



BADEA credit rating outlook revised from 'Stable' to 'Positive' and 'AA' affirmed by S&P Global, action underpinned by strengthening policy importance and strong demonstration of shareholder support

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S&P Global Ratings ("S&P") has today revised the credit rating outlook from 'Stable' to 'Positive' and affirmed the 'AA' foreign currency long-term issuer credit rating of the Arab Bank for Economic Development in Africa (BADEA).

The revision of the outlook to 'Positive' reflects:

- (i) BADEA's rising regional policy importance through accelerated lending to beneficiary countries;
- (ii) Further evidence of shareholder support through the rapid relocation of the bank's headquarters to Riyadh, Saudi Arabia (from Sudan) and the introduction of USD 5 Billion callable capital;
- (iii) Ongoing catalytic role whereby the bank multiplies its development impact.

New loan approvals and disbursements to African sovereigns have increased considerably with development related assets increasing by 40% from \$2.1 Bn in 2020 to \$2.96 Bn in H1 2023 – a positive trend that is expected to be carried on into the bank's 9th 5-year plan 2024-2029. The Bank's NPL ratio has also remained very low, at 0.58%, maintaining its 49-year track record of zero credit losses, "despite the rising number of sovereign defaults and increasing sovereign risk across SSA" – noted S&P. This asset-performance is driven by preferred creditor treatment and BADEA's deep-rooted relationships with governments in the region. Overall, BADEA's financial risk profile is 'Extremely Strong', driven by one of the highest Risk Adjusted Capital ratios (93.5% after adjustments) among all S&P rated MLIs.

S&P further noted that BADEA's shareholders have continued to demonstrate strong support to the Bank, especially following the security situation in Sudan, early 2023. The Bank received extraordinary financial, logistical, and diplomatic support from its members which resulted in a timely evacuation and relocation of the Bank's headquarters from Khartoum, Sudan, to Riyadh, Saudi Arabia, further alleviating any future risk of operational disruptions.

BADEA has an unusually strong governance structure whereby it can only lend to non-shareholder countries and as such, BADEA serves as a trusted coordinator and highly effective catalyst for Arab development funds as well as other MLIs, which magnifies the Bank's overall impact in Africa.

The full press release by S&P can be accessed here:

<https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3058039>

H.E. Dr. Fahad Abdullah Aldossari, Board Chairman, commenting on S&P rating announcement, said: "This positive rating outlook reflects the growing strength of BADEA's shareholders' commitment to this critical region both through the accelerating expansion of our funding footprint and the deep operational support for this strategic and catalytic Arab entity. The Board members are very proud that BADEA continues to deliver on this important mandate in an increasingly visible and impactful way. As shareholders, we will ensure the Bank has all the resources needed to sustain this momentum".

H.E. Dr. Sidi Ould Tah, President of BADEA, said: "Over the last 18 months alone, recognizing the challenging macroeconomic environment for the region, our Board has approved over USD 2.6 Bn in new loans and we have disbursed over USD 1.2 Bn to our beneficiaries in Africa – equivalent to about 27% of the Bank's cumulative disbursements since its inception, 49 years ago. The acceleration reflects a fulfillment of our role to directly help the region for key projects when market conditions are more difficult. The persistence under such conditions means we have entered a new phase in the Bank's development lending footprint expansion. We look forward with optimism to unlocking more landmark projects, initiatives and impacting more lives in Africa, in line with our mandate".

About BADEA

BADEA is a multilateral development financial institution owned by 18 Arab countries. The Bank was founded in 1974 with the purpose of fostering, supporting and enhancing economic, financial and technical cooperation between Arab and African countries.

Social impact and sustainability are at the heart of BADEA's priorities and the 'BADEA 2030' strategy. To achieve its mission, the Bank mainly plays a catalytic role and offers several impactful financial instruments ranging from sovereign loans with a predominance in infrastructure finance, trade and private sector development, agriculture value chain development, entrepreneurship and SME development. The Bank also provides capacity building non-refundable grants to support key development projects in Sub-Saharan Africa aligned with its mandate.

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