguela, Baía Farta, Catumbela and Lobito.

The achievement of the project development objective will require strengthening of the capacity of communities and the public and private service providers. It will provide the necessary sanitation infrastructure for ensuring effective treatment of wastewater and faecal sludge, collection and transportation, and improvement at household level. Schools and health facilities in the project area will receive assistance to acquire improved sanitation facilities.

Expected development results

- **83,745 people** with better access to water and sanitation services
- **25,000 m³** daily water produced
- **65 km** of water and sanitation distribution network rehabilitated or constructed
- **312,000 people** served by adequate faecal sludge management system
- **17,000 household s**anitation facilities constructed/improved for the most vulnerable members of the community

MOROCCO – Project to Support the Inclusive and Sustainable Development of Forest Areas

Project cost: EUR 115.2 million / AfDB financing: EUR 84 million

Year of approval: 2024

The objective of the program is to contribute to improving the living conditions of forest populations and the emergence of a rural middle class through i) sustainable management of natural resources, and ii) inclusive promotion of forestry value chains and the development of forestry and aquaculture entrepreneurship (through technical support).

The program also aims to strengthen the resilience of the Moroccan economy in the face of climate change and the improvement of the water cycle in particular

Expected development results

- **700 hectares** average increase in annual forest restoration rate
- **8,900 hectares** of land damaged by erosion rehabilitated
- **4,200 hectares** of forest areas rehabilitated
- **120 km** of forest roads and 15 water points rehabilitated
- **4.4 million** fingerlings produced for release into aquatic environments
- **17,000** jobs created

Financing transformative green projects

TUNISIA – Treated Wastewater Quality Improvement Project for Climate Resilience Building

Project cost: EUR 765 million / AfDB financing: EUR 145 million
Year of approval: 2021

This intervention concerns the Treated Wastewater Quality Improvement Project for Climate Resilience Building (PAQEE-RCC). It aims to improve the water balance, build climate resilience and improve the living conditions of citizens. Reusing treated wastewater will help to increase the available water (non-conventional water) and improve the balance between water needs and resources. It will enable the country to more resilient to climate change and provide water for all uses during the increasingly more frequent dry years. Improving the quality of treated wastewater will help to improve people's living conditions

Expected development results

- **14 million m^3** of water treated and saved
- **3,357 hectares** of land irrigated
- **1,887 tons** of CO_2e emissions avoided per year
- **6,000 kilowatts** of photovoltaic solar energy power installed
- **1,250** jobs created

TANZANIA – Kakono Hydropower Project

Project cost: USD 309 million / AfDB financing: USD 161 million
Year of approval: 2022

The Kakono project will address the deficits of electricity particularly in Kagera, Geita and Mwanza regions in the Lake Zone. The project will entail the construction of a concrete-faced rockfill dam (about 42 meters high and 1,380 meters long) and a gravity roller-compacted concrete dam (about 61 meters high and 284 meters long) producing a hydropower potential exploited through an outdoor powerhouse at the toe of the dam. The overall project cost is estimated at USD 309 million, including contingencies but excluding local taxes and levies such as overweight road transportation surcharges.

Expected development results

- **88 MW** of capacity installed
- **524 GWh** net annual gross output produced yearly
- **1,300 GWh** additional power capacity installed
- **216,000 tons** of GHG emissions reduced annually
- **1,100** jobs created

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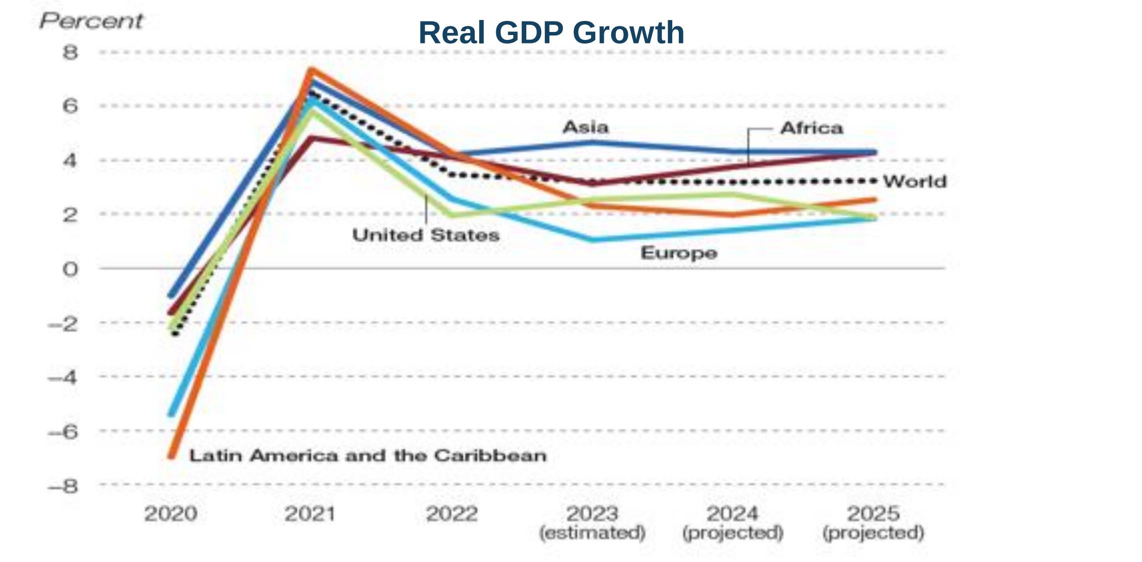
AFRICAN ECONOMIC OUTLOOK

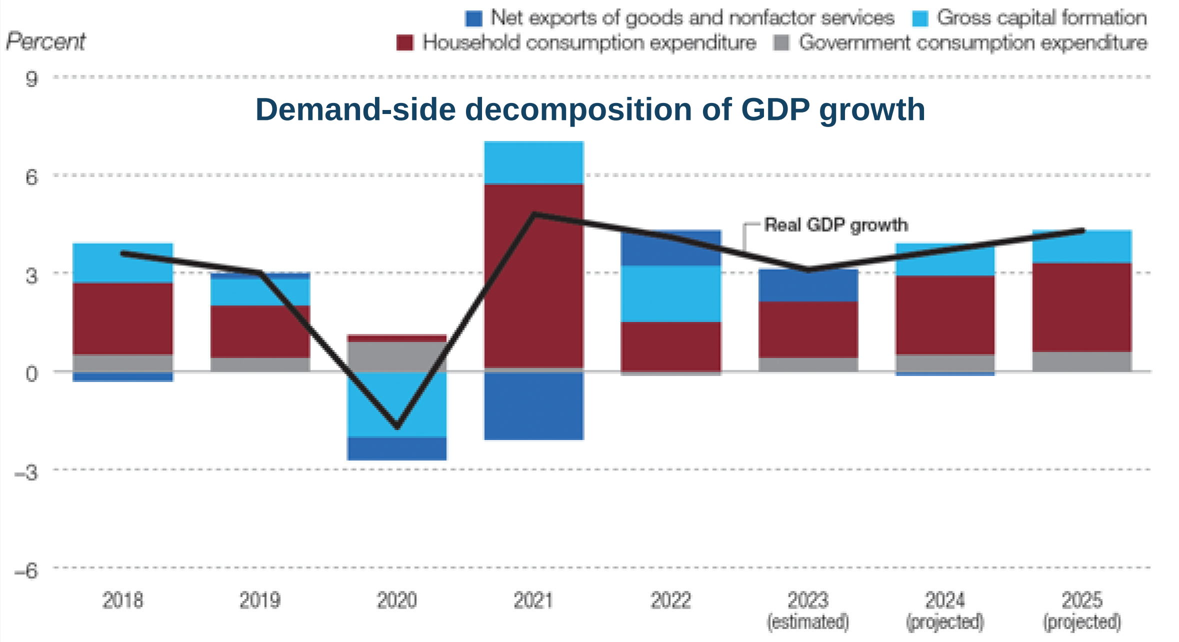
Economic resilience amid multiple shocks

Africa's GDP growth expected to surpass world average



Source: African Development Bank statistics and the International Monetary Fund's World Economic Outlook, April 2024.

Private consumption and investments key drivers of growth on the demand side



Fiscal deficit increased slightly from 4.9% in 2022 to 5% in 2023, and projected to narrow to 4.7% in 2024 and 4.3% in 2025

Fiscal deficit expected to slightly widen before reaching pre-pandemic levels

- Marginal widening of the primary balance mainly due to measures implemented to mitigate effects of rising food prices amid falling energy sector revenues

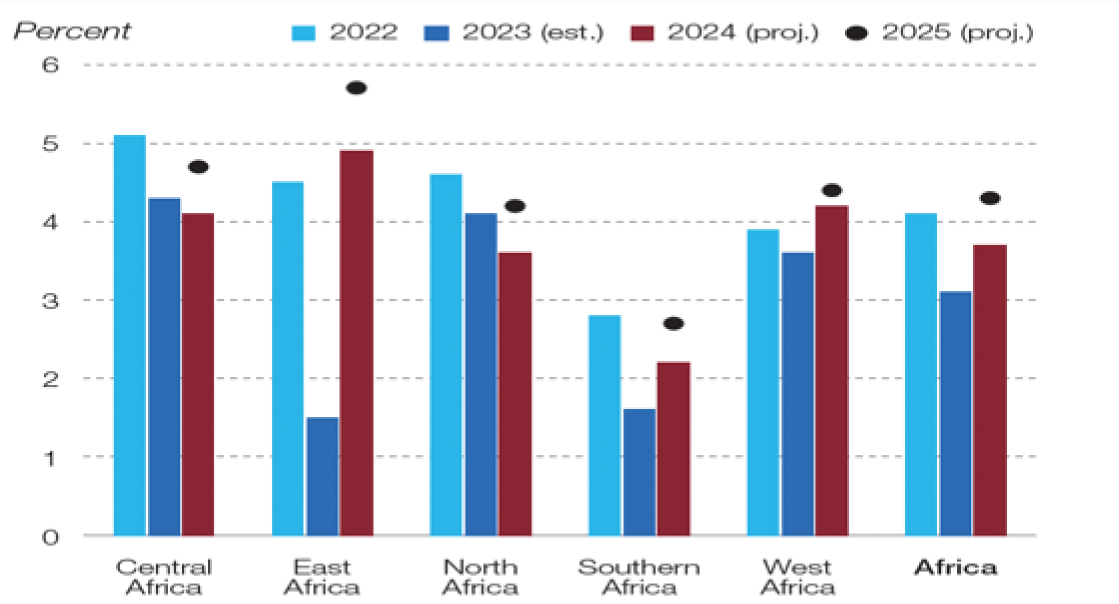
Inflation estimated to have increased from 14% in 2022 to 17% in 2023 and 17.4% in 2024, before cooling down to 12.3% in 2025

Outlook for inflation remains unfavorable

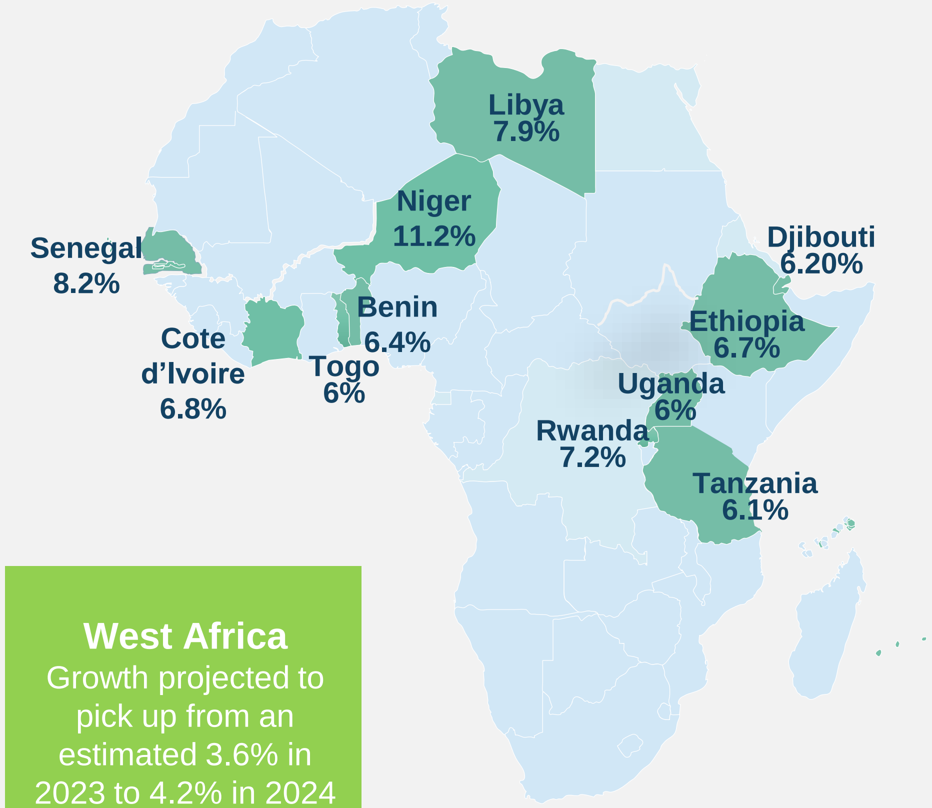
- High food prices induced by drought-related domestic supply shortages and high oil prices
- Liquidity overhangs from pandemic-related fiscal and monetary policy stimulus undertaken in 2020-2021
- Pass-through effects of currency depreciation vs strong USD propelled by high interest rates in the US

Projected economic rebound led by East Africa

Real GDP growth by region



Top 11 fastest-growing African economies in 2024



Central Africa
Growth is expected to moderate from 4.3% in 2023 to 4.1% in 2024 before improving to 4.7% in 2025, led by stronger growth in Chad and DRC due to expectations of favorable metal prices.

East Africa
Expected to bounce back as Africa’s fastest growing region, with real GDP growth to rise from an estimated 1.5% in 2023 to 4.9 % in 2024 and 5.7% in 2025.

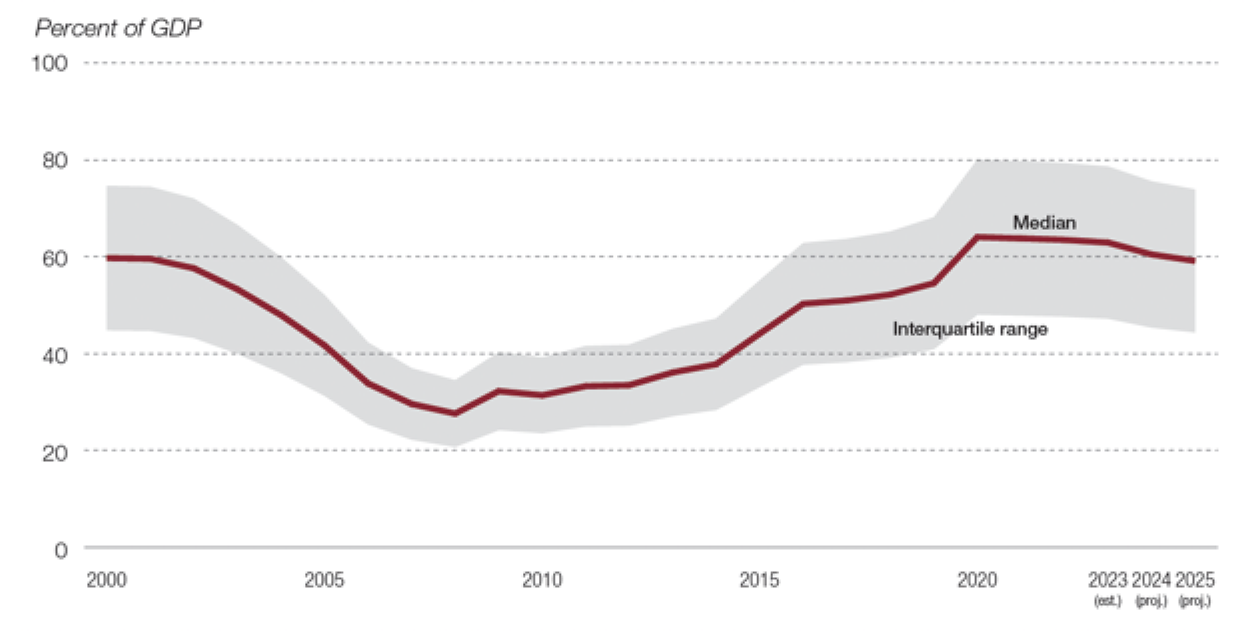
North Africa
Growth projection declined from 4.1% in 2023 to 3.6% in 2024 and 4.2% in 2025. Except for Libya and Mauritania, growth has been revised downward for all countries in the region.

Southern Africa
Growth expected to pick up slightly from estimated 1.6% in 2023 to 2.2% in 2024 and 2.7% in 2025. This reflects continued weakness in South Africa, the region’s largest economy.

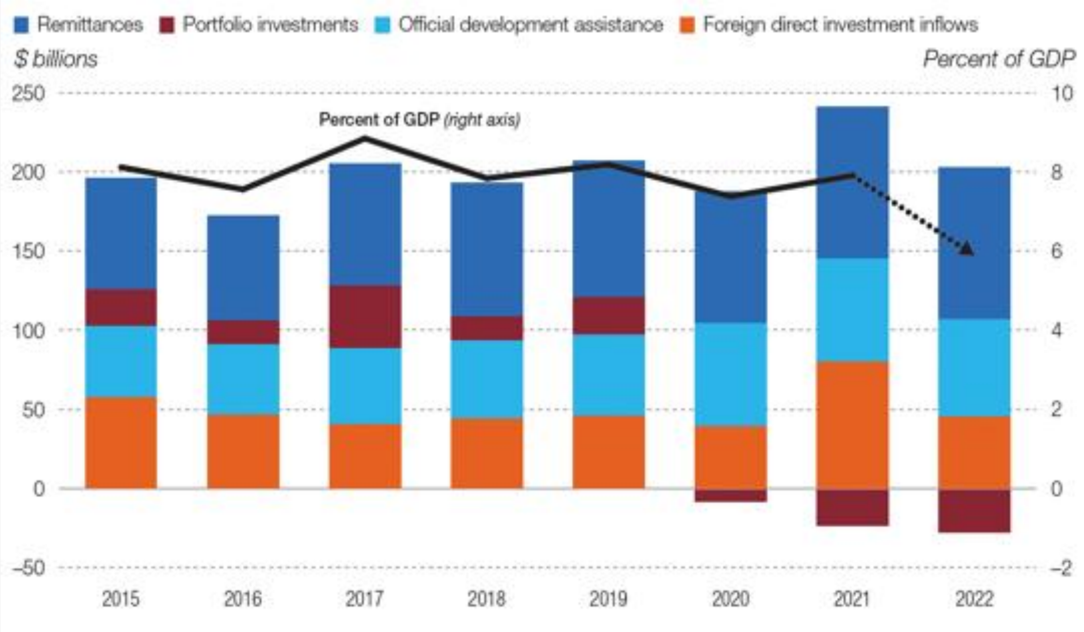
West Africa
Growth projected to pick up from an estimated 3.6% in 2023 to 4.2% in 2024 and 4.4% in 2025, driven by strong growth in the large economies (Cote d’Ivoire, Ghana, Nigeria and Senegal).

… yet growth insufficient to address debt challenge

Public debt stabilized across the continent but still above pre-pandemic levels



External financial flows suffered from tightening global financial conditions and



Drivers of recent debt accumulation

- Volatile public finances due to unprecedented shocks
- Government actions to support pandemic-stricken economies and to cushion households against effects of high food and energy prices
- External debt service payments rose above pre-pandemic level in many countries

- Foreign Direct Investment (FDI), Official Development Assistance (ODA), portfolio investment and remittances fell by 19.4% from USD 217 billion in 2021 to USD 175 billion in 2022.
- FDI fell by 44% and net portfolio outflows reduced by 17%, while ODA inflows fell by 6%.
- Only remittances marginally increased by 0.2%

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FREQUENTLY ASKED QUESTIONS

Frequently asked questions

What is the relationship between AfDB and ADF?

The African Development Bank and the African Development Fund are two entities within the AfDB Group that are separate both legally and financially. They have distinct assets and liabilities

The African Development Bank is the rated entity that raises funds from the capital markets to on-lend to the most credit worthy countries of Africa and to viable sector projects

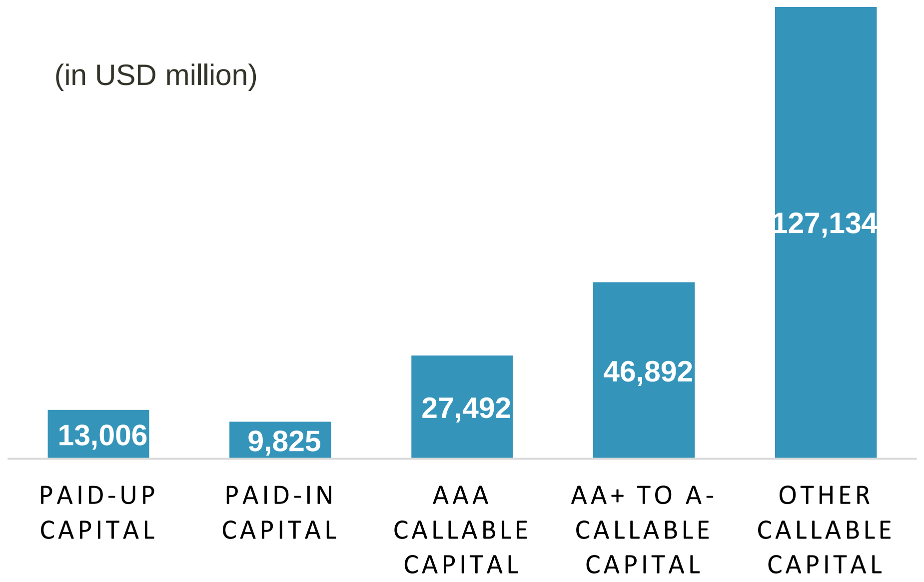
The African Development Fund (ADF) is the soft-loan lending arm of the AfDB group and is primarily funded through contributions from donors. It provides highly concessional loans and grants to the poorest countries of Africa

The AfDB has an equity participation in the Fund, and makes annual contribution from its net income to ADF. There is no recourse to the AfDB for obligations in respect of any of the ADF liabilities and vice-versa. There can be no transfer of exposure between these two institutions, as they are separate

What is the capital structure of the Bank?

Capital structure of the Bank (subscribed shares)

(in USD million)



(as of 31 December 2024)

As of 31 December 2024, the Bank's authorized capital stood at USD 313 billion, including the General Callable Capital Increase of USD 115 billion approved by the Board of Governors in May 2024.

7th General Capital Increase: 125% capital increase with 6% paid-in portion raising the capital to around USD 208 billion (*)

Reinforce the Bank's franchise value, key prudential ratios and AAA credit rating

Callable capital is the commitment by each shareholder to make additional capital available to the institution in case of financial distress

Demonstrated strong shareholders' support

Capacity to meet increased level of future demand and support the business growth plan

There has never been a call on the capital of the Bank

(*) Authorized capital upon approval of GCI-VII

What is your procedure for capital call?

Purpose	• Callable capital is the portion of the subscribed capital which may only be called to meet obligations of the Bank for money borrowed or on any guarantees
Mechanism	• Payment must be made by the member countries concerned in gold, convertible currency or in the currency required to discharge the obligation of the Bank for which the call was made • The Bank has entered into arrangements whereby, in the event of a call on its callable capital, it will request its member countries to make payment in response to such a call into a special account established by the Bank with the Federal Reserve Bank of New York, or its successor duly designated for the purpose • Terms of such account provide that the proceeds of a call must first be applied in payment of, or in provision for full settlement of, all outstanding obligations of the Bank incurred in connection with the issuance of senior debt before any other payment shall be made with such proceeds
Independent Obligation	• Calls on callable capital are required to be uniform in percentage on all shares of capital stock, but obligations of the members to make payment upon such calls are independent from each other • The failure of one or more members to make payments on any such call would not discharge any other member from its obligation to make payment. Further calls can be made on non-defaulting members if necessary to meet the Bank's obligations. However, no member could be required to pay more than the unpaid balance of its ordinary capital subscription

Note: The African Development Bank published a report clarifying the legal framework, processes and governance for a call on the callable capital by the institution. https://www.afdb.org/sites/all/libraries/pdf.js/web/viewer.html?file=https%3A%2F%2Fwww.afdb.org%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2Ffinancial-information%2Fanalysis_of_callable_capital_-_april_12_2024-final_formatted-3.pdf

What are your investment guidelines?

Investment type	Minimum rating	Maturity limit	Liquidity Haircuts
Government/Agency/Supranational	AAA/Aaa AA-/Aa3 A/A2	30 years 15 years 1 year	0% for AAA 20% from AA+ to AA- 40% for A+ and A
Banks and Financial Institutions	AAA/Aaa AA-/ Aa3 A/A2	10 years 5 years 6 months	50% from AAA to A 100% below
Corporates	AAA/Aaa AA-/ Aa3 A/A2	10 years 5 years 6 months	50% from AAA to A 100% below
MBS and ABS	AAA/Aaa	40 years	100%

What is AfDB's credit policy?

The Bank Group's Credit Policy determines each Regional Member Country's (RMC) eligibility to access the African Development Bank, the African Development Fund or a combination of both, based on the following 2 criteria:

- Per capita income above a certain threshold/operational cut off and
- Creditworthiness to sustain non-concessional financing

In addition to the creditworthiness assessment, the Bank conducts an annual internal rating exercise of all its African member countries based on sovereign rating models validated by leading international rating agencies. Sovereign ratings are subject to continual surveillance throughout the year and rating changes may occur in case of a change in the country's fundamentals and these actions are reviewed and approved by the Credit Risk Committee of the Bank.

As of October 2024,

- **17 countries are eligible for sovereign lending**: Algeria, Angola, Botswana, Cabo Verde, Congo, Egypt, Equatorial Guinea, Eswatini, Gabon, Libya, Mauritius, Morocco, Namibia, Nigeria, Seychelles, South Africa and Tunisia.
- **6 Blend countries* are eligible for both ADB and ADF resources:** Cameroon, Cote d'Ivoire, Kenya, Senegal, Tanzania and Zambia.
- **3 ADF countries are eligible to access ADB sovereign resources under the 2014 Credit Policy provision**: Benin, Rwanda and Uganda

In 2014, the Bank introduced some flexibility into its Credit Policy aimed at proactively responding to the economic development needs in ADF countries. The revision allowed access to this category of countries, on a case-by-case basis, to resources from the ADB public window for financing transformative projects. To be eligible for ADB sovereign resources countries must meet the following criteria:
(i) be at low or moderate risk of debt distress, as determined by a debt sustainability analysis (DSA) by the IMF/World Bank;
(ii) have headroom for non-concessional borrowing, as determined by a DSA by the IMF/World Bank;
(iii) have a sustainable macroeconomic position determined on the basis of a Special Risk Assessment; and
(iv) the request for financing must be approved by the Bank's Credit Risk Committee, based on the risk assessment for the RMC.

* Blend countries are in a transition framework from one credit status to another. They are considered blend as they are still below the cut-off for per capita income, but are considered creditworthy

What are the AfDB’s lending limits?

There are several limits applicable to the Bank’s operations with the ultimate objective of ensuring that the Bank is protected from a risk perspective:

- 45% of total risk capital* for Non-Sovereign operations
- 10% of the total risk capital for market risk and operational risk

Limits	Definition	Percentage
Country limit	Total capital allocated to a single country	15% of the Bank’s risk capital
Sector limit	Total capital allocated to a single sector	11.25% of the risk capital allocated to private sector operations for any sector 15.75% of the risk capital allocated to private sector operations for the financial services sector
Single name limit	Total capital allocated to a single counterparty	2.7% of the private sector risk capital
Equity limit	Equity participations	15% of total risk capital

** Risk capital is defined as paid-in capital and reserves*

What are the eligibility criteria for loans?

Public Sector

Eligibility is based on two pillars:

- Gross National Income per capita
- Credit Worthiness

As of October 2024, there are 26 countries eligible for sovereign lending, namely, Algeria, Angola, Benin, Botswana, Cabo Verde, Cameroon, Congo, Cote d'Ivoire, Egypt, Equatorial Guinea, Eswatini, Gabon, Kenya, Libya, Mauritius, Morocco, Namibia, Nigeria, Rwanda, Senegal, Seychelles, South Africa, Tanzania, Tunisia, Uganda and Zambia.

The list of eligible countries is reviewed periodically to determine the status of the countries and a decision to add or to remove countries from the list is taken by the Board.

Moreover, the Bank conducts an annual internal rating exercise of all its African member countries based on sovereign rating models validated by leading international rating agencies. Sovereign ratings are subject to continued surveillance throughout the year and rating changes may occur in case of change in the country's fundamentals and these actions are approved by the Credit Risk Committee of the Bank.

Private Sector

The Bank only lends to commercially viable private sector operations in its 54 regional member countries. Commercial viability and risks are evaluated based on internal rating models (reviewed and recalibrated periodically with the support of major international rating agencies). The ratings are reviewed at least annually and subject to continued monitoring in order to ensure proactive corrective measures are taken in a timely manner.

The Bank does not lend to projects rated below an internal rating of "5" which is equivalent to a "B-" international rating and all projects rated (numerically) above "5" are subject to: 1) exceptional Board approval and 2) a limit of 10% of the Bank's capital. The Bank also has a set of limits that governs single name exposure (6% of total risk capital) and sector exposure (25-35% of the risk capital allocated to private sector operations).

The Bank has in place a framework for the ex-ante additionality and development outcome assessment (ADOA) of its private sector operations. The established baseline development outcome indicators will facilitate tracking, monitoring and ex-post evaluations.

What is AfDB's loan approval process?

The Bank has clear core operational priorities and cross cutting themes as part of its Ten-Year Strategy in deciding in which areas to intervene. All projects follow the same internal approval process.

1. Preparation of a Project Concept Note - The Project Concept Note (PCN) is a document prepared to present, in a concise and analytical way, the main features of the project to be financed. The main objective is to allow Management to take an informed decision whether to go ahead with appraisal and due diligence of the project or not. The first review level of the PCN is done by peer reviewers and members of the Project Appraisal Team (PAT), which constitutes experts drawn from a wide range of relevant Bank departments. The PCN is finally reviewed and discussed by the Country Team who determines if the transaction is well conceived and that both structure and orientation are compliant with the Bank's strategy and development priorities. It will also establish whether the project is technically sound and commercially viable. The PCN is cleared by the Country Team (chaired by the Regional Director) which will recommend the project to the Operations Committee (which is chaired by the Bank's Vice-President/Chief Operating Officer) for final clearance. However, PCNs of some projects responding to certain circumstances including but not limited to having an amount higher than UA 100 million, reputational risk or exceptionally innovative features in their design, will require prior review by the Credit Risk Committee (CRC), chaired by the Bank Group Chief Risk Officer, which will make recommendations, as applicable to credit risk governance, credit assessment and rating change approval to the Operations Committee prior to its final clearance. The Operations Committee will then make a comprehensive review of the Project Concept Note with focus on the finer technical details of operations. At this stage, particular attention is given to ratings. If the project is cleared at this level, the PAT will go on a project appraisal mission to do an appraisal and due diligence, assessing the Project on the ground. Simultaneously, the Bank's Risk Management Department undertakes an independent credit evaluation of the project and prepares a Summary Credit Note.

2. Project Appraisal Stage - On completion of the due diligence mission, a Project Appraisal Report (PAR) is prepared. This is then discussed by the Project Appraisal Team at Country Team level. The discussion of the PAR by the Country Team is subsequent to the CRC reviewing the project for further credit assessment recommendations. Once cleared at the Country Team level, the project is sent to the Operations Committee before being submitted for approval to the Board.

3. Board Approval - Final approval rests with the Board of Directors. The Board will make a decision based on the Project Appraisal Report and on the independent Board Credit Memorandum report prepared by the Risk Management Department.

Following approval (and disbursement), all projects continue to be periodically assessed and evaluated by the Bank's Risk Management Department, and their internal risk rating is regularly updated.

AfDB's loan pricing?

	FULLY FLEXIBLE SOVEREIGN AND SOVEREIGN GUARANTEED LOANS	NON-SOVEREIGN LOANS
Currency	USD, EUR, JPY, ZAR and any other currency designated as a lending currency of the Bank	USD, EUR, JPY, ZAR and any other currency designated as a lending currency of the Bank
Maturity	Up to 25 years, with up to 8 years grace period	Up to 15 years, with up to 5 years grace period. Longer maturities can be considered on a case-by-case basis
Lending Rate	**Cost-pass through pricing** Base rate + funding cost margin + lending spread (80 bps) + maturity premium	Base rate + lending margin
Base Rate	Floating : - Daily SOFR compounded in arrears for USD - 6M EURIBOR for EUR - 3M JIBAR for ZAR - Daily TONA compounded in arrears for JPY Borrower can request conversion of the Floating Base Rate into a Fixed Base Rate - For local currencies, funding is done back-to-back with the loan and cost is passed onto the borrower.	Floating : - Daily SOFR compounded in arrears for USD - 6M EURIBOR for EUR - 3M JIBAR for ZAR - Daily TONA compounded in arrears for JPY Borrower can request conversion of the Floating Base Rate into a Fixed Base Rate. Borrowers can also request Term SOFR in which case a Basis Spread can be applied to take into account difference with Daily SOFR. - For local currencies, funding is done back-to-back with the loan and cost is passed onto the borrower.
Funding Cost Margin	AfDB actual average funding cost above or below the benchmarck is applied for the next semester and revised semi-annually.	For ZAR, a Funding Cost Margin is set and applied for each disbursement.
Lending Margin	80bps	Based on project specific credit risk rating in line with the Bank's non-sovereign pricing framework. Margin includes credit risk premium (derived from probabilities of default and loss given default) and concentration risk premium. For SOFR and TONA loans, additional target funding cost margin is added to the Lending Margin.
Maturity Premium	Dependent on the average maturity of the loan (0 bps for up to 12.75 years, 10 bps for Average Loan Maturity greater than 12.75 years and up to 15 years and 20 bps for Average Loan Maturity greater than 15 years and below 17 years)	
Fees	25 bps commitment fee and 25 bps front end fees	- 1% front end fees - 0 to 1% appraisal fees - 0.5% to 1% commitment fee - - Late payment fee of 2% above applicable interest
Repayment Terms	Equal instalments of principal after expiration of grace period. Other repayment terms may also be considered	Equal instalments of principal after expiration of grace period. Other repayment terms may also be considered
Optionality	The borrower can fix, un-fix and refix the base rate; caps and collars are available for the base rate; currency conversion possibilities on disbursed and undisbursed portion of the loan	Borrower can request a fixed base rate. Standalone hedging products are also available.

What are the Bank’s policies for equity investments?

The Bank applies pre-defined eligibility criteria to select suitable operations that maximize its catalytic impact, guided by the principles of development effectiveness.

Objectives:

- In addition to the financial return for the Bank, Equity Investments are aimed at promoting: (a) local ownership of productive enterprises; (b) efficient use of resources; (c) regional economic cooperation and integration; (d) entrepreneurial risk-taking in economic sectors of emerging importance, with a view to diversifying and modernizing national or sub-regional economies; (e) best-practice standards in corporate governance, business management, and corporate responsibility as a means to strengthen the competitiveness of Africa’s medium and large scale enterprises; and (f) the mobilization of domestic, regional and foreign direct investment resources in pivotal sectors of the economy such as socio-economic infrastructure, manufacturing, agribusiness and food security, and financial sector development.

Eligibility:

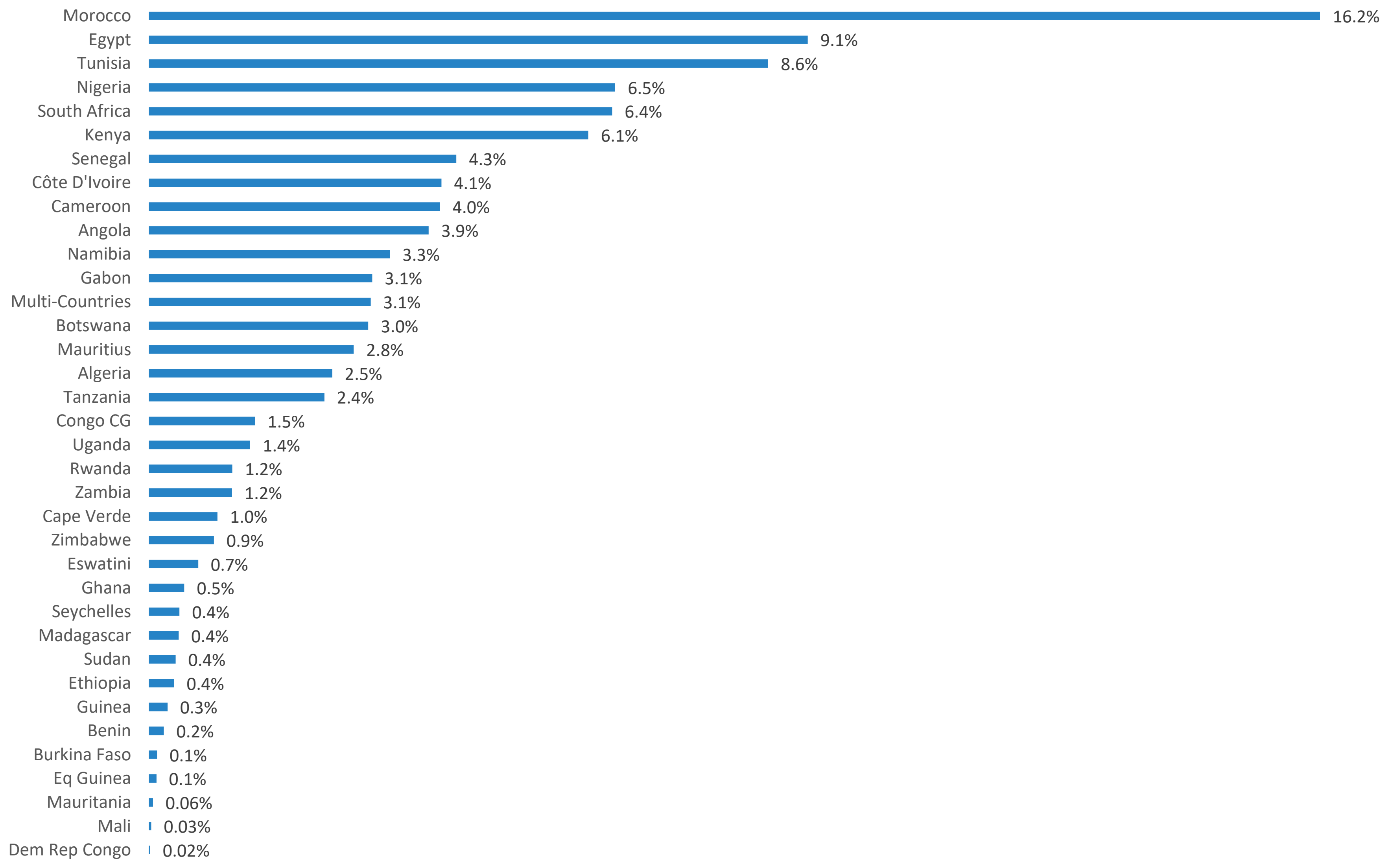
- Non-sovereign operations can be implemented in any of the Regional Member Countries eligible to be considered for Bank investments;
- All economic sectors and sub-sectors are eligible for Bank investments, except:
  - Production of alcoholic beverages, tobacco, and luxury consumer goods
  - Production or trade in weapons, ammunition and other goods used for military or paramilitary purposes
  - Production, trade in, or use of nuclear reactors and related products, asbestos fibers, harmful substances
  - Trade in wildlife or wildlife products regulated under international conventions (CITES)
  - Speculative trade or investment in platinum, pearls, precious stones, gold and related products
  - Gambling, casinos and equivalent enterprise
  - Use of logging equipment in unmanaged primary tropical rainforests
  - Economic activities involving harmful or exploitative forms of forced labor and/or child labor
  - Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.

What are the eligibility criteria for equity investments?

STRATEGIC FIT	Non-sovereign operations must be compatible with the strategic orientations and priorities of the Bank (High 5s, Ten-Year strategy and successors, Non-Sovereign Operations Policy, Private Sector Development Strategy) and Regional Member Countries (Country Strategy Papers and Regional Integration Strategy Papers)
CREDITWORTHINESS	Potential investee companies must be operating under competent management and good corporate governance, with a track record or demonstrable capacity for environmental and social responsibility, in good standing, with a viable business model, with realistic business strategies, and capable of generating sufficient revenues to reimburse the Bank and other financiers
COMMERCIAL VIABILITY	Equity participations must have good prospects to support dividend payments and/or retained earnings, yielding satisfactory expected internal rates of economic and financial return
RETURN ON INVESTMENT	In assessing financial return on equity on single-investments as well as of its equity portfolio, the Bank calculates a set of return indicators including a financial rate of return on investment (FRRI), the Total Value to Paid-In (TVPI) and Distribution to Paid-In (DPI). The Bank will calculate the expected FRRI, TVPI and DPI of each prospective investment, which should show the recouping of the amounted invested plus an adequate premium over the rate at which it would extend a senior loan to the same investee.
EXIT STRATEGY	The Bank will approve an equity investment only after an attainable 'exit strategy' has been defined and agreed upon with other key shareholders
DEVELOPMENT OUTCOMES	In its capacity as lender of last resort, the Bank will not provide financing for a non-sovereign operation if, in the Bank's opinion, the client can obtain financing elsewhere on terms that may be considered reasonable for the recipients
BANK'S ADDITIONALITY	The Bank will only participate in transactions if its role is "additive" over resources that can be provided by private-sector sources of finance, that is, if the Bank's participation is providing (a) political risk mitigation; (b) financial additionality, including extension of the tenor of financing, and spurring the development of capital markets; and (c) improving development outcomes. In the assessment of 'additionality', a special focus is on the Bank's role in leveraging additional co-financing that would not have been forthcoming in the absence of the Bank's participation in the operation, and catalyzing other investments in related sectors of the economy
SIZE OF INVESTMENTS	The Bank does not seek to acquire a controlling interest in companies in which it invests, and accordingly, its participation is limited to 25% of the total capital of the company throughout the life of its investment
PRIVATE EQUITY FUNDS	Assessment is based on (a) financial strength and historic fund performance, (b) investment strategy and risk management, (c) industry structure, (d) management and corporate governance and (e) information quality

What are your largest notional exposures?

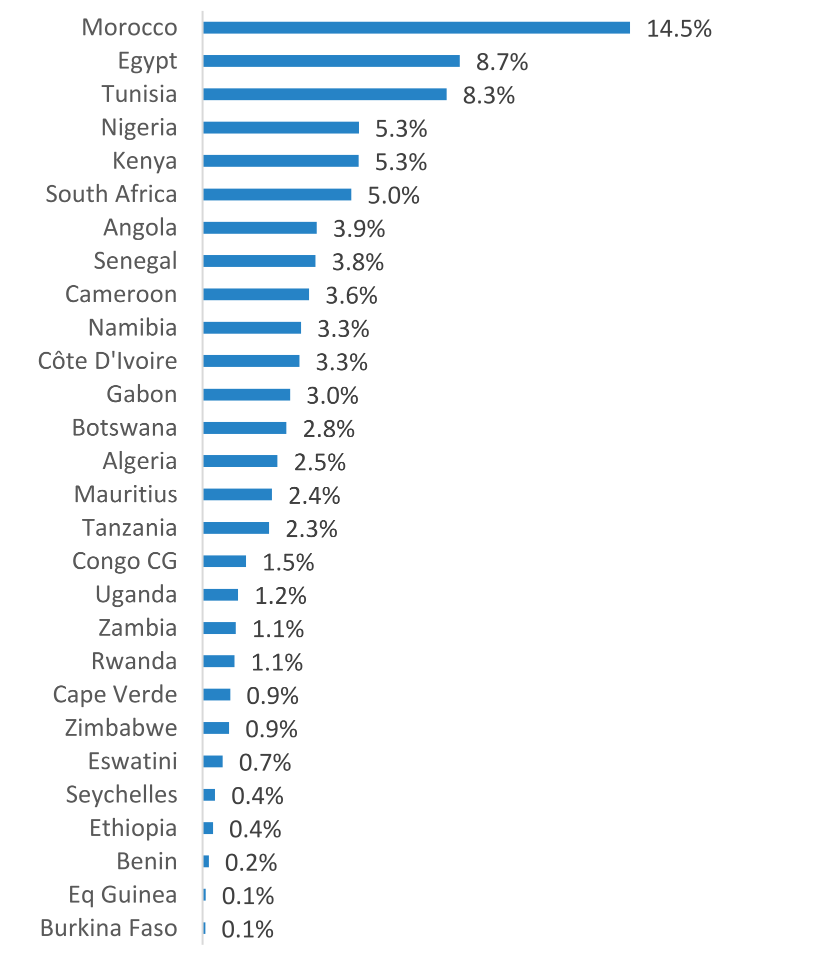
Consolidated portfolio (Sovereign and Non-Sovereign)



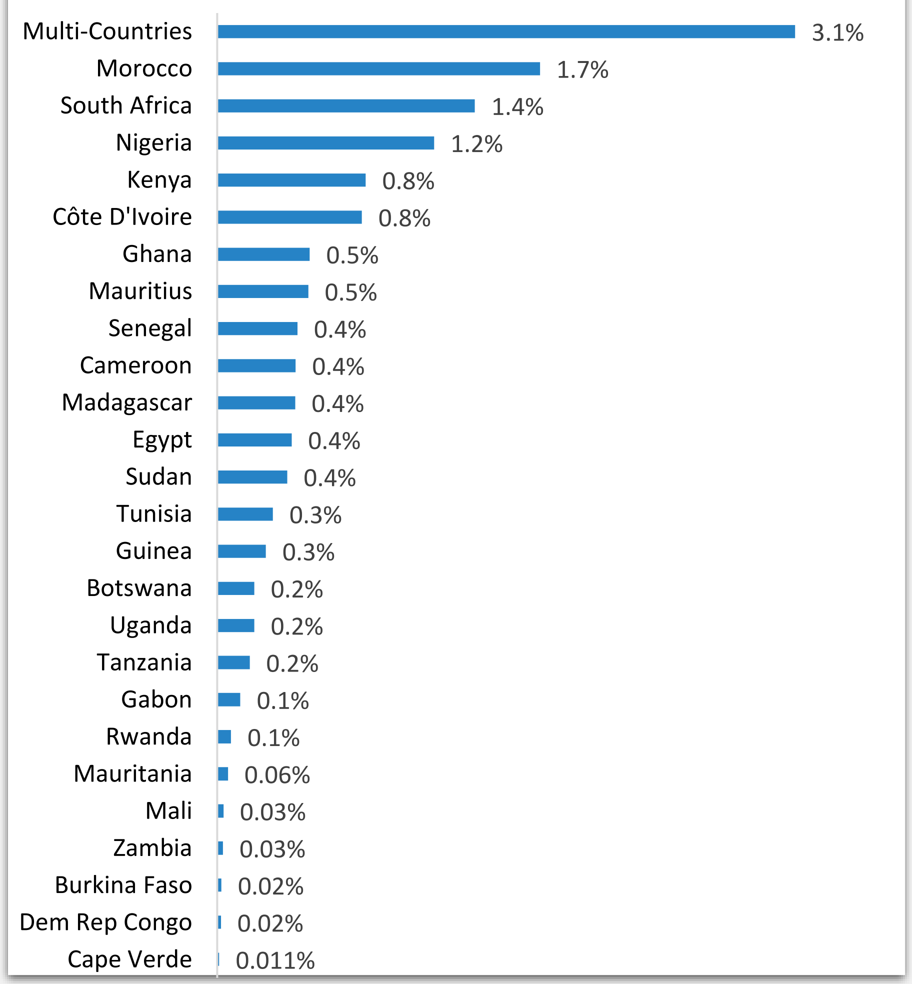
(As of 30 June 2024)

What is the distribution of sovereign and non-sovereign portfolios by country ?

Sovereign portfolio



Non-Sovereign portfolio



(As of 30 June 2024)

What is the Exposure Exchange Agreement?

In 2015, the Bank entered into its first Exposure Exchange Agreement (EEA1) with other MDBs (IADB and IBRD) with the objective of managing risks in its loan portfolio to optimize its balance sheet, reduce sovereign concentration risk and increase lending headroom.

A second EEA (EEA2) was executed in 2023 with the Asian Development Bank (ADB) and a third EEA (EEA3) was executed in October 2024 with ADB for a USD 1 billion reference portfolio..

The EEA involves a simultaneous exchange of equivalent credit risk on defined sovereign credit exposure with each participating MDB retaining a minimum of 50% of the total exposure to each country. The MDB that originates the sovereign loans continues to be the lender of record.

EEA with IBRD, IADB and ADB, all AAA rated entities, to reduce sovereign concentration risk

EEA substantially improved lending capacity and capital adequacy ratios

- The seller is only required to make principal payments to the buyer when the buyer writes off or restructures part or all of the loans in the reference portfolio. No premium is paid as amount of exposure exchanged is notionally the same at inception
- Experience shows that MDBs hardly ever write off arrears as arrears always ultimately get settled
- As at December 2024, no defaults have occurred on any exposures covered under EEA1, EEA2 and EEA3 and the Bank continues to expect full recovery of its sovereign and sovereign-guaranteed exposures

EEA1 TRANSACTION	
Size	USD 4.5 billion
Maturity	Up to 15 years (amortizing at year 11)
Reference portfolio	Sovereign AfDB exposures of 9 Regional Member Countries

EEA2 TRANSACTION	
Size	USD 1 billion
Maturity	Up to 15 years (amortizing at year 11)
Reference portfolio	Sovereign AfDB exposures of 7 Regional Member Countries

EEA3 TRANSACTION	
Size	USD 1 billion
Maturity	Up to 15 years (amortizing at year 11)
Reference portfolio	Sovereign AfDB exposures of 6 Regional Member Countries

What does Preferred Creditor Status mean?

- For the public sector exposures, Preferred Creditor Status (PCS) means that the **repayment to the Bank generally takes precedence over other creditors in the event of sovereign default**. In other words, according to the PCS, AfDB ranks higher than other creditors in case of default. Rating agencies account for this specific feature in their assessment of Multilateral Development Banks.

- For the private sector exposure, the Preferred Creditor Status has a different benefit. In case of restriction of access to foreign currencies by the sovereign, rating agencies consider that this restriction would not apply for the repayment due to Multilateral Development Banks. This mitigates the Transfer and Convertibility Risk. For example, in case of a default or a near default of a country on its financial obligations, private sector access to foreign currencies may be restricted, but there would be no restrictions as regards to repayments to the Bank.

What are the AfDB's non-performing loans ?

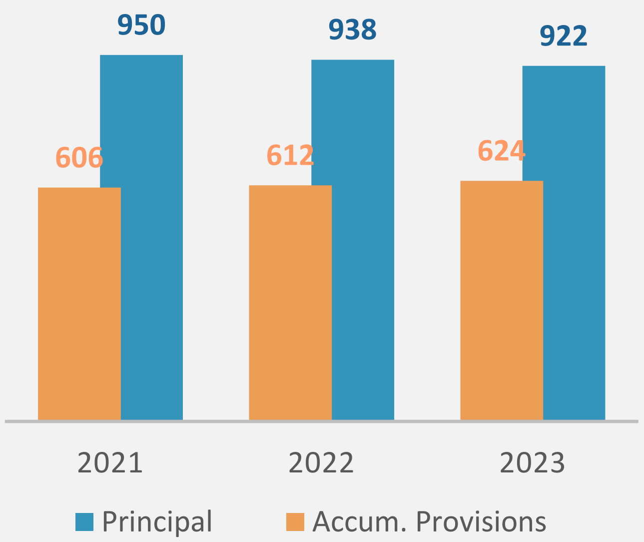
2.4% NPLs as of 30 June 2024

Sovereign NPLs (In USD million)

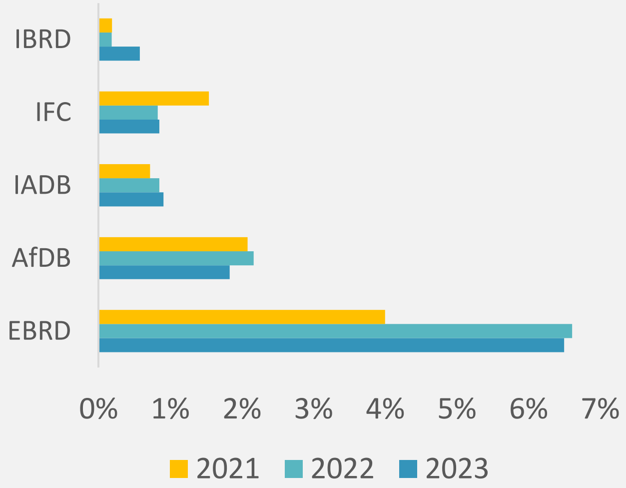
Country	Outstanding Balance	Impairment on Principal	Impairment rate
Zimbabwe	272	116	43%
Sovereign NPLs	**272**	**116**	
ADB Sovereign Loans*	**26,294**		
Sovereign NPLs	1.03%		

* Excluding guarantees

Provisioning trends
(in USD million)



Non-performing assets/development assets



Source: Moody's Investors Service

Non-sovereign NPLs (In USD million)

Sector	Outstanding Balance	Impairment on Principal	Impairment rate
IND/MINI/QUAR	72.9	72.9	100%
POWER	64.2	64.2	100%
TRANSPORT	52.5	52.5	100%
TRANSPORT	56.7	51.6	91%
IND/MINI/QUAR	50.3	50.3	100%
TRANSPORT	64.9	32.4	50%
POWER	40.5	14.2	35%
TRANSPORT	9.1	8.3	91%
POWER	6.6	6.6	100%
TRANSPORT	11.1	2.7	24%
IND/MINI/QUAR	2.6	2.6	100%
AGRICULTURE	9.3	1.9	20%
AGRICULTURE	5.0	1.1	23%
AGRICULTURE	4.6	1.1	23%
POWER	2.3	0.8	35%
TRANSPORT	3.3	0.8	24%
AGRICULTURE	2.3	0.5	23%
AGRICULTURE	2.0	0.5	23%
AGRICULTURE	0.9	0.2	20%
Non-Sovereign NPLs	**461**	**365**	
ADB Non-Sovereign loans*	**4,057**		
Non-Sovereign NPL rate	11.36%		

* Excluding guarantees

What is your policy on write-offs?

The Bank has never written off a sovereign-guaranteed loan. Its experience has been that countries default in case of unusual civil disturbances or events. When peace and stability is restored, the countries re-engage with the Bank and pay their arrears or usually obtain assistance from donors for arrears clearance.

It is the Bank's policy that if the payment of principal, interest or other charges becomes 30 days overdue, no new loans to that member country, or to any public sector borrower in that country, will be presented to the Board of Directors for approval, nor will any previously approved loan be signed, until all arrears are cleared. Furthermore, for such countries, disbursements on all loans to or guaranteed by that member country are suspended until all overdue amounts have been paid. These countries also become ineligible in the subsequent billing period for a waiver of 0.5% on the commitment fees charged on qualifying undisbursed loans.

Although the Bank benefits from the advantages of its preferred creditor status and rigorously monitors the exposure on non-performing sovereign borrowers, some countries have experienced difficulties in servicing their debts to the Bank on a timely basis. As previously described, the Bank makes provisions for impairment on its sovereign loan portfolio commensurate with the assessment of the incurred loss in the portfolio.

Write-offs could arise for non-sovereign loans and these are financed by the Bank's net operating income (NOI). To date there have not been any significant loan write offs of non-sovereign loans.

In compliance with IFRS, the Bank does not make general provisions to cover the expected losses in the performing non-sovereign portfolio. For the non-performing portfolio, the Bank makes specific provisions based on an assessment of the credit impairment, or incurred loss, on each loan.

What is a fragile situation?

2014 Strategy

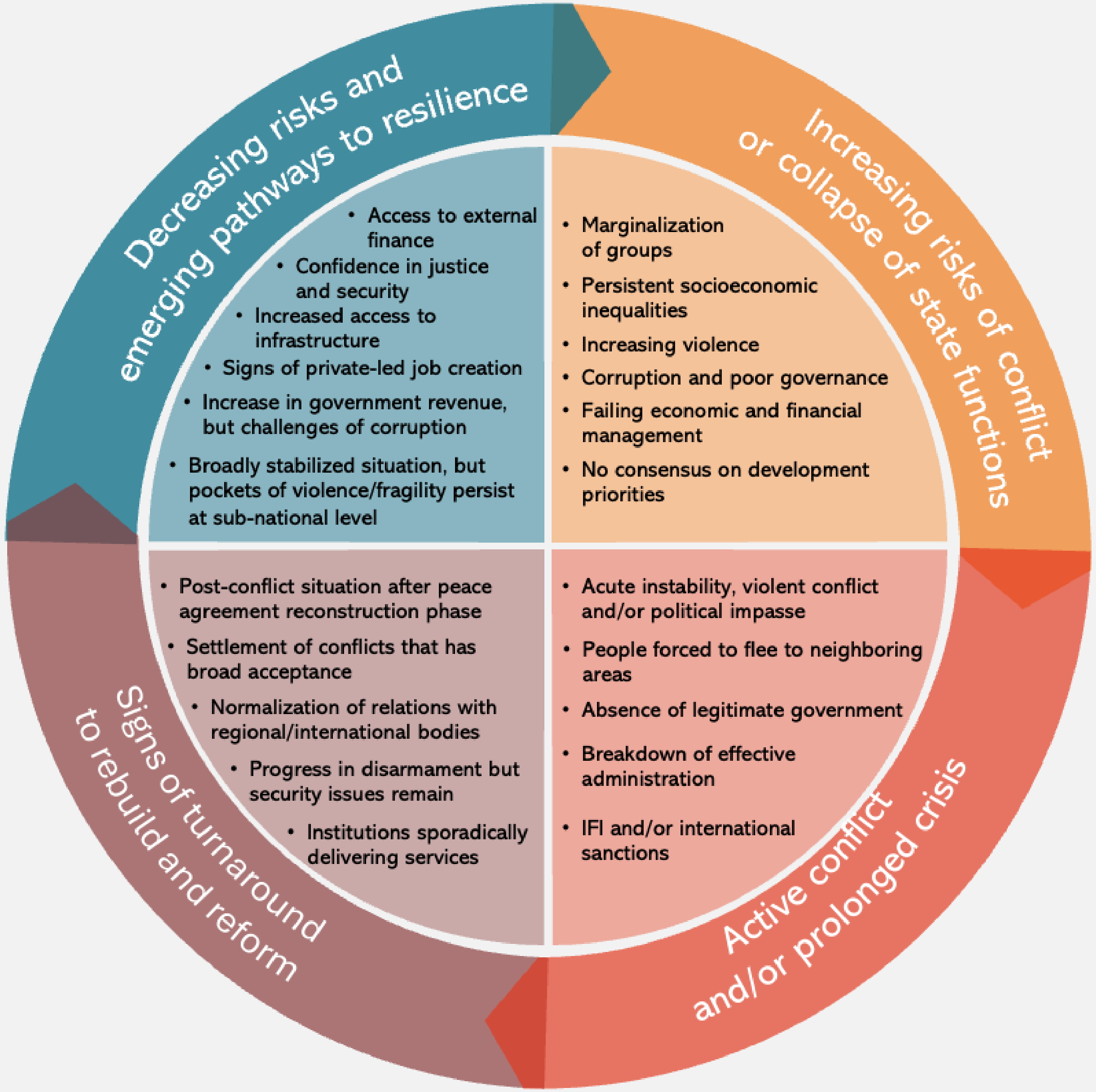
Fragility is "a condition of elevated risk of institutional breakdown, societal collapse, or violent conflict"

Updated definition of Fragility

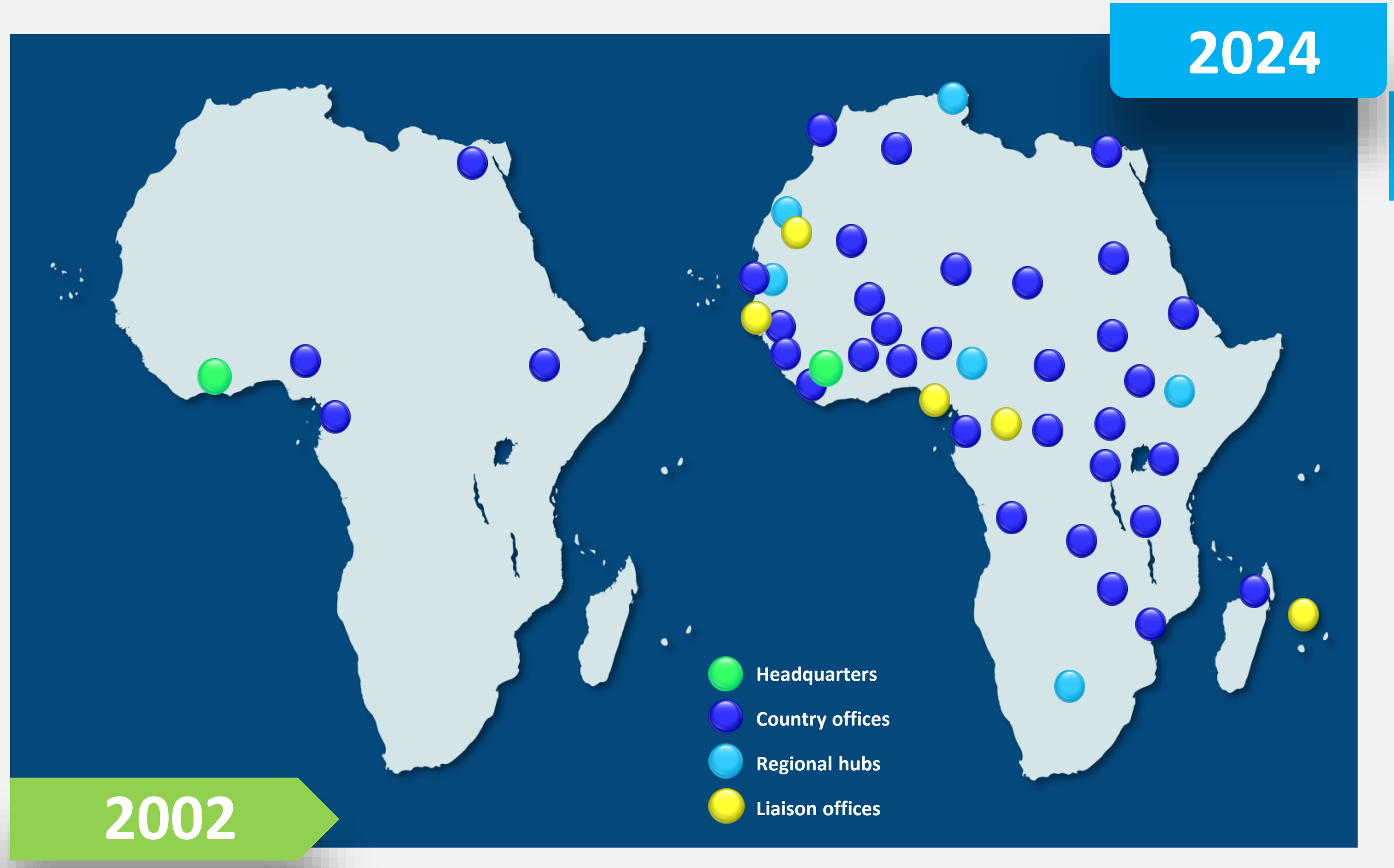
Fragility is "the risk that internal or external pressures may exceed existing capacities to prevent, respond to, and recover from those pressures"

Definition of Resilience

Resilience is defined as "attributes that enable countries to cope with, adapt to, and recover from shocks and stresses, and that reduce their vulnerability in the future"



What is your field presence in Africa?



Ideally placed to identify unique needs of each country

- Greater effectiveness — Deeper understanding of context
- Enriched policy dialogue — Improved project supervision quality and engagement
- Improved disbursements and procurement processes — Close coordination with other development partners

Strong presence in 41 countries, expanded to fragile states

- 39% of Bank staff working in field offices
- 76% of projects managed from those field offices

What is the Bank's Integrated Safeguards System?

The Integrated Safeguarding System (ISS) is the Bank Group's environmental and social policy that applies to **all** Bank-supported operations, public and non-sovereign, regardless the source of financing, including operations supported by Bank-administered trust funds, throughout their life cycles (Identification, Preparation, Appraisal, Negotiation, Implementation, Mid-term Review, Completion).

This Corporate Policy and the Operational Safeguard (OS) apply to all operations supported by the Bank Group, regardless of the type and source of financing.
Through its operations, the Bank will only support operations that are compatible with its Statutes and that are expected to meet the requirements of the OS in a manner and within a timeframe acceptable to the Bank.

If the Bank considers that the environmental or social impacts of proposed operations may not be adequately addressed, it may decide not to proceed with them.
This includes any Bank technical assistance activity, whether provided as a stand-alone operation or as part of an operation or project

The Bank will carry out environmental and social due diligence on all operations proposed for its support.
The purpose of environmental and social due diligence is to help the Bank decide whether to support the proposed operation and, if so, how environmental and social risks and impacts will be taken into account in the development, appraisal, and implementation of the operations.

The Bank will apply the African Development Bank's "Information Disclosure and Access Policy" to all documents shared by the Borrower, subject to the confidentiality concerns described therein.

The Integrated Safeguards Tracking System (ISTS) is linked to the Bank's project management system and is therefore used to track project compliance and performance directly. It is used to ensure that a project can only progress from the preparation phase to the appraisal phase if the OSs requirements have been properly met, a step which is verified by the Bank's E&S safeguard and compliance function.

The ISTS is also used to ensure that project documentation can only be submitted to the Board of Directors once the relevant OS requirements have been properly met. The appraisal reports, of said project documentation, are accompanied by the Environmental and Social Compliance Note (ESCON) issued by the Bank's E&S Safeguards and Compliance function.

African Development Bank Group's Integrated Safeguards System document
https://www.afdb.org/en/documents/african-development-bank-groups-integrated-safeguards-system-2023

The ISS is the Environmental and Social Corporate Policy which applies to all Sovereign and Non-Sovereign operations throughout their entire lifecycles

What are your ethical business practices?

- **Uniform Framework for Preventing and Combating Fraud and Corruption adopted in 2006** along with other MDBs: harmonized strategy for mitigating corruption and fraud for development effectiveness in projects financed by MDBs
- A commitment to good governance and to the promotion of ethical business practices as well as the endorsement of international standards of anti-corruption and transparency that apply to its operations
- Created an **Integrity Due Diligence (IDD)** structure for private sector operations and other operations financed without a sovereign guarantee, premised on the institution's fiduciary and legal responsibilities to its shareholders and with attention to considerations of economy, efficiency and competitive trade

Guiding Principles for IDD

Identification of beneficial ownership: will not proceed with a transaction without ascertaining the identity of the beneficial owners of such transaction

Assessment of civil, criminal, and regulatory backgrounds: closely evaluate the criminal, civil and regulatory history of the counterparty and significant related parties for integrity risk*

Sanctioned persons and entities: will not finance a project where any of the counterparty, significant related party or their beneficial owners is debarred or cross-debarred by the Bank Group or sanctioned by the United Nations security council

Politically Exposed Persons (PEPs) and other high-risk relationships: carry out enhanced IDD in addition to its standard IDD measures where PEPs are involved in a project

Mitigation of integrity risks:The underlying objective of the IDD process should be to identify and mitigate integrity risks

Monitoring of integrity risks and enforcement of covenants: effectively monitor projects throughout the project cycle to identify early warning signs and indicators of Integrity Risks

Record-keeping: keep adequate and reliable records of all documentation involved in and steps taken throughout the IDD process

*Integrity Risk is the potential for financial and non-financial loss including adverse reputational impact that may result from Unethical Practices in Projects and investment decisions

What is the Extractive Industries Transparency Initiative?

The Extractive Industries Transparency Initiative (EITI) aims to promote governance by strengthening transparency in the extractive industries. Natural resources, such as oil, gas, metals and minerals, belong to a country's citizens. Extraction of these resources can lead to economic growth and social development. However, when poorly managed it has too often lead to corruption and even conflict. More openness around how a country manages its natural resource wealth is necessary to ensure that these resources can benefit all citizens.

Countries implement the EITI Standard to ensure full disclosure of taxes and other payments made by oil, gas and mining companies to governments. These payments are disclosed in an annual EITI Report. This report allows citizens to see for themselves how much their government is receiving from their country's natural resources.

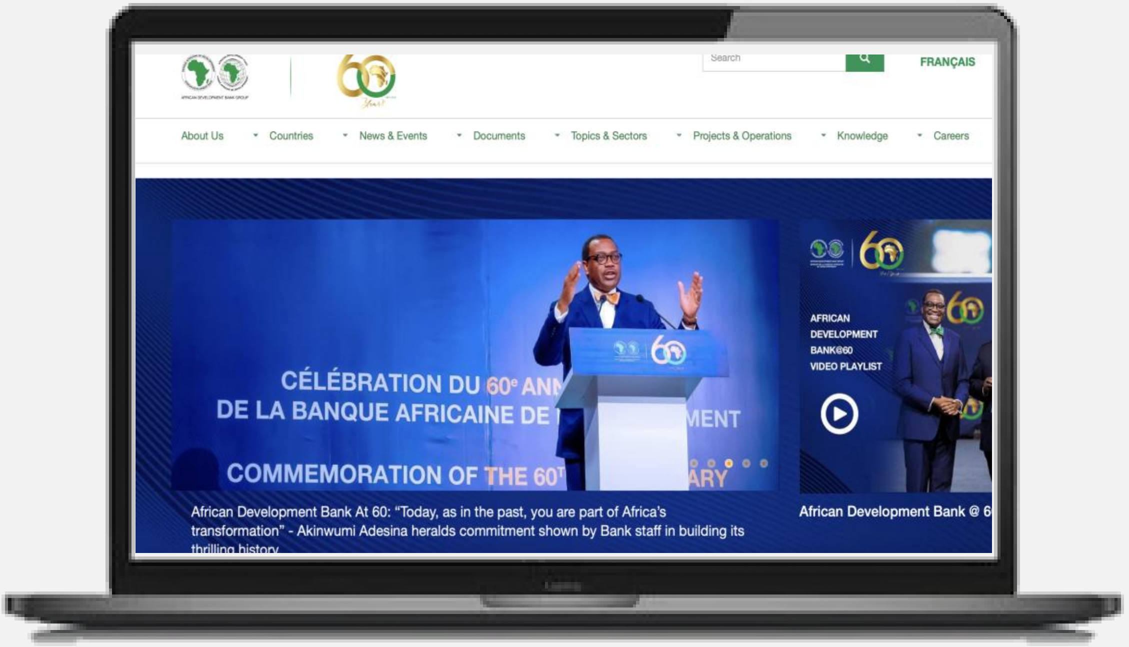
EITI provides a number of benefits to various stakeholders. Benefits for implementing countries include an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to greater transparency. EITI also assists in strengthening accountability and good governance, as well as promoting greater economic and political stability. This, in turn, can contribute to the prevention of conflict based around the oil, mining and gas sectors.

Benefits to companies and investors are centered on mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investments. In extractive industries, where investments are capital intensive and dependent on long-term stability to generate returns, reducing such instability is beneficial for business. Transparency of payments made to a government can also help to demonstrate the contribution that their investment makes to a country.

Benefits to civil society come from increasing the amount of information in the public domain about those revenues that governments manage on behalf of citizens, thereby making governments more accountable.

The Bank is working to mainstream EITI principles in its own sector operations. Through encouraging regional member countries to take part in the EITI process and by offering technical and financial assistance where applicable, the Bank will help bring about sound extractive industry practices and the utilization of natural resources for sustainable development. To date, the Bank has contributed to the achievement of EITI candidacy status of three countries namely Central Africa Republic, Liberia and Madagascar and is supporting various African countries adhere to and implement the initiative. These include Liberia, Sierra Leone, Chad, Togo, Guinea Conakry, and Madagascar.

For more informations



- Financial and operational analysis
- Documentation for debt issuance programs
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