

Full Year 2022 Results Presentation

20 April 2023



Instrumental Infrastructure.
Instrumental Africa.

Table of Contents

1. Overview of AFC
2. Business Highlights
3. Financial Performance
4. Appendix



AFC is a leading Financial service provider of expertise and innovation in African infrastructure financing

Vision

To become Africa's leading infrastructure solutions provider

1. Introduction of AFC

- **Founded in 2007 as a multilateral financial institution** created by sovereign African states
- Provides pragmatic solutions to Africa's infrastructure requirements by financing and developing **infrastructure, natural resources and industrial assets**
- Unrivalled access to Africa
 - Record of identifying, executing and **delivering transformational infrastructure projects**
 - Track record in co-investing / co-developing with real benefits for sponsors and co-investors
- Diverse workforce consisting of 155 employees operating on a pan-African basis

2. Strategic positioning

- One of the most successful Public Private Partnership initiatives in Africa
- **Preferred creditor status**, immunities and privileges in member countries
- Private sector participation, combined with multilateral structure, enhances AFC's capacity as a financier and adviser to clients

3. Solid capital structure

- **Well-capitalized** multilateral financial institution with **US\$2.7bn** shareholder's equity and **>US\$1bn** retained earnings (**US\$618m** paid out dividend) as at FY'22
- One of the **lowest leverage ratios** with growth financed by conservative prudential policies
- **Profitable** since inception

4. Comprehensive product offering

- AFC invests across the value chain of **five key priority sectors**, and products are complemented with advisory capabilities in project development and management, capital raisings and restructurings
- Key priority sectors include **power, transport, heavy industries, natural resources, telecommunications and technology**
- Diversified asset portfolio, by geography, sector and product

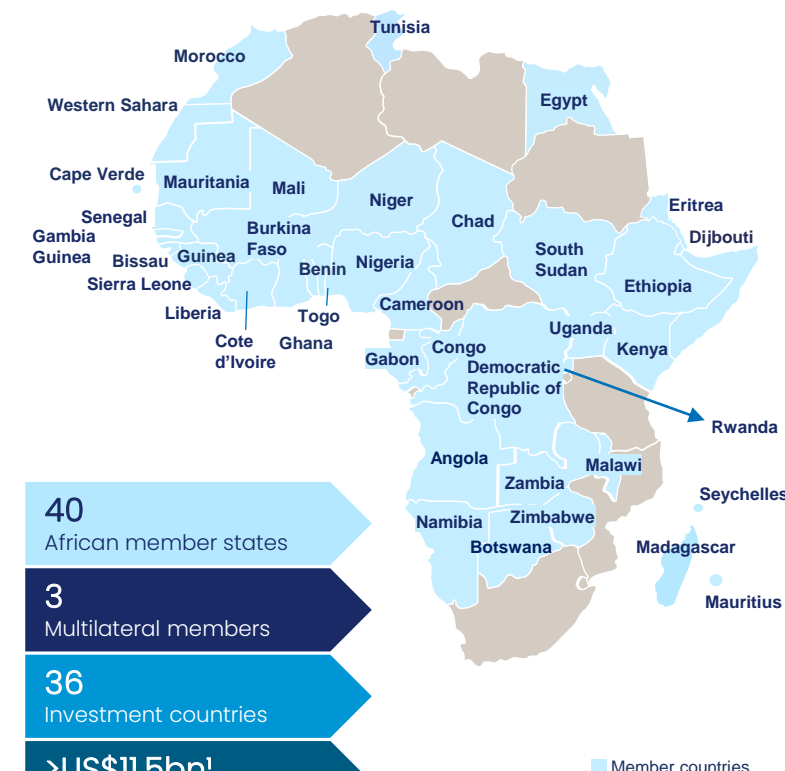
5. Robust credit profile

- **A3 long-term issuer rating** and P-2 short-term issuer rating from Moody's, on the back of strong liquidity and capital position

Mission

To foster economic growth and industrial development of African countries, while delivering a competitive return on investment to our shareholders

Uniquely positioned to access and execute high-quality opportunities



Source: Company information

Note: 'Cumulative Disbursement as at 31 December 2022

We are uniquely positioned to participate across any project lifecycle in key sectors

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



Source: Company information

Performance Highlights

Growth and profitability

Increased Profit by



Operating income up



Total comprehensive income up



Cost-to-income ratio



Balance sheet and capital adequacy

Increased total assets by



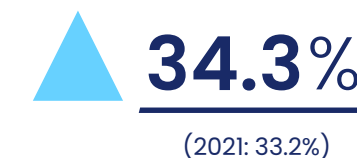
Net interest Margin



Total equity up



Capital adequacy ratio



Liquidity and Returns

Liquidity coverage ratio



Return on average equity



Return on average asset



Earnings per share up



Source: Company information, FY'22 financials

Table of Contents

1. Overview of AFC
2. Business Highlights
3. Financial Performance
4. Appendix



Business highlights

Key Highlights of 2022



- In the penultimate year of its 5-year strategy (running 2018 – 2023), the corporation met and, in some cases, surpassed its 5-year strategic goals set out in the strategy. Some of these include:
 - Doubling the Corporation's total assets from US\$4.5bn to US\$10.5bn
 - Improving ROE from 8% to >12%.
- We also achieved a major milestone in mobilizing African capital towards infrastructure development on the continent with a robust equity capital injection of US\$240 million including:
 - The Public Investment Corporation (US\$100 million)
 - The Arab Republic of Egypt (US\$95 million)
- Investor confidence in AFC's strong credit risk profile and established market presence in 2022, resulted in total net borrowing of US\$1.4 billion and the further diversification on the US\$7.6 Billion borrowing book, including:
 - Debut €100 million loan from Cassa Depositi e Prestiti SpA
 - US\$419 million equivalent three-year Samurai dual currency loan facility (US\$412 million and JPY1 billion)
 - US\$160 million three-year Kimchi Term Loan
 - US\$100 million five-year bilateral loan from Korea Development Bank

Robust risk management practices



- Rigorous credit and risk management practices continue to anchor our proactive risk-centric approach towards asset growth amidst a turbulent macro backdrop, thus ensuring we maintained our A3 credit rating despite the heightened uncertainty and volatility in the operating environment both home and abroad.
- We continued to deploy a mix of effective risk mitigation tools to preserve asset quality; this includes non-payment insurance on the portfolio.



Source: Company Information

Investment highlights

Expanded Investment footprint through infrastructure ecosystems



- Cumulative disbursements of US\$11.5¹ Billion since inception, driven by a pipeline of projects that blend development impact with superior risk-adjusted returns. Highlights include:
 - Acquisition of 100% of Lekela Power, with a combined installed capacity of over 1 gigawatt (GW) and 1.8 GW pipeline of greenfield projects.
 - Mandated lead arranger on a total financing package of €650 million for the turnaround and capacity upgrade of Senegal's only petroleum refinery(SAR), unlocking a 25% increase in production capacity.
 - Expansion of the Integrated Industrial Platform (IIP), AFC's industrial platform focused on agro-processing, notably cocoa, cotton and cashew, extending the partnership with the Ivoirian government.
 - Co-developer and early-stage investor in Nyanza Light Metals' 80,000 tpa titanium dioxide pigment (TiO₂) plant in South Africa. AFC is facilitating follow-on investments of up to US\$500 million, acting as a co-Mandated Lead Arranger.
 - Construction of the 300-MW Cap des Biches project, a dual fuel (natural gas and naphtha), combined cycle power project which will reduce CO₂ emissions by close to 1,000 tons pa.
- AFC launched a US\$2 billion facility to support recovery and resilience in Africa, committing to funding up to 50% of the new African Economic Resilience Facility and mobilising the remainder through a network of international partners and investors.



Source: Company Information,
1: Cumulative Disbursements as at 31 December 2022

Table of Contents

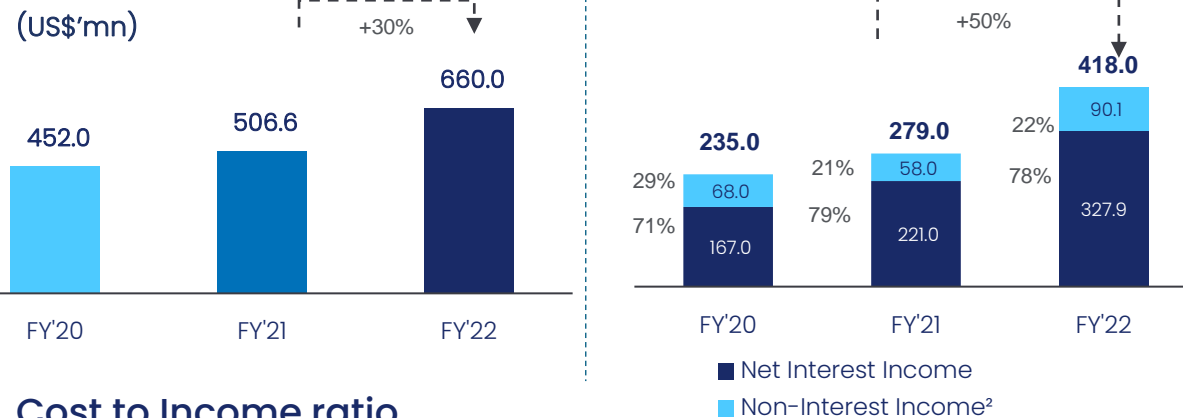
1. Overview of AFC
2. Business Highlights
3. Financial Performance
4. Appendix



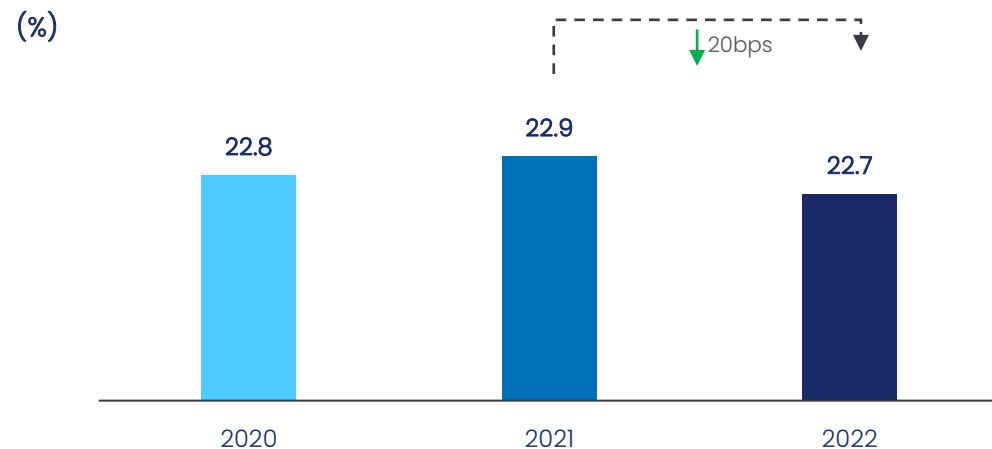
Delivering consistent growth and profitability

Track record of strong financial performance

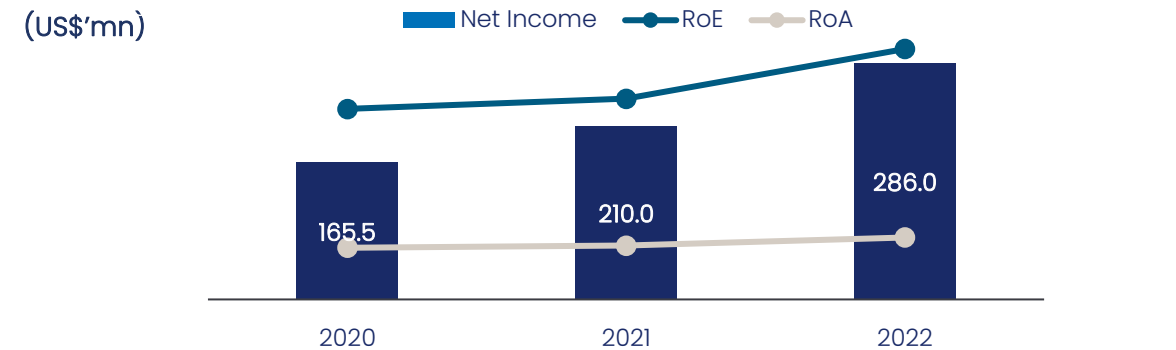
Gross Income¹ / Operating Income (excl. credit ins.)



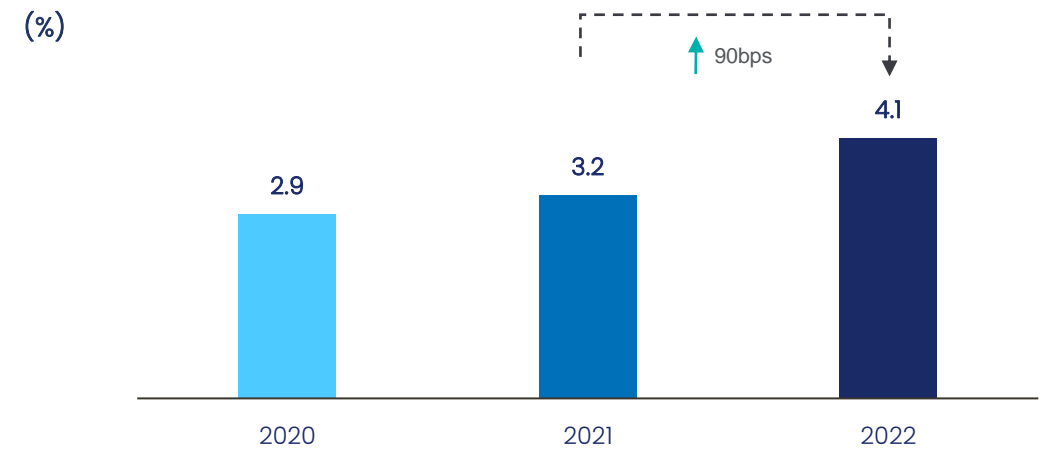
Cost to Income ratio



Profitability



Net Interest Margin



Source: FY'22 financials

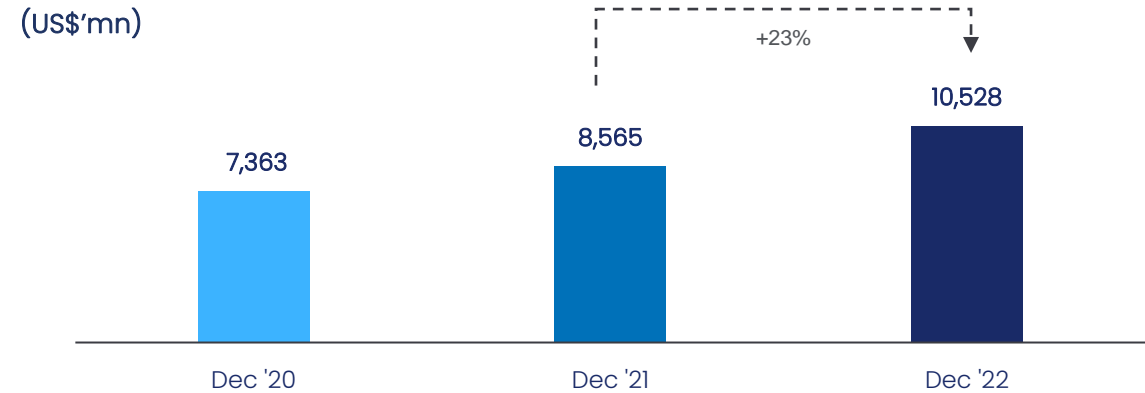
Note: ¹Gross income comprises of interest income, dividend income, fees, commissions & other income, net gain on financial assets at FVTPL and gain on sale of financial assets

Note: ²Non-interest income comprises of dividend income, fees, commissions and other income

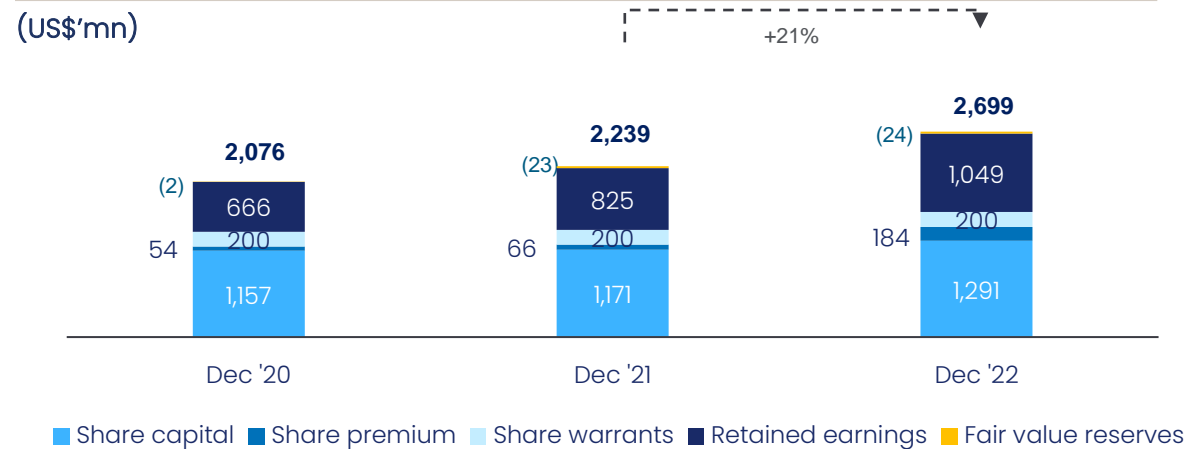


Robust and well capitalised balance sheet

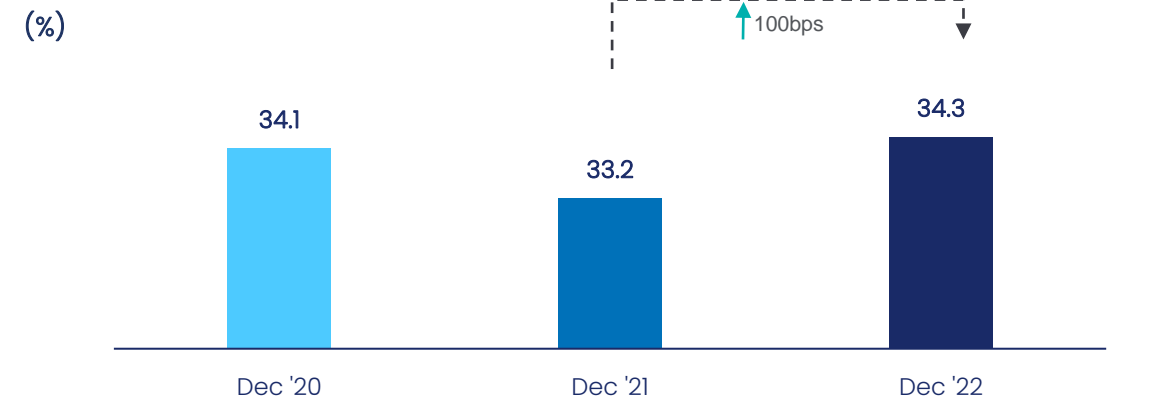
Total assets



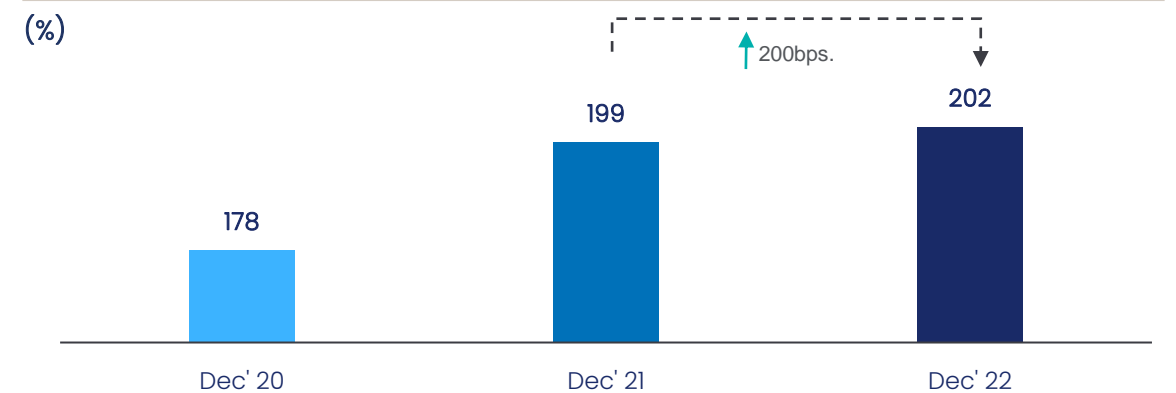
Total equity



Capital adequacy ratio – Basel II ratio



Liquidity coverage ratio



Source: Company information, FY'22 financials

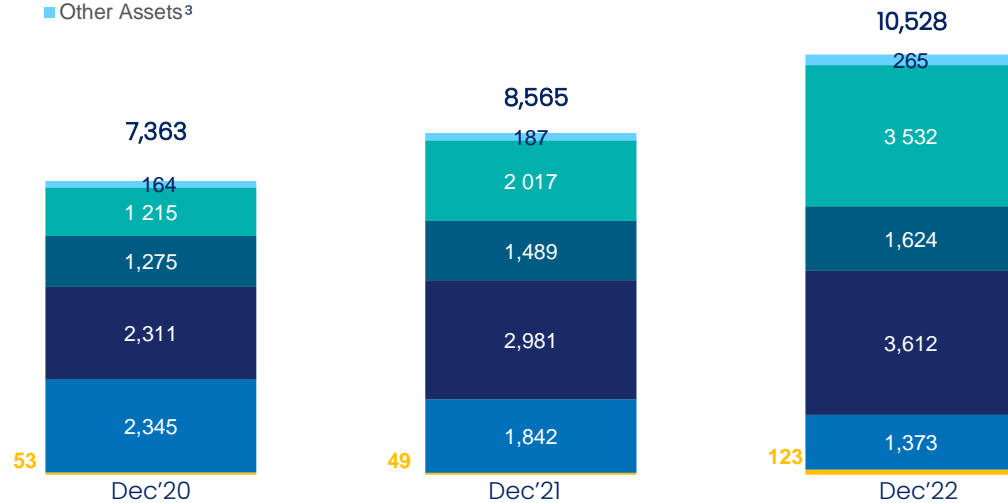
Strong asset profile

Growth in core infrastructure assets reflected in growth in loans and advances to customers

Asset breakdown

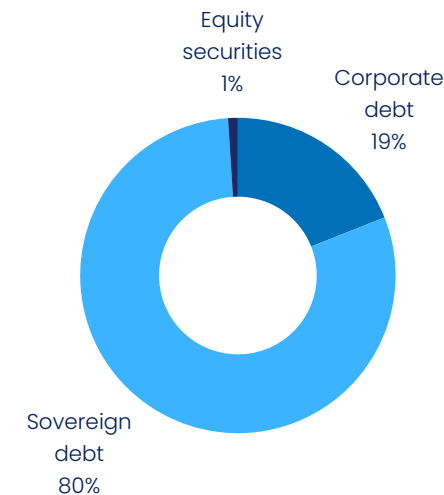
(US\$'mn)

- Cash & balances with Banks
- Loans & advance to banks
- Loans & advances to customers
- Financial assets at fair value through P&L
- Investment securities
- Other Assets³



Investment securities²

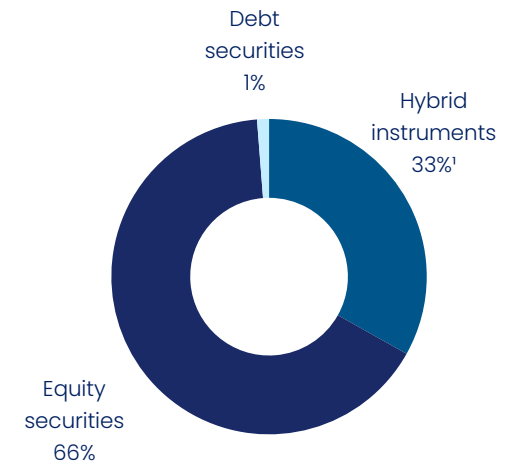
(%)



Total: US\$3,532mn

Financial assets at fair value through P&L

(%)



Total: US\$1,624mn

Growth in loans and advances to customers supported by strong liquid investment portfolio

Source: Company information, FY'22 financials

Note: ¹Hybrid instruments consist of convertible debt.

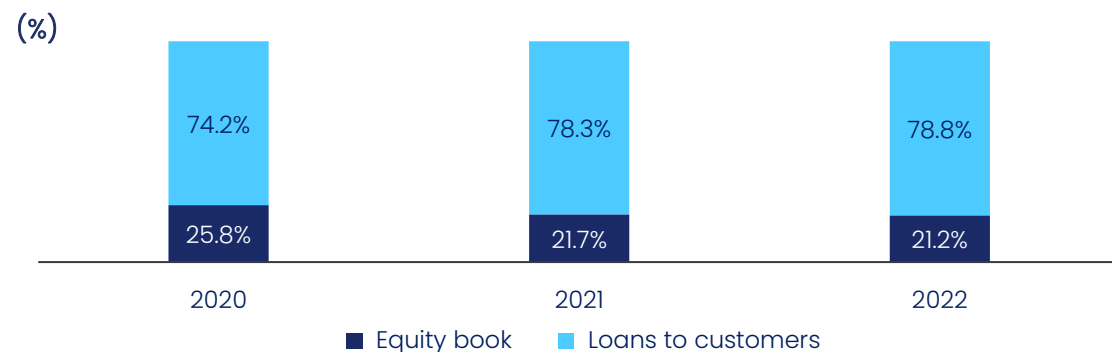
Note: ²Investment securities includes pledged assets.

Note: ³Other assets figure also includes derivatives and intangible assets, PPE and other assets.

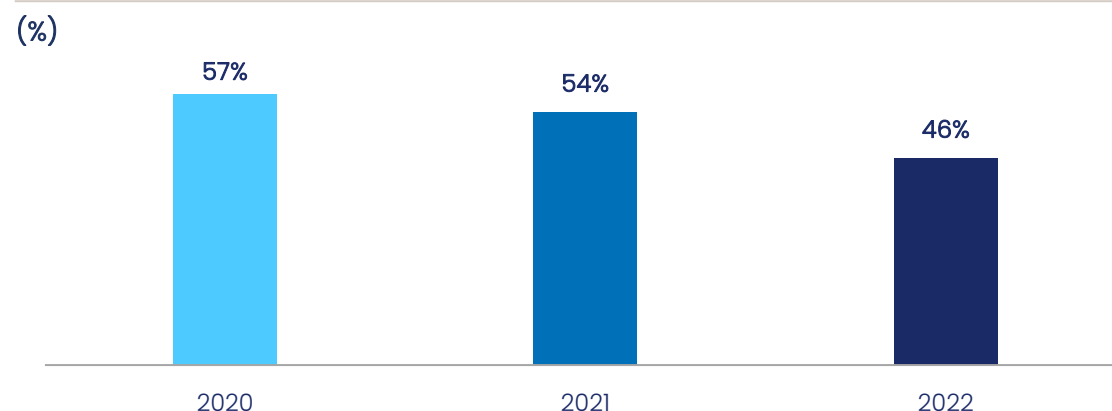


Well diversified portfolio by geography and sector

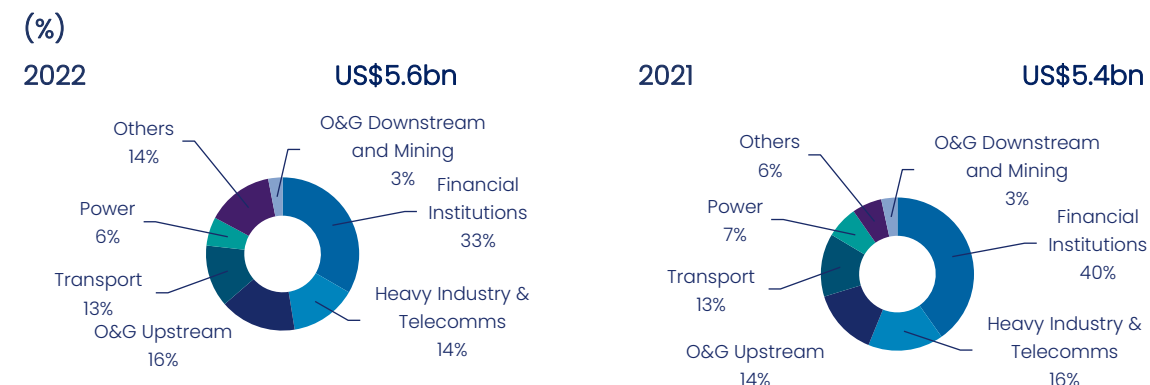
Infrastructure Asset Composition



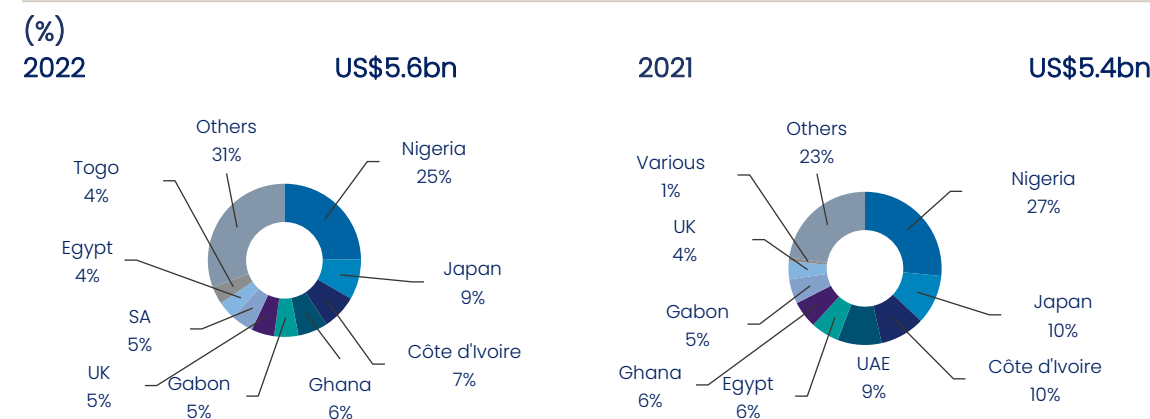
Top 10 Loans to Non-bank Customers¹



Loans by Sector



Loans by Country



Source: Company information, FY'22 financials

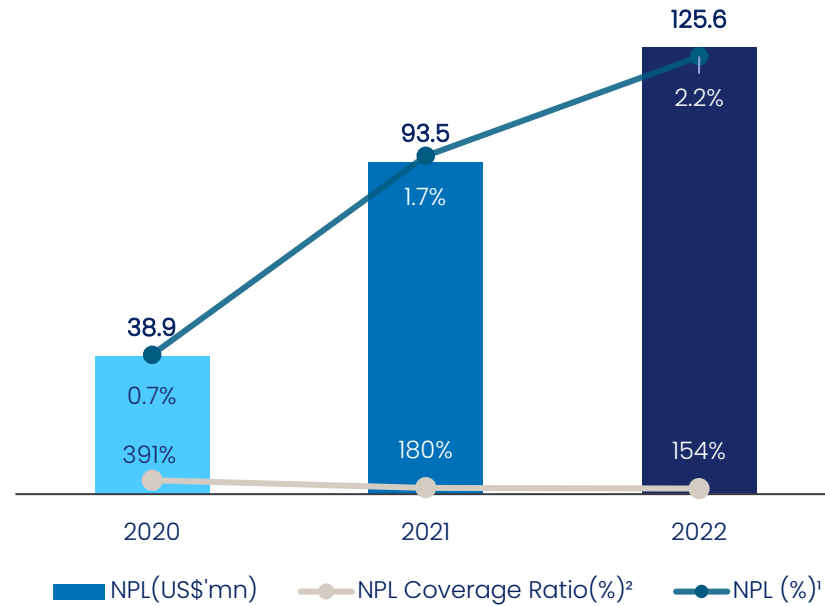
Note: ¹Top 10 Loans to Loans and advances to other customers divided by Loans and advances to other customers

Note: Charts not adding up to 100% reflect rounding adjustments

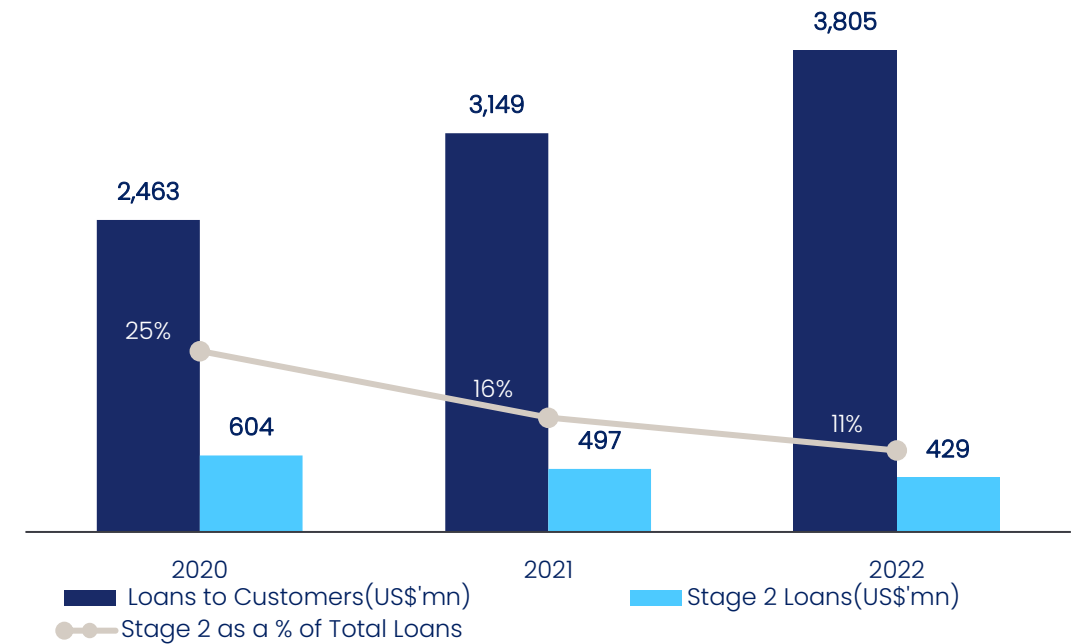


Asset quality

Non-Performing Loan Analysis



Stage 2 Loan Analysis³



Comments

- 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

Source: Company information, FY'22 financials

Note: ¹NPL percentage calculated as NPL divided by gross loans

Note: ²NPL coverage calculated as loss allowance divided by loss allowances for loans and advances to other customers

Note: ³Stage 2 loans refers to loans with a significant increase in credit risk since initial recognition. Stage 3 loans refers to credit impaired loans

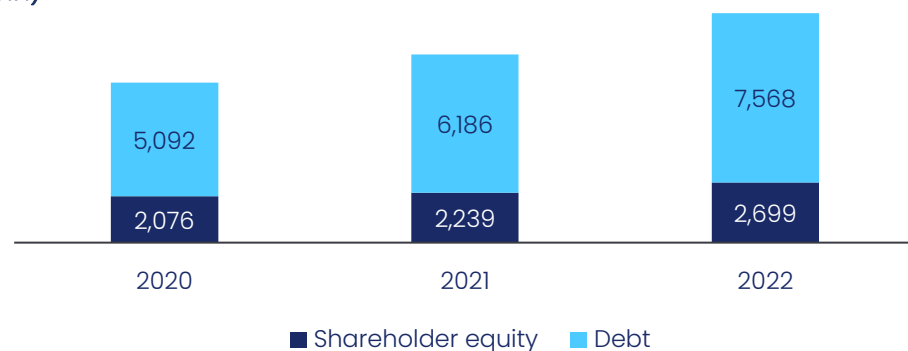


Well diversified and long-term funding structure

AFC's financing strategy is to maintain a flexible balance sheet with debt and equity sourced from a diverse pool of investors

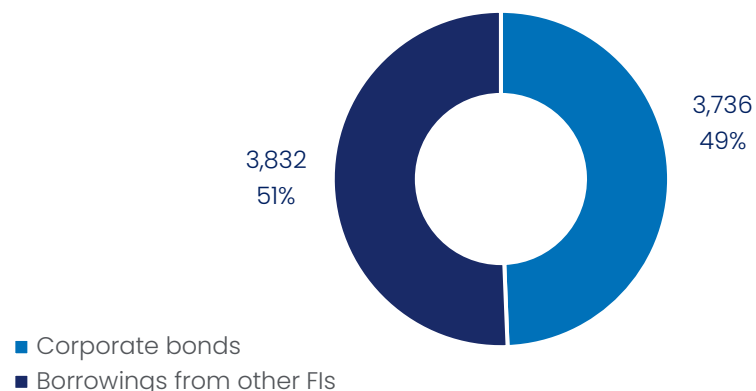
Capital structure

(US\$'mn)



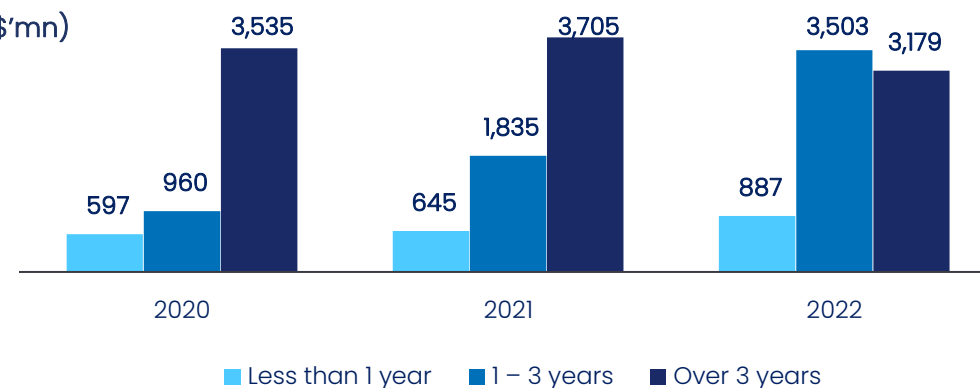
Borrowing structure

(US\$'mn)



Debt maturity profile

(US\$'mn)



Key borrowing activities

Loans

- 10-year EU€150 million loan
- 10-year EU€100 million loan
- 5-year US\$100 million facility
- 3-year US\$419 million dual currency Samurai loan
- 3-year US\$160 million Kimchi loan
- 3-year US\$50 million loan
- 2-year US\$750 million dual currency loan



Source: Company information, FY'22 financials

Strong liquidity buffers

Liquid Asset Profile

(US\$'mn)

Credit Rating	31 Dec 2021	31 Dec 2022
Investment Grade (Moody's Baa3 or better)	1,680	2,848
Below Investment Grade	214	146
Total	1,894	2,994
Investment Grade Share	31 months' liquidity cover	34 months' liquidity cover

AFC operates a very conservative liquidity management policy that requires us to hold HQLA to support our non-cancellable obligations over an 18-month period under a business-as-usual assumption, and over a 12-month period under a stress scenario. This very conservative liquidity policy is a major liquidity risk mitigant for the Corporation. AFC therefore remains very liquid and well positioned to repay all maturing obligations as they mature.



Source: Company information, FY'21 financials

Adherence to a conservative financial policy

AFC pursues a highly conservative financial policy – adopted by its Board of Directors – in order to ensure business sustainability, underpin its credit rating and reduce its cost of financing

- Capital adequacy (“CAR”) remains at a strong level
- AFC maintains strong liquidity buffers, invested conservatively

Ratio	2020	2021	2022
Capital adequacy⁽¹⁾:			
Capital adequacy ratio	34%	33%	34.3%
Liquidity coverage ratio	178%	199%	202%
Asset quality:			
Non-performing loan to total loan	0.7%	1.7%	2.2%
Profitability:			
Return on average assets	2.5%	2.6%	3.0%
Return on average equity	9.2%	9.7%	12.1%
Management efficiencies:			
Cost to income	22.8%	22.9%	22.7%
Net interest margin ratio	2.9%	3.2%	4.1%
Earnings per share (US cents)	14.4	18.1	24.4



Source: Company information, FY'22 financials
Note: ¹ Basel II

Outlook for the next growth phase

1.



- Mobilising African capital towards solving the continent's challenges.

2.



- Closing the crippling energy deficit on the continent responsibly and efficiently, with the continent's development aspirations and resources top of mind.

3.



- Ensuring optimal value addition for Africa's vast resources.

4.



- Building resilience in the continent's existing and future infrastructure.



Source: Company information

Q & A



Africa Finance Corporation

A: 3A Osborne Road,
Ikoyi, Lagos
Nigeria

T: +234 279 9600

E: investorrelations@africafc.org



Table of Contents

1. Overview of AFC
2. Business Highlights
3. Financial Performance
4. Appendix



Audited balance sheet and income statement

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



Source: Company information, FY'22 financials



Instrumental Infrastructure.
Instrumental Africa.