



BADEA

Arab Bank
for Economic
Development
in Africa



FOR IMMEDIATE RELEASE

Moody's Ratings upgrades BADEA to Aa1 (from Aa2) reflecting an enhanced capital position, improving asset performance, strengthening liquidity profile & extraordinary shareholder support

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The Arab Bank for Economic Development in Africa (BADEA) has been upgraded by Moody's Ratings to Aa1 / Stable outlook (from Aa2/Positive Outlook).

The rating upgrade reflects BADEA's robust capital buffers and very low leverage as well as continuously strengthening asset quality with only 0.51% NPLs. The very low NPLs ratio has been achieved and maintained despite a very challenging environment in Sub Saharan Africa (SSA) where the bank provides all its policy lending. The shareholder countries of BADEA (Arab countries) do not benefit from the lending operations of the bank due to its institutional governance structure.

The upgrade also reflects BADEA's improving liquidity profile and funding franchise. The ratio of highly rated liquid assets relative to net cash outflows over the coming 18 months improved from 126% in 2022 to 190% in 2023 and peaked to 250% in Q1 2024 following additional liquidity from bonds issuance.

The bank's funding franchise has benefitted from successful establishment of a Euro Medium Term Note Programme, and a Sustainable Financing Framework followed by the inaugural issuance in Q1 2024 of a Eur 500 Mn Social Bond under the program. The bank plans to be a regular benchmark issuer in the debt markets.

BADEA also recently amended its Articles of Establishment which was unanimously adopted by all shareholders with several updates – particularly the contractual formalization of USD 5Bn callable capital into the capital structure of the bank. This, in addition to prompt operational support during the bank's recent relocation demonstrates strong shareholder support.

"This upgrade to Aa1 puts us in an even stronger position to raise funds at highly competitive rates and will significantly expand our capacity to continue channelling resources towards priority sectors in Sub Saharan Africa. However, as the bank marks 50 years of impactful operations in Africa, our work is not complete, and this only marks a new beginning. As shareholders – we remain committed to further strengthening BADEA's credit and business profile into the top-tier of benchmark development institutions globally" said **H.E. Dr. Fahad Aldossari**, BADEA's Board Chairman.

H.E. Dr. Sidi Ould Tah, BADEA's President said *"The Aa1 rating recognises BADEA's extraordinary capital and liquidity position, as well as asset performance in the most challenging of credit conditions. The stable outlook reflects the sustained strengthening of our institutional capabilities. The team are justly proud of this exceptional achievement, which would not have been possible without the trust and extraordinary support that we have consistently received from our shareholders over the last five decades that BADEA has been operating in Africa"*.

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ABOUT BADEA

Headquartered in Riyadh, Saudi Arabia - BADEA is a multilateral development financial institution owned by 18 Arab countries (62% by GCC states). 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 is 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, agricultural value chain development, entrepreneurship, and SMEs development. The Bank also provides capacity building non-refundable grants to support key development projects in Sub-Saharan Africa aligned with its mandate and the top priorities of its beneficiaries.

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