AFC Day
September 2023
Instrumental Infrastructure.
Instrumental Africa.
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<table>
<thead>
<tr>
<th>01</th>
<th>Overview of AFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Journey so far</td>
</tr>
<tr>
<td>03</td>
<td>Overview of investments</td>
</tr>
<tr>
<td>04</td>
<td>Macro environment and risk management</td>
</tr>
<tr>
<td>05</td>
<td>Current performance</td>
</tr>
<tr>
<td>06</td>
<td>Outlook</td>
</tr>
<tr>
<td>07</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
Africa Finance Corporation is an investment grade rated multilateral finance institution established to help address Africa’s infrastructure needs and challenges.

**Overview**

- **01** Founded in 2007 as a multilateral financial institution created by sovereign African states and structured as a Public Private Partnership.
- **02** Investment footprint across thirty-six (36) African countries.
- **03** Growing member status with 42 African states and 3 multilateral members till date.
- **04** Enjoys preferred creditor status, immunities, tax exemptions and other privileges among member states.
- **05** A balance of development impact and adequate return for investors.
- **06** Record of identifying, executing and delivering transformational infrastructure projects whilst delivering returns to shareholders.

**Key Financial Indicators**

<table>
<thead>
<tr>
<th>Key Financial Indicators</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratings (Moody’s)</td>
<td>A3/P-2</td>
</tr>
<tr>
<td>Total Assets</td>
<td>US$ 10.8bn</td>
</tr>
<tr>
<td>Authorised Share Capital</td>
<td>US$ 2bn</td>
</tr>
<tr>
<td>Paid-in Capital</td>
<td>US$ 1.4bn</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>1.5</td>
</tr>
<tr>
<td>Assets/Total Liabilities</td>
<td>1.4</td>
</tr>
</tbody>
</table>

**Ownership Structure**

- **Sovereigns** 50%
- **Financial Institutions** 42%
- **Multilaterals** 3%
- **Pension Funds** 5%

**Key Financial Indicators**

- **Ratings (Moody’s)**: A3/P-2
- **Total Assets**: US$ 10.8bn
- **Authorised Share Capital**: US$ 2bn
- **Paid-in Capital**: US$ 1.4bn
- **Debt/Equity**: 1.5
- **Assets/Total Liabilities**: 1.4

**Source:** Company information

**Note:** Cumulative Disbursement as at H1 2023

**42** African member states

**3** Multilateral members

**36** Investment countries

>US$12.6bn¹ Cumulative disbursement
Unrivalled Pan-African access with a well-diversified footprint

In 2022, we onboarded the highest number of member states since our inception. In H1 2023, we onboarded 3 member states. AFC now has 42 out of the 54 African countries as members.

Member countries sign an Establishment Agreement which gives AFC preferential rights, including access to foreign currency in the event of a foreign exchange crisis, preferential repayment in respect of its investments and tax exemption, amongst other rights.

This preferred creditor status is a unique way to de-risk African projects not possible through conventional funds.

The Corporation also enjoys freedom from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature in the Member countries.

Pan-African outreach with preferred creditor status in 42 Member Countries

An expansive investment footprint in 36 Investment Countries
Our geographical and strategic positioning is key to participating across African project lifecycles.

Our advisory capabilities, on the ground presence and ability to invest across the capital structure, are key competitive advantages.

AFC invests across the value chain of five key priority sectors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Products</th>
<th>Key clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Syndications: Parallel Loans, Partnership Loans &amp; underwriting, Funded &amp; Unfunded Risk Participations, Bi-lateral Trade Line, Pre-export &amp; Commodity Trade Finance, Guarantees and Reimbursement Undertakings</td>
<td>Developmental Financial Institutions, Commercial Banks, Institutional Investors, Sovereign Wealth Funds and Insurance Companies</td>
</tr>
<tr>
<td>Heavy Industries</td>
<td>Debt: Project Finance, Syndication, Trade Finance, Mezzanine/Structured Debt, Refinancing and Project Bond Issuance</td>
<td>International Developers, Major Local Corporates, Concessionnaires, International Entrants Development Consortia and Local Entrepreneurs</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Equity: Greenfield Equity, Buy-Out Capital, Expansion Finance and Project Development</td>
<td>Private Equity Funds, International Developers, Infrastructure Funds, Pension Funds, Major Local Corporates and Government &amp; Agencies</td>
</tr>
<tr>
<td>Telecoms &amp; Technology</td>
<td>Treasury: Fixed Income, Money Markets and Treasury Client Solutions</td>
<td>Pension Funds, Central Banks, International Investors, Investment Banks and Development Finance Institutions</td>
</tr>
</tbody>
</table>

Our products are complemented with advisory capabilities in project development and management, capital raisings and restructurings.
“Preferred creditor” status from member countries which helps effectively mitigate multiple political, fiscal and convertibility risks

Due to its supranational status, AFC is not subject to local banking regulation, taxation or certain other laws in participating member states

- The Establishment Agreement, acceded to by 42 member states, confers upon AFC the status of a supranational organization
- Supranational status mitigates country risk for lending to African entities and has given AFC the status of a “preferred creditor”
  - In the event of a foreign exchange crisis, AFC has the ability to assert its rights under the Establishment Agreement which provides for preferential access to foreign currency therefore mitigating the transfer and convertibility risk

### Key Benefits

- **Exemption from taxation**
  - AFC, its property, assets, income, operations and transactions shall be exempt from all taxation and custom duties

- **Self regulation**
  - Freedom from restrictions, regulations, supervision or controls, moratoria and other legislative, executive, administrative, fiscal and monetary restrictions of any nature

- **Immunity of property and assets**
  - Immunity for its property and assets from search, requisition, expropriation, confiscation, nationalization and all other forms of seizure, taking or foreclosure by executive or legislative action

- **Fiscal exemptions and financial facilities**
  - AFC is accorded by each member state a status not less favorable than that of a non-resident corporation, and shall enjoy all fiscal exemptions, financial facilities, privileges and concessions granted to international organizations, banking establishments and financial institutions by the member states

### Legal structure

- **AFC Establishment Agreement**
  - Charter
  - Headquarters agreement
  - Accession letters of Member States

#### Charter

- Appendix to the Establishment Agreement
- Provides guidelines for governance and management of the Corporation

#### Headquarters agreement

- Agreement with Government of Nigeria regarding the headquarters of AFC

#### Accession letters of Member States

- Countries who accede to the terms of AFC’s Establishment Agreement sign Accession Letters

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Source: Company Information

Note: Member States - states which have signed or acceded to the Establishment Agreement
Governance Structure

AFC has a strong governance structure in place, which is comprised of AFC’s Member States, Shareholders, Board of Directors, Board Committees, Executive Management, Management Committees and Employees.

Note: See appendix for Executive Management profiles
Track Record of Strong Financial Performance

**Total Assets (US$10.5 BN)**
- 2008: $1.1 BN
- 2009: $1.1 BN
- 2010: $1.1 BN
- 2011: $1.3 BN
- 2012: $1.7 BN
- 2013: $1.9 BN
- 2014: $2.4 BN
- 2015: $2.6 BN
- 2016: $3.4 BN
- 2017: $4.2 BN
- 2018: $4.3 BN
- 2019: $6.1 BN
- 2020: $7.4 BN
- 2021: $8.6 BN
- 2022: $9.0 BN

**Total Revenue (US$660.0 MN)**
- 2008: $83.3 MN
- 2009: $80.4 MN
- 2010: $35.3 MN
- 2011: $58.2 MN
- 2012: $107.1 MN
- 2013: $124.0 MN
- 2014: $178.6 MN
- 2015: $265.0 MN
- 2016: $321.0 MN
- 2017: $306.6 MN
- 2018: $465.5 MN
- 2019: $506.6 MN
- 2020: $482.0 MN
- 2021: $506.6 MN
- 2022: $660.0 MN

**Capital Adequacy (34.3%)**
- 2015: 30.0%
- 2016: 30.0%
- 2017: 30.0%
- 2018: 30.0%
- 2019: 30.0%
- 2020: 30.0%
- 2021: 30.0%
- 2022: 30.0%

**Net Income (US$286.0 MN)**
- 2008: $4.4 MN
- 2009: $28.7 MN
- 2010: $10.9 MN
- 2011: $3.4 MN
- 2012: $7.6 MN
- 2013: $6.1 MN
- 2014: $10.9 MN
- 2015: $12.8 MN
- 2016: $133.5 MN
- 2017: $133.5 MN
- 2018: $133.5 MN
- 2019: $133.5 MN
- 2020: $133.5 MN
- 2021: $133.5 MN
- 2022: $133.5 MN

**Ratios**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Adequacy Ratio</td>
<td>39.2%</td>
<td>32.9%</td>
<td>34.1%</td>
<td>33.2%</td>
<td>34.3%</td>
</tr>
<tr>
<td>Liquidity Coverage Ratio</td>
<td>143.0%</td>
<td>137.0%</td>
<td>178.0%</td>
<td>199.0%</td>
<td>202.0%</td>
</tr>
<tr>
<td>Non-Performing Loan to Total Loan</td>
<td>1.7%</td>
<td>0.9%</td>
<td>0.7%</td>
<td>1.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Return on Average Assets</td>
<td>3.0%</td>
<td>3.5%</td>
<td>2.5%</td>
<td>2.6%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Return on Average Equity</td>
<td>8.4%</td>
<td>11.2%</td>
<td>9.2%</td>
<td>9.7%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Cost to Income</td>
<td>26.6%</td>
<td>17.2%</td>
<td>22.8%</td>
<td>22.9%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Net Interest Margin Ratio</td>
<td>4.2%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>3.2%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Earnings per Share (US$ cents)</td>
<td>11.7</td>
<td>16.6</td>
<td>14.4</td>
<td>18.1</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Source: Company Information
The Corporation has met and surpassed the 5-year strategic goals it set out in 2018.

The corporate strategy set out in 2018 by the Board and Executive Management was anchored on the core elements of revenue growth, balance sheet expansion, robust risk management and improved governance structures.

**Total Assets doubled from US$4.5bn to US$10.5bn**

We have expanded our investment footprint through infrastructure ecosystems. Achievement of our target is reflected in the growth in loans and advances to customers. Our project and trade finance loans have been influential in our strategy, recording low NPL ratio of 2.2% in 2022.

**Robust equity capital injections of US$250m in 2022**

AFC continues to diversify its shareholder base and attract investors that share the vision for the corporation to lead infrastructure solutions on the continent.

In 2022 the following equity injections occurred:
- The Public Investment Corporation (US$100m)
- The Arab Republic of Egypt (US$95m)

**ROE has increased from 8% to >12% (FY2022)**

Fulfilling our strategic infrastructure goals whilst delivering a return for our shareholders has remained the focus for the Corporation over the past 5 years. We have successfully achieved this by growing ROE to over 12%.

![Chart showing growth in Total Assets, ROE, and equity capital injections](chart.png)

*Source: Company Information*
An investment grade certified institution with strong liquidity buffers

AFC has consistently been rated A3 by Moody’s since 2013. AFC’s credit profile is characterized by significant liquidity buffers with a demonstrated access to market funding, strong credit protection measures and asset quality, and solid capital levels.

In 2023 the Corporation’s outlook was changed from stable to negative due to the declining credit quality of our operating environment in countries such as Nigeria and Ghana. However, the following factors ensure that the Corporation can navigate a deteriorating operating environment:

- Preferred creditor status
- In-built safeguards delinking AFC projects from country risks.
- Ongoing expansion and diversification of shareholder base to include new non-regional Investment Grade rated shareholders.
- High profitability with a proven internal capital generation capacity
- Demonstrated track record of new equity capital injections.

As of Feb 2023

<table>
<thead>
<tr>
<th>Moody’s credit rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outlook</td>
</tr>
<tr>
<td>Senior unsecured rating</td>
</tr>
<tr>
<td>Short term issuer rating</td>
</tr>
<tr>
<td>Long term MTN program</td>
</tr>
<tr>
<td>Short term MTN program</td>
</tr>
</tbody>
</table>

“The affirmation of the A3 rating reflects AFC’s significant liquidity buffer and access to diversified funding sources...”

Source: Moody's
Growing Country Membership

Accession by Member States

MEMBERSHIP GROWTH

INCREASED DIVERSIFICATION OF MEMBERS


2007 2015 2023
Table of Contents

01 Overview of AFC
02 Journey so far
03 Overview of investments
04 Macro environment and risk management
05 Current performance
06 Outlook
07 Appendix
AFC Investment Sectors Focus

AFC invests across its core sectors – Power, Natural Resources, Heavy Industry, Telecoms & Technology, Transport & Logistics; and across the capital structure: project development, equity, mezzanine, debt & off-balance sheet.

AFC’s investment approach incorporates sustainability, driven by development and climate impact with a strong portfolio & pipeline of sustainable investments. We incorporate ESG and climate considerations related to both risks and opportunities into portfolio frameworks, analytics and decision-making.

Project Development as an early-stage greenfield project investment tool across all the sectors

Portfolio Management and Optimization sustains portfolio performance

Exit into platforms / off-balance sheet instruments → Exit through IPO / trade sales / conversions → Hold to maturity

Sustainability (development impact and climate) cuts across all sectors

Note: 1 Refers primarily to debt transactions where the “exit” is amortization over the tenor of the facility or bullet repayment.
The Infinity/Lekela Transaction as an example of Vision (Renewable Energy Platform), Partnership (With Egypt and UAE) and Execution (Equity Deal of the Year)

AFC and its partners have c. 1.23GW of operational & under construction assets across Egypt, South Africa and Senegal, with a 13.7GW project pipeline across the whole continent.

- AFC’s investment into Infinity and acquisition of Lekela Power won the Deal of the Year Award at the African Banker Awards 2023.
- The Lekela and Infinity Energy assets are critical to our Renewable Energy Platform strategy, the plan is to list the platform within 4-5 years.
- Our investee company, Infinity Power recently signed an Agreement with the Egyptian and UAE Government to develop a 10GW wind farm in Egypt.

### Development Impact

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2 Million Homes</td>
<td>Number of people with new (direct or inferred) or improved access to electricity</td>
</tr>
<tr>
<td>3,420,742 ktons CO2</td>
<td>The equivalent amount of greenhouse gas emissions avoided per year</td>
</tr>
<tr>
<td>1,626,682 tons</td>
<td>The equivalent volume of fossil fuels avoided per year</td>
</tr>
</tbody>
</table>

### Portfolio and Pipeline (incl. Lekela)

- **13.7GW**
  - Existing Portfolio
  - Solar & Wind (Pipeline & Portfolio)
  - Solar & Wind (Pipeline)
  - Solar & Hydro
  - Solar
  - Wind
  - Hydro
  - Ghana
  - Togo
  - Senegal
  - Djibouti
  - Togo
  - Gabon
  - Mali

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ARISE Platform – as an example of integrated industrial zones centred on resources

The ARISE Integrated Industrial Platforms (IIP) is an integrated supply chain platform providing a full ecosystem to add value to African primary products (agricultural products, minerals and others).

- Arise currently has **3 operating assets**: the NKOK (Gabon), PIA (Togo) and GDIZ (Benin) and 7 under development/discussion Special Economic Zones.
- Following the success of GSEZ, PIA and GDIZ, several industrial zones are currently being developed in Cote d’Ivoire, Chad, Congo, Rwanda and Nigeria.

### Development Impact 1

<table>
<thead>
<tr>
<th>Asset</th>
<th>Jobs Created</th>
<th>Revenue</th>
<th>Fiscal Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSEZ</td>
<td>17,500 FTE</td>
<td>US$ 788.7M</td>
<td>US$ 33.9M</td>
</tr>
<tr>
<td>PIA</td>
<td>3,200 FTE</td>
<td>US$ 11.5M</td>
<td></td>
</tr>
<tr>
<td>GDIZ</td>
<td>11,100 FTE</td>
<td>US$432.9M</td>
<td></td>
</tr>
</tbody>
</table>

**Note**: Development impact figures are as of FY2021

ARISE Asset Overview

Following the success of GSEZ, PIA and GDIZ, several industrial zones are currently being developed in Cote d’Ivoire, Chad, Congo, Rwanda and Nigeria.

- **Nkok GSEZ – Timber** (COD: 2011)
- **PIA – Agro-processing (cotton) & logistics** (COD: 2021)
- **GDIZ – Agro-processing (cotton & cashew)** (COD: Q2 2023)
- **Nigeria IIP – Agro-processing**
- **Côte d’Ivoire IIP – Agro-processing (cocoa, cotton & cashew)**
- **Chad IIP – Meat & cotton processing**
- **Senegal IIP – Agro-processing**
- **Egypt IIP – Textile**
- **Port-Gentil IIP – Timber & gas**
- **RDC IIP – Timber**

- **Operational**
- **Under development**
- **Discussions engaged**
Critical Mineral Strategy as a way of driving sustainable development of Africa

Africa’s Global Market Share of Critical Minerals

- Bauxite
- Cobalt
- Chromium
- Graphite
- Manganese
- Platinum
- Vanadium

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AFC’s Opportunities – Critical Minerals Project Pipeline

...While 50% of Africa holds massive Critical Mineral deposits, essential for EVs...100% of the downstream supply chain is in China

No battery precursor plant in Africa despite 50% of African countries hosting battery metals

Critical Minerals

- 8 Pipeline Projects
- 3 Portfolio Projects
- 8 Midstream Projects

US$1.3bn AFC Transaction Value (40% Midstream)
African Economic Outlook

**Macroeconomic Indicators**

- **GDP**: 4%
- **Inflation**: 14%
- **Debt to GDP**: 63%
- **Fiscal Deficit**: 4%

Multiple factors—tighter financing conditions, supply chains, conflict, pandemic, climate—caused 2022's 3.8% global growth drop from 4.9% in 2021. Africa’s GDP projected to demonstrate resilience with **3.7% in 2023, increasing to 4.5% by 2028** (CAGR 3.99%).

Projected inflation: **15.5% in 2023, easing to 12.10% in 2024, and 6.6% in 2028** due to food and energy price shocks and policy adjustments.

Projected **debt GDP ratio**: Projected 62.7% in 2023, 61% in 2024 and decline to 57% by **2028**. Countries with market difficulties and low revenue explore local currency debt and domestic restructuring in debt crisis solutions.

In 2022, Africa’s fiscal deficit improved to **4% of GDP**, continuing an adjustment trend from 2020 pandemic impact. The average deficit will **stabilize at 4.1% in 2023** and remain steady until 2028.

**Nominal GDP – Top 15 & Africa Avg.**

<table>
<thead>
<tr>
<th>Country</th>
<th>Nominal GDP</th>
<th>Weight</th>
<th>Weighted-Nominal GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>477</td>
<td>17%</td>
<td>81</td>
</tr>
<tr>
<td>Egypt</td>
<td>423</td>
<td>15%</td>
<td>63</td>
</tr>
<tr>
<td>South Africa</td>
<td>405</td>
<td>14%</td>
<td>57</td>
</tr>
<tr>
<td>Algeria</td>
<td>163</td>
<td>6%</td>
<td>9</td>
</tr>
<tr>
<td>Morocco</td>
<td>143</td>
<td>5%</td>
<td>7</td>
</tr>
<tr>
<td>Angola</td>
<td>121</td>
<td>4%</td>
<td>5</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>120</td>
<td>4%</td>
<td>5</td>
</tr>
<tr>
<td>Kenya</td>
<td>115</td>
<td>4%</td>
<td>5</td>
</tr>
<tr>
<td>Tanzania</td>
<td>77</td>
<td>3%</td>
<td>2</td>
</tr>
<tr>
<td>Ghana</td>
<td>73</td>
<td>3%</td>
<td>2</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>70</td>
<td>2%</td>
<td>2</td>
</tr>
<tr>
<td>Democratic Republic of the Congo</td>
<td>63</td>
<td>2%</td>
<td>1</td>
</tr>
<tr>
<td>Uganda</td>
<td>49</td>
<td>2%</td>
<td>1</td>
</tr>
<tr>
<td>Tunisia</td>
<td>47</td>
<td>2%</td>
<td>1</td>
</tr>
<tr>
<td>Cameroon</td>
<td>44</td>
<td>2%</td>
<td>1</td>
</tr>
</tbody>
</table>

**Africa Average Nominal GDP**: 245

Source: IMF
Africa’s high economic growth marked by volatility; higher growth rates needed to stabilize income
African countries experiencing divergent growth paths

Real GDP growth 2010-19, % p.a.

Source(s): World Bank, AFC Research
Deterioration in macro indicators to some extent predictor of political risk

Africa: Changes in Per Capita GDP (PPP, constant 2017 international $) and Voice & Accountability (Between 2020 and 2022)

Africa: Changes in Per Capita GDP (PPP, constant 2017 international $) and Political Stability (Between 2020 and 2022)

Source: The World Bank, AFC Research.
Robust risk management framework

- Clearly defined credit approval grid in place to ensure that all credit exposures are approved by duly authorized organs.

- Conservative sector limits ensure that the investment portfolio is well diversified and concentration risk is properly managed:
  - Power: 35%
  - Transport: 35%
  - Natural resources: 35%
  - Heavy industry & telecom: 35%
  - Others: 10%

- Authority levels are executive management committee, board risk & investment committee, and board of directors, depending on transaction size. CRO has a veto power that can be exercised at any point during the investment approval process.

- AFC continues to strengthen its risk assurance and portfolio management unit to proactively engage sponsors as soon as any risk factors are identified.

- Current low non-performing loans attest to the strength and rigour of AFC’s credit process.

Credit and portfolio risk management framework

<table>
<thead>
<tr>
<th>Parameters</th>
<th>AFC target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Master single obligor limit</strong></td>
<td>15% of shareholders funds</td>
</tr>
<tr>
<td><strong>Debt single obligor exposure</strong></td>
<td>Max 35% of sector limit</td>
</tr>
<tr>
<td>(or debt, one obligor) limit</td>
<td></td>
</tr>
<tr>
<td><strong>Equity single obligor exposure</strong></td>
<td>Max 33% of debt – one obligator limit</td>
</tr>
<tr>
<td>(or equity, one obligor) limit</td>
<td></td>
</tr>
<tr>
<td><strong>Sector single obligor exposure</strong></td>
<td>Max 35%</td>
</tr>
<tr>
<td>(or sector, one obligor) limit</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company Information, FY’22 Financials

Note: The limits are defined in terms of % of AFC’s Total Investable Fund.
Strong risk management with focus on environmental and social factors

Enterprise-Wide Risk Management Framework
AFC is safeguarded by the Board Risk & Investment Committee (BRIC) which rigorously reviews the risk profile of the Corporation’s portfolio of assets. The committee is also responsible for setting guidelines and policy on the capital adequacy, exposure limits, liquidity and funding for the Corporation.

We continue to anchor our proactive risk-centric approach towards asset growth amidst a turbulent macro backdrop, successfully ensuring we maintained our A3 credit rating and preferred creditor status.

Risk Assurance Framework
The Risk Assurance framework is AFC’s early warning process to identify transactions that may face distress in the mid to long term.

Once a transaction is in the Risk Assurance portfolio, Risk Management and Portfolio Management & Optimisation department will engage with sponsors to take pre-emptive action to ensure the transaction does not become distress as a result of the risk factor that Risk Assurance identified.

Risk Management Implementation
In order to regularly monitor the risks in the Corporation’s portfolio, Risk Management generates a Daily Risk Report for the Executive Management Committee and a Portfolio Risk Dashboard for each meeting of the BRIC. In addition to these reports, Risk Management also provides independent risk assessment to transaction monitoring reports, which are prepared by the Portfolio Management & Optimisation department on a quarterly basis.
Risk trends in operating environment

In 2023, AFC prioritizes an enterprise-wide risk management framework, transforming risks into opportunities and exploring business opportunities with risk considerations.

The Corporation aims to lead in the transition to a low carbon economy, aligning with client interests, and strengthening its internal ESRM process for improved efficiency in achieving targets and objectives.

01 Validation of Political Risk Management strategy highlighted in 2021 annual report.

02 Integration of climate risk into investment appraisal.

03 Effect of geo-political risk on infrastructure investments in Africa

04 Positioning AFC for international climate legislations
   - EU Carbon Border Adjustment Mechanism
   - EU Net Zero Industry Act
   - US Inflation Reduction Act

05 Development of early warning tools using machine learning and artificial intelligence.

06 Maximising development impact in risk management.
Table of Contents

01 Overview of AFC
02 Journey so far
03 Overview of investments
04 Macro environment and risk management
05 Current performance
06 Outlook
07 Appendix
Performance Highlights (H1 2023)

**Growth and profitability**
- Increased Profit by 25% (H1 2022: US$117.5m) → US$146.6m
- Operating income up 13% (H1 2022: US$193.7m) → US$219.3m
- Total comprehensive income up 30% (H1 2022: US$118.4m) → US$151.1m
- Cost-to-income ratio 18.8% (H1 2022: 21.8%)

**Balance sheet and capital adequacy**
- Increased total assets by 27% (H1 2022: US$8.5bn) → US$10.8bn
- Net interest Margin 4.3% (H1 2022: 4%)
- Total equity up 30% (H1 2022: US$2.3bn) → US$3bn
- Capital adequacy ratio 33.4% (H1 2022: 31.8%)

**Liquidity and Returns**
- Liquidity coverage ratio 126% (H1 2022: 105%)
- Return on average equity 10.3% (H1 2022: 10.4%)
- Return on average asset 2.7% (H1 2022: 2.8%)
- Earnings per share up 10% (H1 2022: US$0.10) → US$0.11

Source: Company Information
A solid shareholder base maintained by a strong capital adequacy framework

**Stable capital structure**

- AFC’s authorised capital is US$2 billion as at FY 2022.
- As part of our strategy to strengthen our capital base, callable capital was introduced into the capital structure.
- At H1 2023, the outstanding callable capital amounted to US$39 million.
- In September 2022, the Board approved a rights issue. Strong indications have been made by existing shareholders.

**Strong capital base**

- Capital adequacy is monitored regularly by the Corporation’s management, derived from guidelines by the Basel Committee.
- The Corporation’s capital adequacy framework requires the business to maintain a minimum of 30%.
- In 2023, US$252.2 million of Tier 1 capital was raised from new and existing shareholders.
- The Corporation is driven by its strategy to enhance its capital base by diversifying its pool of equity investors. Plans such as onboarding non-regional shareholders are underway.

**Paid-in capital (US$ mn)**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>1,157</td>
<td>1,171</td>
<td>1,291</td>
</tr>
<tr>
<td>H1</td>
<td>1,173</td>
<td>1,423</td>
<td></td>
</tr>
</tbody>
</table>

**Capital adequacy ratio - Basel II ratio**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td>34.1</td>
<td>33.2</td>
<td>34.3</td>
</tr>
<tr>
<td>H1</td>
<td>31.8</td>
<td>33.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: Company Information
Financial Highlights

AFC has a strong governance structure in place, which is comprised of AFC’s Member States, Shareholders, Board of Directors, Board Committees, Executive Management, Management Committees and Employees.

Balance Sheet overview, US$ bn

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>7.4</td>
<td>8.6</td>
<td>10.5</td>
<td>10.5</td>
<td>10.8</td>
</tr>
</tbody>
</table>

19.1% CAGR

Net interest income

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>40.1% CAGR</td>
<td>167.1</td>
<td>220.7</td>
<td>327.9</td>
<td>168.1</td>
<td>199.0</td>
</tr>
</tbody>
</table>

Net income

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.4% CAGR</td>
<td>165.5</td>
<td>209.7</td>
<td>285.9</td>
<td>117.5</td>
<td>146.5</td>
</tr>
</tbody>
</table>

24.7% CAGR

Income Statement overview, US$ mn

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>H1 2022</th>
<th>H1 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.4% CAGR</td>
<td>31.4</td>
<td>42.4</td>
<td>75.4</td>
<td>31.4</td>
<td>39.8</td>
</tr>
</tbody>
</table>

Source: Company Information
Well diversified portfolio by geography and sector

**Infrastructure Asset Composition**

- FY 2020: 74%
- FY 2021: 78%
- FY 2022: 79%
- HI 2022: 80%
- HI 2023: 78%

**Top 10 Loans to Non-bank Customers¹**

- FY 2020: 57%
- FY 2021: 54%
- FY 2022: 46%
- HI 2022: 50%
- HI 2023: 49%

**Loans by Sector**

**HI 2022**
- Total: US$5.1bn
- Equity book: 27%
- Loans to customers: 73%

**HI 2023**
- Total: US$5.7bn
- Equity book: 27%
- Loans to customers: 73%

**Loans by Country**

**HI 2022**
- Total US$5.1bn
- Nigeria: 29%
- Cote D'Ivoire: 11%
- Ghana: 6%
- Others: 45%

**HI 2023**
- Total US$5.7bn
- Nigeria: 30%
- Cote D'Ivoire: 7%
- Ghana: 7%
- Others: 44%

**Note:**
¹Top 10 Loans to Loans and advances to other customers divided by Loans and advances to other customers

**Note:** Charts not adding up to 100% reflect rounding adjustments
Strong asset profile

Our growth in core infrastructure assets is reflected in growth in loans and advances to customers. This is equally supported by a strong liquid investment portfolio.

Asset composition

<table>
<thead>
<tr>
<th>(US$ mn)</th>
<th>Cash &amp; balances with banks</th>
<th>Loans &amp; advances to banks</th>
<th>Loans &amp; advances to customers</th>
<th>Financial assets at fair value through P&amp;L</th>
<th>Investment securities</th>
<th>Other assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020</td>
<td>53</td>
<td></td>
<td></td>
<td></td>
<td>1,216</td>
<td>1,489</td>
</tr>
<tr>
<td></td>
<td>1,216</td>
<td>2,017</td>
<td>3,532</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2021</td>
<td>1,275</td>
<td>1,498</td>
<td>2,981</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,311</td>
<td>1,489</td>
<td>2,981</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2022</td>
<td>2,345</td>
<td>2,981</td>
<td>3,612</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment securities (H1 2023)

- Total: US$3bn
- 72% Corporate debt
- 26% Equity securities
- 2% Other assets

Financial assets through P&L (H1 2023)

- Total: US$1.7bn
- 70% Hybrid securities
- 29% Equity securities
- 1% Assets under management

Source: Company Information
AFC has a fully-fledged Portfolio Management function that ensures the proactive monitoring of the portfolio and engagements with obligors to pre-empt and manage the risks.

Note: NPL percentage calculated as NPL divided by gross loans
Note: NPL coverage calculated as loss allowance divided by loss allowances for loans and advances to other customers
Note: Stage 2 loans refers to loans with a significant increase in credit risk since initial recognition. Stage 3 loans refer to credit impaired loans.
AFC has maintained a strong capital base by diversifying its capital structure strategically.
<table>
<thead>
<tr>
<th>Date</th>
<th>Size (mn)</th>
<th>Currency</th>
<th>Tenor</th>
<th>Notes/Loan Facility</th>
<th>Proceeds/Corporate Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 2019</td>
<td>US$650</td>
<td>Fixed Rate</td>
<td>5</td>
<td>“Kimschi” Syndicated Term Loan Facility</td>
<td>Use of Proceeds: General corporate purposes</td>
</tr>
<tr>
<td>Oct 2019</td>
<td>US$600</td>
<td>3.75% Fixed Rate</td>
<td>3</td>
<td>Samurai Term Loan Facility</td>
<td>Use of Proceeds: General corporate purposes</td>
</tr>
<tr>
<td>Jun 2020</td>
<td>US$700m</td>
<td>3.125% Fixed Rate</td>
<td>15</td>
<td>DFC Tier-2 capital loan</td>
<td>Amount: USD 250 mn; Tenor: 15 years; Use of Proceeds: Enhance investment capacity</td>
</tr>
<tr>
<td>Sep 2020</td>
<td>CHF150</td>
<td>1.205% Fixed Rate</td>
<td>2025</td>
<td>Syndicated Term Loan Facility</td>
<td>Amount: CHF150 mn; Tenor: 20 years; Use of Proceeds: to support post-pandemic recovery</td>
</tr>
<tr>
<td>Apr 2021</td>
<td>US$150</td>
<td>2.875% Fixed Rate</td>
<td>2025</td>
<td>Syndicated Term Loan Facility</td>
<td>Amount: USD 150 mn; Tenor: 20 years; Use of Proceeds: General corporate purposes</td>
</tr>
<tr>
<td>Dec 2021</td>
<td>US$400</td>
<td>1.205% Fixed Rate</td>
<td>2025</td>
<td>Samurai Term Loan Facility</td>
<td>Amount: USD 400 mn; Tenor: 20 years; Use of Proceeds: General corporate purposes</td>
</tr>
<tr>
<td>Oct 2022</td>
<td>US$410 mn</td>
<td>Dual Currency Samurai Term Loan Facility</td>
<td>10</td>
<td>Dual Currency Samurai Term Loan Facility</td>
<td>Amount: USD 410 mn and JPY 1 bn; Tenor: 10 years; Use of Proceeds: General corporate purposes</td>
</tr>
<tr>
<td>May 2023</td>
<td>US$255 mn</td>
<td>Syndicated Term Loan Facility</td>
<td>1</td>
<td>Syndicated Term Loan Facility</td>
<td>Amount: USD 255 mn; Tenor: 1 year; Use of Proceeds: General corporate purposes</td>
</tr>
</tbody>
</table>

**Source:** Company Information

---

**Strong track record of accessing the bond and loan capital markets across currencies and structures**

---

**2018 US$200 mn Exim Bank of China Loan Facility**
- Amount: US$200 mn
- Tenor: 5 years
- Use of Proceeds: Enhancement of Investment capacity

**2018 US$140 mn “Kimschi” Syndicated Term Loan Facility**
- Amount: US$140 mn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

**2019 US$650 mn 4.375% Fixed Rate Notes due 2026**
- Size: US$650 mn
- Coupon: 4.375% p.a.
- Maturity: 17-Apr-26
- Pricing Date: 10-Apr-19
- Reoffer Price/Yield: 99.257%/4.500%
- Issue format: 144A/Reg S

**2019 US$140 mn 0.5225% Fixed Rate Notes due 2023**
- Size: US$140 mn
- Coupon: 0.5225% p.a.
- Maturity: 20-Dec-23
- Pricing Date: 19-Nov-19
- Reoffer Price/Yield: 100%/0.5225%
- Issue format: Reg S only

**2020 US$250 mn DFC Tier-2 capital loan**
- Amount: US$250 mn
- Tenor: 15 years
- Use of Proceeds: Enhance investment capacity

**2020 US$170 mn Syndicated Term Loan Facility**
- Amount: USD 170 mn
- Tenor: 12 years
- Use of Proceeds: Enhance investment capacity

---

**Loan Facility**

**Syndicated Term Loan Facility**
- Amount: US$250 mn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

**Samurai Term Loan Facility**
- Amount: JPY 1.0bn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

**Term Loan Facility**
- Amount: USD 140 mn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

---

**Notes due 2023**
- Coupon: 0.5225% p.a.
- Maturity: 28-Apr-28
- Pricing Date: 21-Apr-21
- Reoffer Price/Yield: 99.172%/2.991%
- Issue format: 144A/Reg S

**Notes due 2025**
- Coupon: 1.205% p.a.
- Maturity: 25-Jun-25
- Pricing Date: 21-Jun-21
- Reoffer Price/Yield: 99.427%/3.25%
- Issue format: 144A/Reg S

**Notes due 2026**
- Coupon: 2.875% p.a.
- Maturity: 20-Apr-26
- Pricing Date: 20-Mar-22
- Reoffer Price/Yield: 99.257%/4.500%
- Issue format: 144A/Reg S

---

**Bonds**

**Eurobonds**
- Size: US$400 mn
- Tenor: 30 years
- Use of Proceeds: General corporate purposes

**Euribor**
- Size: EUR500 mn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

---

**Loans**

**Credit Lines**
- Size: US$300 mn
- Tenor: 5 years
- Use of Proceeds: General corporate purposes

**Facility**
- Amount: USD 400 mn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

**Syndicated Term Loan Facility**
- Size: JPY 1 bn
- Tenor: 3 years
- Use of Proceeds: General corporate purposes

---

**Africa Finance Corporation | AFC Day 2023 36**
Table of Contents

01 Overview of AFC
02 Journey so far
03 Overview of investments
04 Macro environment and risk management
05 Current performance
06 Outlook
07 Appendix
Outlook

The Corporation Strategic imperatives for the next phase of growth

1. Promote structural transformation, local value addition and retention, through increased competitiveness of African industries, infrastructure and supply chain innovations and higher intra-African trade.

2. Drive climate sustainability and resilience in Africa, through climate investments that incorporate climate risks in the design, planning, construction and operation of infrastructure.

3. Foster equitable economic growth through high-quality employment, increased access to services and the opportunity for higher incomes for all, especially youth and women.

4. Mobilizing sources of capital which may not have been otherwise deployed.

5. Deepening and further strengthening the business case for investments in Africa by developing de-risked, bankable projects.
Table of Contents

01 Overview of AFC
02 Journey so far
03 Overview of investments
04 Macro environment and risk management
05 Current performance
06 Outlook
07 Appendix
Q&A
Contact Details
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Head of Funding & Investor Relations
modulope.famakinwa@africafc.org

Investor Relations
investorrelations@africafc.org
# Audited Balance Sheet and Income Statement

<table>
<thead>
<tr>
<th>US$'mn</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>YoY Δ</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to banks</td>
<td>2,345</td>
<td>1,842</td>
<td>1,373</td>
<td>(25%)</td>
<td>(23%)</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>2,311</td>
<td>2,981</td>
<td>3,612</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Financial assets at fair value through P&amp;L</td>
<td>1,275</td>
<td>1,489</td>
<td>1,624</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Investment securities</td>
<td>782</td>
<td>1,608</td>
<td>2,921</td>
<td>82%</td>
<td>93%</td>
</tr>
<tr>
<td>Other assets</td>
<td>39</td>
<td>71</td>
<td>73</td>
<td>3%</td>
<td>37%</td>
</tr>
<tr>
<td>Total assets</td>
<td>7,363</td>
<td>8,565</td>
<td>10,528</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>5,092</td>
<td>6,186</td>
<td>7,568</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>2,076</td>
<td>2,239</td>
<td>2,699</td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>Interest income</td>
<td>340</td>
<td>384</td>
<td>535</td>
<td>39%</td>
<td>26%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(172)</td>
<td>(164)</td>
<td>(207)</td>
<td>27%</td>
<td>10%</td>
</tr>
<tr>
<td>Net interest income</td>
<td>167</td>
<td>221</td>
<td>328</td>
<td>49%</td>
<td>40%</td>
</tr>
<tr>
<td>Dividend income</td>
<td>2</td>
<td>4</td>
<td>8</td>
<td>134%</td>
<td>90%</td>
</tr>
<tr>
<td>Fee and commission income</td>
<td>66</td>
<td>54</td>
<td>82</td>
<td>50%</td>
<td>12%</td>
</tr>
<tr>
<td>Operating income</td>
<td>219</td>
<td>259</td>
<td>400</td>
<td>50%</td>
<td>35%</td>
</tr>
<tr>
<td>Net gains on financial instruments at fair value through P&amp;L</td>
<td>35</td>
<td>63</td>
<td>33</td>
<td>(47%)</td>
<td>(3%)</td>
</tr>
<tr>
<td>Impairment charge on financial assets</td>
<td>(39)</td>
<td>(39)</td>
<td>(51)</td>
<td>28%</td>
<td>15%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(60)</td>
<td>(74)</td>
<td>(98)</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>166</td>
<td>210</td>
<td>286</td>
<td>36%</td>
<td>31%</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>157</td>
<td>188</td>
<td>285</td>
<td>52%</td>
<td>35%</td>
</tr>
</tbody>
</table>

# Income Statement

- Source: Company financial statements
- Africa Finance Corporation | AFC Day 2023
Performance Highlights (FY 2022)

**Growth and profitability**
- Increased Profit by 36%
  
  US$285.9m (FY 2021: US$209.7m)

- Operating income up 54%
  
  US$400.4m (FY 2021: US$259.5m)

- Total comprehensive income up 52%
  
  US$285.3m (FY 2021: US$188.2m)

- Cost-to-income ratio 22.7%
  
  (FY 2021: 22.9%)

**Balance sheet and capital adequacy**
- Increased total assets by 23%
  
  US$10.5bn (FY 2021: US$8.6bn)

- Net interest Margin 4.1%
  
  (FY 2021: 3.2%)

- Total equity up 21%
  
  US$2.7bn (FY 2021: US$2.2bn)

- Capital adequacy ratio 34.3%
  
  (FY 2021: 33.2%)

**Liquidity and Returns**
- Liquidity coverage ratio 202%
  
  (FY 2021: 199%)

- Return on average equity 12.1%
  
  (FY 2021: 9.7%)

- Return on average asset 3.0%
  
  (FY 2021: 2.6%)

- Earnings per share up 35%
  
  US$0.24 (FY 2021: US$0.18)

Source: Company Information
The broader AFC team comprises of a highly experienced group of professionals with significant track record in banking and infrastructure financing across the African continent.

- **Samaila Zubairu**
  - President & Chief Executive Officer
  - 33+ years experience, 5+ years at AFC
  - Former CEO of Africapital Management, CFO of Dangote Cement
  - Launched Africa’s largest syndicated project finance facility

- **Sameh Shenouda**
  - Executive Director & Chief Investment Officer
  - 27+ years experience, 2+ years at AFC
  - Former CEO of Zarou, a Blackstone company, Head of Infrastructure at CDC Group
  - Experience in investments and fundraising in international capital markets with focus on infrastructure development

- **Sanjeev Gupta**
  - Executive Director, Head of Financial Services
  - 30+ years experience, 8+ years at AFC
  - Previously Managing Partner of Emerging Markets, M&A at Ernst & Young, CEO of Sanlam Investment Management (Emerging Markets)
  - Alumnus of Said Business School, University of Oxford

- **Ayotunde Anjorin**
  - Senior Director & Chief Financial Officer
  - 23+ years experience, 12+ years at AFC
  - Previously AFC’s Senior Vice President and Head of Finance & Operations
  - Prior roles include regional Head of Wholesale Banking Finance, Standard Chartered Bank

- **David Johnson**
  - Senior Director & Chief Risk Officer
  - 28+ years experience, 13+ years at AFC
  - Previously AFC’s Senior Vice President, Market Risk Management.
  - Prior roles include Risk Manager, Trader and Structurer at various international banks including Stanbic IBTC, WestLB AG and Abbey National Treasury Services

- **Dr Rita Babihuga-Nsanze**
  - Director & Chief Economist
  - 23+ years experience, 3+ years at AFC
  - Previously with Barclays, Moody’s, IMF and World Bank
  - MA and PhD from Clark University

- **Patricia Aderibigbe**
  - Human Resources Director
  - 21+ years experience, 1+ years at AFC
  - Former Group Head, Human Resources, UBA
  - MA Employment Relations & Law from Kingston University

- **Nana Eshun**
  - General Counsel and Corporate Secretary
  - 36+ years experience, 15+ years at AFC
  - Previously consultant Legal Counsel at the African Development Bank (AfDB)
  - Dual qualified as a Barrister-at-Law, Ghana and Solicitor, England and Wales
Instrumental Infrastructure.
Instrumental Africa.