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SSA Spotlight: African Development Bank (AFDB)

By Ethan Currie

*Note: In addition to the information provided in this report, investors are encouraged to consult issuer material directly. AFDB's most recent investor presentation can be found **here**. For additional SSA analysis and resources from NBC, please contact your Capital Markets representative. Recurring reports include NBC's **SSA Monitor** and **Fact Sheet**.*

The African Development Bank (Ticker: AFDB) has continued its strong capital markets presence in 2026, offering up benchmark deals in USD, GBP, and AUD. Considering the brisk funding pace thus far, this *Market View* puts AFDB in the *SSA Spotlight*—with a view to assessing the issuer's operating fundamentals, credit profile, bond supply and trading dynamics for interested investors. Read on…

AFDB operations are supported by 81 member countries and a G7 shareholding of 27%. Aside from ownership diversity, the Bank's projects are plentiful, seeking to support Africa's development through a 5-pronged agenda—proving energy, food, industrial capacity, integration, and quality of life enhancements. In line with growing operations, AFDB's loan book and balance sheet has stepped up in size, though asset performance and prudent risk management has consistently reaffirmed AAA ratings of the issuer.

Leveraging this credit favourable position, AFDBs bond program has stepped up, with 2026 supply set to be higher than the prior year(s). This adds to a bond stock that's already characterized by diversity—in both tenor and currency distribution. Despite a relatively brisk start to this year's funding, deals have been absorbed well. Order books for the issuer remain robust, as recent benchmark issuance has been well oversubscribed. To take an example, 5Y and 10Y USD bonds from AFDB had priced through initial indications and remain bid in secondaries—even amidst broader volatility in SOFR valuations.

Following a seasonal supply surge (which we explored **here** and **here**), SSA spreads backed up slightly from their tightest levels. AFDB valuations remained particularly resilient, as credit curves flattened in response to strong investor appetite. The name has stood out as an outperformer in the space and relative to IG spreads in recent months, and even dating back to 2024.

Despite notionally 'tight' levels (both currently and at the turn of a calendar year), AFDB has remained well bid against swaps and USTs. In our view, relative outperformance is entirely justified, and we see scope for tighter levels to persist (not just for this name, but high quality SSA credit in general). G-spreads continue to grind tighter and operational diversification offered up by diversely sponsored MDB's should be well sought amidst persisting themes of geopolitical uncertainty and sovereign risk reassessment.

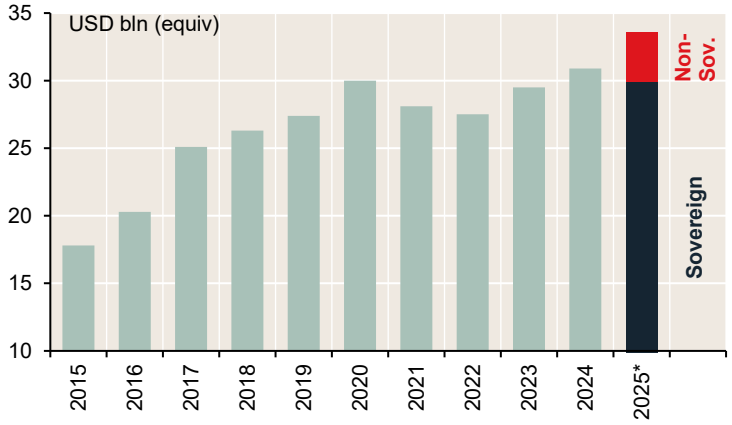
African Development Bank (AFDB) – Issuer Profile

Ticker | Status | Ownership		
AFDB	Supra / MDB	81 Members
Credit Rating*		
S&P: AAA	Moody's: Aaa	Fitch: AAA
Debt & Borrowing		
Amount O/S	*USDbln (equiv)*	54.81
W.Avg Term	*Years*	4.72
W.Avg Cpn	*%*	3.12
Due in 2025	*USDbln (equiv)*	9.39
No. of Issues	#	293
Currency Composition	*% of Total*	USD: 52.5 EUR: 16.4 GBP: 9.1 AUD: 8.6 ZAR: 4.8 Other: 8.6
EU Basel III R.W.	*%*	0.0
2026 Approved Borrowing (Prior)	*USDbln (equiv)*	12.1 (10.1)

*Source: NBC, Bloomberg | Note: DDIS Data as at 2-Mar-2026; For all DDIS data presented, issuer classification (current) is per Bloomberg; investors are encouraged to also consult issuer material directly; *Credit ratings are stable outlook, unless otherwise stated*

Chart 1: Loan book has doubled in the past decade…

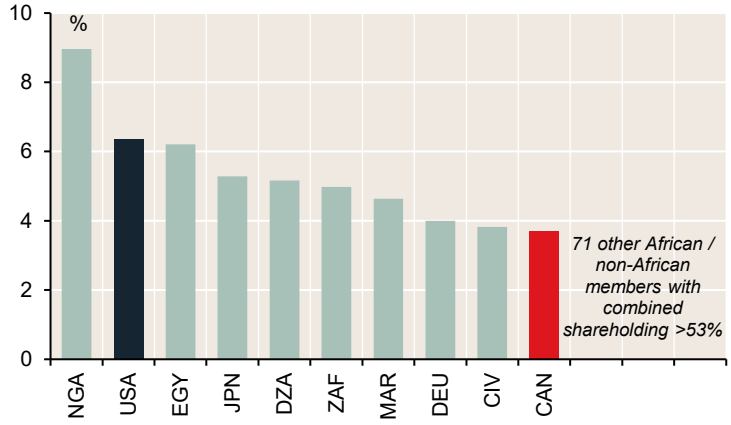
AFDB outstanding loan book since 2015, current sovereign / non-sov. exposure



Source: NBC, AFDB | Note: 2025 is as at mid-year update (30-June-2025)

Chart 2: … thanks to a very involved & diverse sponsor list

AFDB shareholding by country (current, top 10)

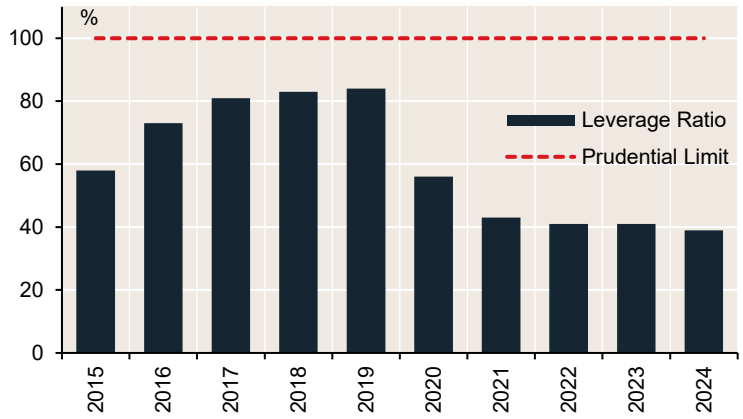


Source: NBC, AFDB | Note: As at 30-June-2025; 3-letter ISO country codes are presented

AFDB's outstanding loan book—comprised mainly of sovereign lending—has doubled over the past decade (and stepped up consistently since '22), with an appropriate risk appetite sustained (as discussed below). Operations are diversified—across geographies and projects—but so too is Bank sponsorship. Comprised of 81 members, no country shareholder has a stake more than 9%.

Chart 3: Leverage ratios are at sustainable levels…

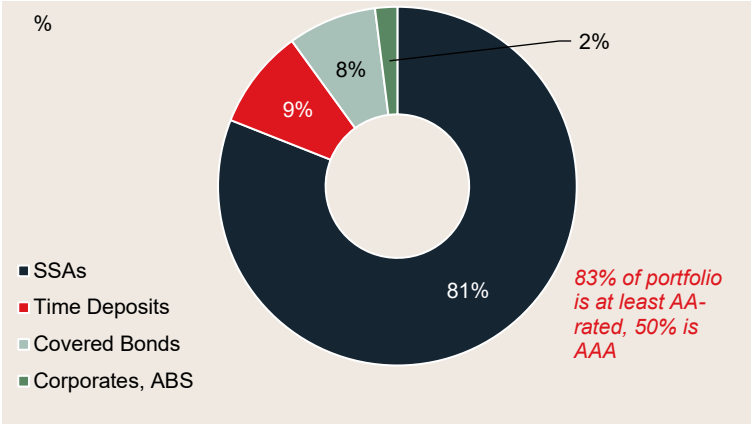
AFDB leverage ratio & specified prudential limit, since 2015



Source: NBC, AFDB | Note: Prudential Limit as specified by issuer

Chart 4: … with high-quality liquidity buffer

AFDB liquidity portfolio by type of holding, current

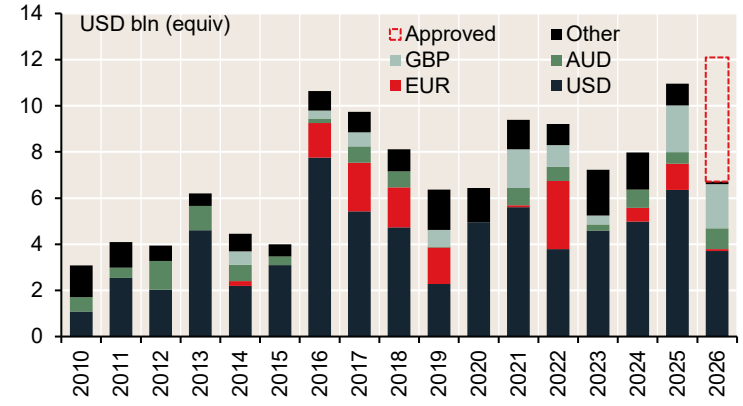


Source: NBC, AFDB | Note: As at 30-June-2025

Growing operations (and related borrowing) have not been credit negative in AFDB's case—the opposite, in fact. Leverage ratios have stepped down and remain well below the Bank-specified prudential limit, while the liquidity portfolio is invested in high-quality fixed income (predominantly SSA). The conservative portfolio is largely denominated in USD and EUR, with a minimum A- rating.

Chart 5: Supply set to step up again in 2026….

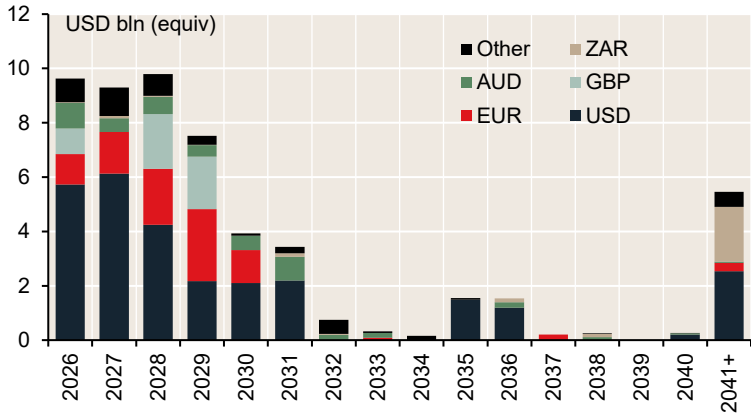
Gross AFDB bond issuance by currency and calendar year



Source: NBC, Bloomberg | All public deals translated to USD at deal date; Duplicates

Chart 6: … adding to an already diverse bond stock

Current AFDB debt distribution by currency and tenor

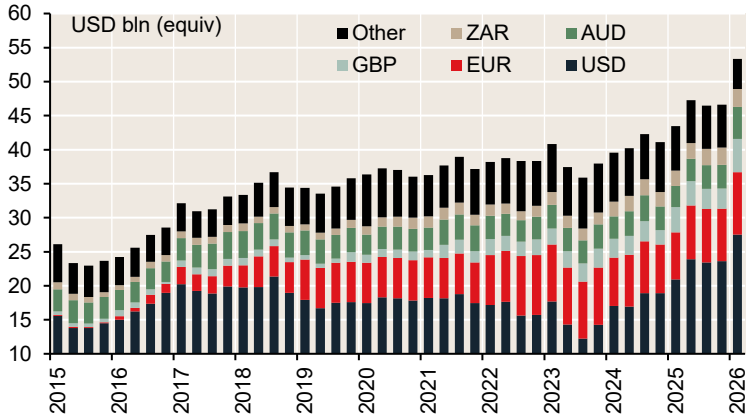


Source: NBC, Bloomberg

2026's approved borrowing of $12.1bln would suggest that supply is set to step up relative to the prior year(s). USD benchmark transactions will continue to be a cornerstone of the Bank's funding strategy, though diversification—in tenor and currency—is evident. The EUR footprint has stepped up, and recent longer-dated deals have added to a well-mixed debt distribution.

Chart 7: Outstandings (and liquidity) growing prudently…

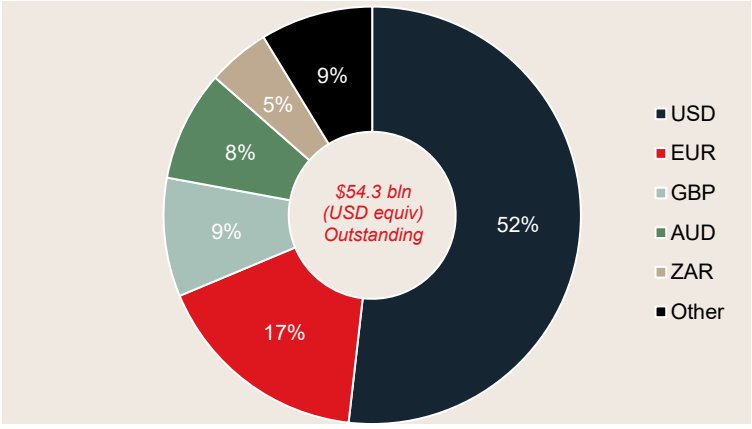
Currency distribution of outstanding AFDB bonds—current and at 2016:Q1 end



Source: NBC, Bloomberg | Note: Values translated to USD at quarter-end

Chart 8: … as funding remains diverse

Currency distribution of outstanding AFDB bond stock

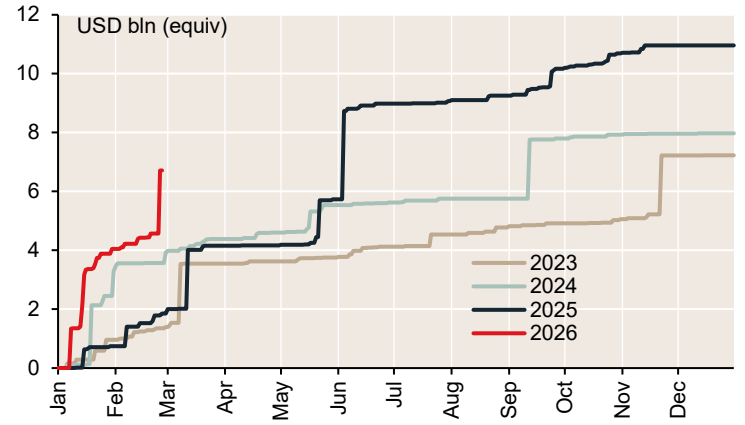


Source: NBC, Bloomberg | Note: Shares of USD equivalent bond stock at quarter-end / current

AFDB continues to build on its strong track record of liquid benchmark-sized issuance. That's naturally coincided with a steady-growing bond stock. Currency diversification is also worth noting—the issuer has nearly 300 issues outstanding in over 20 denominations, catering not just to the Bank's operations, but diverse investor base.

Chart 9: YTD supply is off to a brisk start, like prior years…

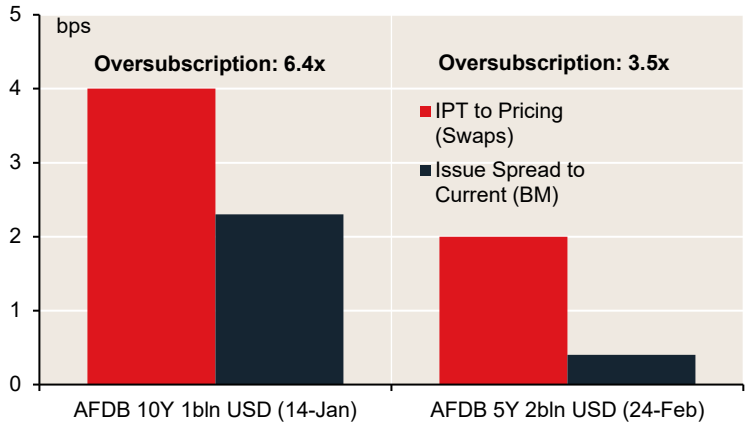
AFDB gross bond supply pacing by year (all public deals, all currencies)



Source: NBC, Bloomberg | Note: All public deals translated to USD as at deal date

Chart 10: … funding met with ample investor demand

Pricing compression of recent AFDB USD bond deals (inverted)

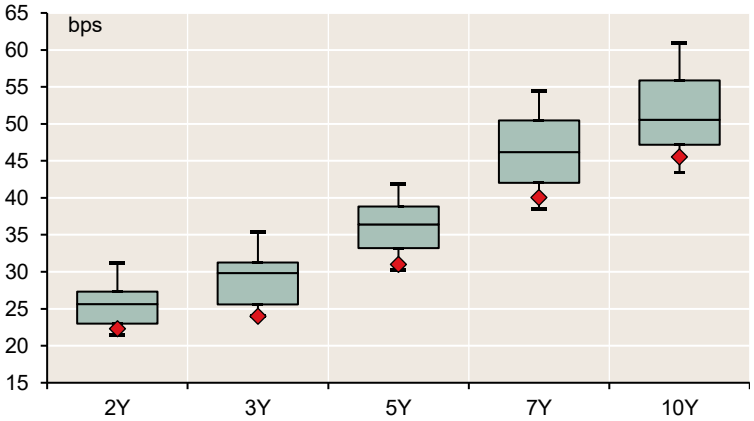


Source: NBC | Note: Deal date in parenthesis; BM' is benchmark spread; Values inverted, where positive figure indicates spread compression / improvement

Like many SSAs, AFDB supply has tended to come in waves—the biggest of which comes early in the year, as issuers typically capitalize on strong investor appetite and plentiful liquidity. Despite completing ~half of approved funding this year already, AFDB issues have been absorbed particularly well. Recent benchmark deals have priced through IPTs and have been well oversubscribed.

Chart 11: AFDB spreads hold tight, resilient in key tenors…

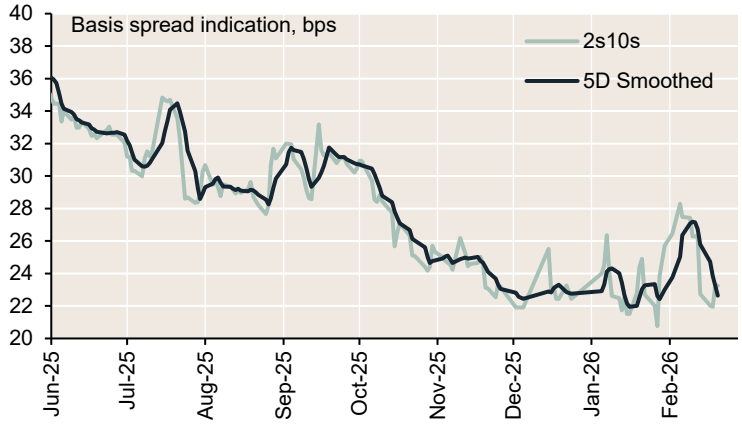
AFDB SOFR spread indications by tenor—6M trading range and current level



Source: NBC | Note: Red dots denote current indicative SOFR spread; Box is 2nd/3rd quartiles

Chart 12: … as indicative credit curve stays flatter

AFDB SOFR spread indications—2s10s basis spread & 5-day smoothed figure

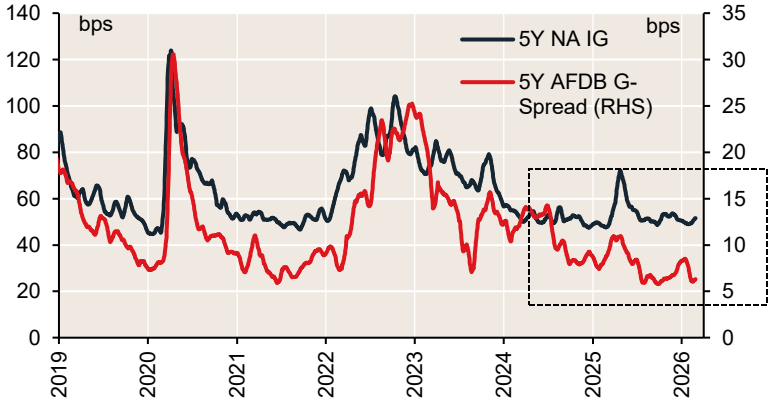


Source: NBC

After a seasonal supply surge in January, SSA spreads grinded tighter after entering the new year on a strong footing. Relatively loftier valuations vs swaps backed up as Feb-26 came into view but have since recovered. That's true for AFDB as well, were spreads to SOFR held up considerably well. Longer duration continues to be well sought, as indicative credit curves remained flatter.

Chart 13: AFDB issues are outperforming other credits…

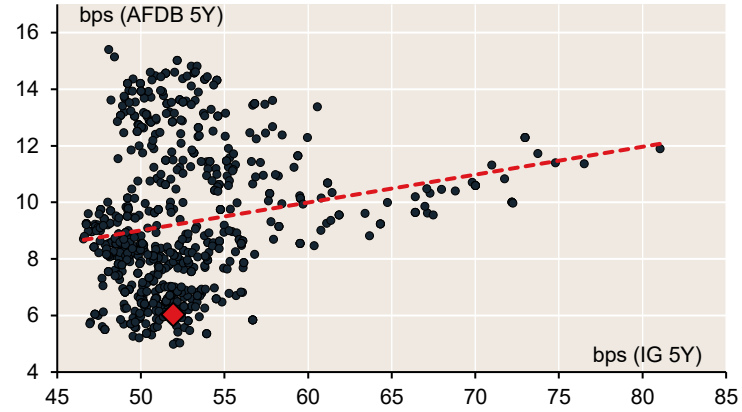
Proxy 5Y AFDB constant maturity G-spread vs North American IG credit spread



Source: NBC, Bloomberg | Note: CMS built using AFDB USD global issue with minimum $0.5bln outstanding, rolled every 6M to closest 5Y bond; 20-day smoothed values are used

Chart 14: … with scope for firm(er) valuations to stick

Proxy 5Y AFDB constant maturity G-spread vs NA IG credit spread, since 2024



Source: NBC, Bloomberg | Note: Each data point represents one trading day since 2024; Red marker denotes current levels (25-Feb-2026)

While credit spreads have generally performed well in recent years, AFDB G-spreads have stood out. Against USTs, they've outperformed IG and quickly recovered from a (modest) backup early this year. We remain constructive on the name, and expect that demand will remain robust for the high-quality credit offered up amidst broader themes of geopolitical risks and sovereign repricing.

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