THE ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA (BADEA) ASSIGNED ‘AA’ RATING WITH STABLE OUTLOOK FROM S&P GLOBAL RATINGS, UNDERPINNED BY ‘EXTREMELY STRONG’ FINANCIAL PROFILE

Kampala, 5-October-2022
S&P Global Ratings (“S&P”) has today assigned a ‘AA’ foreign currency long-term issuer credit rating to the Arab Bank for Economic Development in Africa (BADEA), with a ‘Stable’ outlook. This extremely high rating follows the ‘Aa2’ rating with Positive Outlook assigned by Moody’s earlier this year and confirms the extraordinary credit profile of the bank for all stakeholders.

The Bank’s core role is to strengthen economic, financial, and technical cooperation between Arab and Sub-Saharan African (SSA) countries and is the embodiment of Arab-African solidarity on foundations of equality and friendship. Since operations began in 1975, the Bank has financed 730 public sector projects, approved 83 private sector and trade finance operations, and provided more than 890 technical assistance and capacity development grants across 44 Sub Saharan African (‘SSA’) countries that often struggle to attract competitive private sector funding.

The bank 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 terms of lending into Africa, and is key for the shared prosperity of both regions.

BADEA’s nonperforming loan ratio currently stands at 0.7% despite significant exposure to low-rated SSA sovereigns and has demonstrated zero-loss performance observed over the entirety of its 48-year history, often driven by preferential treatment and deep-rooted relationships with governments in the region.

BADEA’s financial risk profile is ‘Extremely Strong’, driven by one of the highest Risk Adjusted Capital ratios (86.1% after adjustments) among all S&P rated MLIs. The bank also maintains a strong and highly liquid investment portfolio supporting liquidity ratios that are also above those of similarly rated peers.

S&P also noted that BADEA’s Governance standards are strong, given well-established governance practices, which ensures stability in shareholding as well as in BADEA’s operations. They note that the bank has a strong relationship with its Arab League shareholders who view BADEA as a critical institution in developing knowledge in SSA developmental finance and as a vehicle to further improve Arab-Africa relations. Shareholders have shown support in recent years and increased BADEA’s capital base in April 2022.

The full press release announcing S&P rating decision is available here.

https://badea.org/Portal/Document_Repository/1144/1_BADEA%20SPG%20Rating.PDF

“Today marks another key milestone for BADEA in the expansion of our development activities in Africa that we are accelerating in line with the needs of the continent” said H.E. Dr. Fahad Abdullah Aldossari, Board Chairman, commenting on S&P rating announcement. “The potential of Sub-Saharan Africa remains vast and key to the Arab world. With two very strong international ratings, the Bank’s ambition is to leverage our credit profile to catalyse our sovereign partners and better serve the financing needs in this region. This AA rating from S&P confirms our strength to the market and puts the bank in a very strong position to raise funds at highly competitive rates for the benefit of our borrowers in alternative currencies that are used on the continent.” he added.
H.E. Dr. Sidi Ould Tah, Director General said “This very high rating confirms our credit strength to our partners and is a key step for BADEA to both grow and establish itself as a benchmark issuer in global and regional capital markets. This AA rating captures the extraordinary capital and liquidity position of the Bank that exceeds those of most of our rated peers. The stable outlook reflects the resilience of our internal capabilities despite an increasingly challenging operating environment. The team are very proud of achieving such high ratings from two of the world’s leading credit rating agencies in the same year and wish to acknowledge the extraordinary support that we have received from our shareholders throughout this intensive process”

___ END ___

About BADEA
https://www.badea.org/index.htm

BADEA is a multilateral financial institution headquartered in Khartoum, Republic of the Sudan. The Bank – owned by 18 sovereign states, members of the League of Arab States was established on 18th February 1974 and began operations in March 1975 providing finance and technical assistance for economic development exclusively in Sub Saharan Africa. BADEA works to facilitate and catalyse the flow of Arab and other external capital and investments into Africa. Since 2015, the bank also expanded its focus on trade – both Arab-Africa trade as well as Intra-Africa trade.

The Bank is an independent International Institution enjoying full international legal status and complete autonomy in administrative and financial matters. It is governed by the provisions of its Establishing Agreement and the principles of international law.

The Bank was created for the purpose of strengthening economic, financial and technical cooperation between the Arab and African regions and for the embodiment of Arab-African solidarity on foundations of equality and friendship and remains one of the very few multilateral development banks whose mandate is to serve non-shareholder countries.

Contacts
BADEA MEDIA INQUIRIES
Contact: Dr Tshepelayi Kabata
Email: ratings@badea.org

BADEA RATING ADVISOR
R.J. Fleming & Co.
Contact: Khalid F. Howladar
Email: kh@rj-fleming.com