

ALCBFUND 2021 IMPACT REPORT

OVERVIEW

The ALCB Fund (the "Fund") was founded in December 2012 by KfW, the German development bank, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The Fund's mission is to support the development of African capital markets by promoting primary corporate bond issuances in local currency. This is achieved by providing technical assistance to local African issuers, investors, and intermediaries and making anchor investments in issuances by companies whose ultimate beneficiaries are low-income households and MSMEs.

IMPACT FRAMEWORK

The ALCB Fund drives change through its three impact objectives:

Contributing to Local Capital Market Development

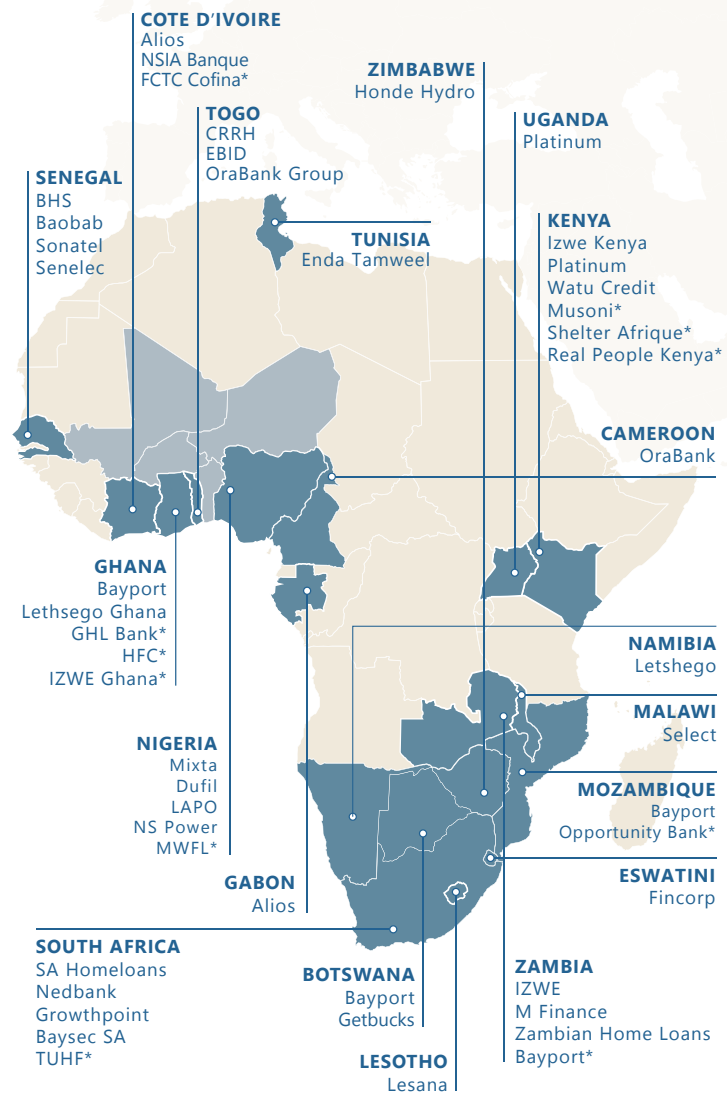
- Mobilizing domestic capital markets investors such as pension funds, asset managers, insurance companies.
- Promoting innovation by participating in transactions that push market boundaries.
- Strengthening local market issuance standards by working with local intermediaries to apply international best practices.

Improving the Financial Capacity of Local Issuers

- Supporting local currency fundraising, thereby reducing FX risk and diversifying their investor base.
- Reducing interest rate mismatch by investing in fixed or floating rate notes.
- Improving maturity mismatch by extending maturity profile of liabilities and limiting reliance on short-term bank funding.

Sector impact

- The Fund invests in highly developmental sectors that benefit low income households and MSMEs. The Fund collects sector-specific impact data relevant to each issuer's sector and aggregates the data per sector.



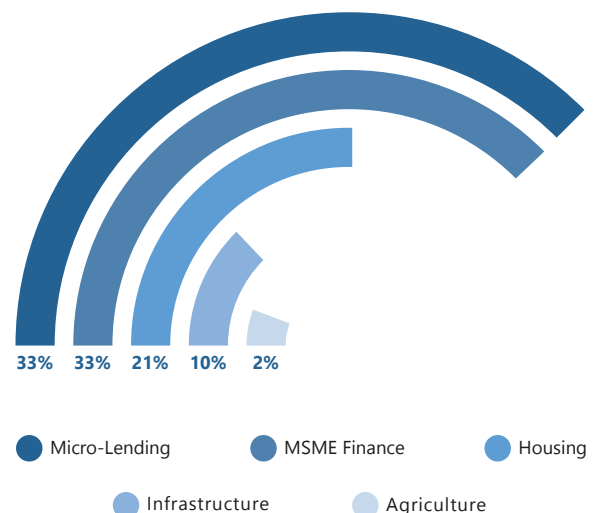
* Exited

PORTFOLIO HIGHLIGHTS

	2021	Total
Number of investments:	7	66 (45 Outstanding)
Number of companies invested:	7	47 (36 outstanding)
Number of countries invested:	5	19
Amount invested (total):	USD 35.9m	USD 229.4m
Amount invested (bonds):	USD 35.9m	USD 208.0m
Amount invested (bridge to bond loans):	-	USD 20.9m
Amount invested (commercial paper):	-	USD 0.6m
Outstanding portfolio:	-	USD 137.9m

Values as at December 31st, 2021

ALCB FUND PORTFOLIO BY SECTOR



MARKET DEVELOPMENT

- Cumulative investment multiplier of 10.1x per dollar invested; from 4,370 local co-investors primarily from regional asset managers (36%), other financial institutions such as commercial banks (24%) and pension funds (18%).
- Notable increase in participation from other financial institutions such as commercial banks in Kenya and Namibia.
- 89% of issuers have attained a subscription rate above 90% and 18% of issuances were oversubscribed.
- 6 issuers that previously received ALCBF investment (Letshego Ghana, Platinum Uganda, FINCORP Swaziland, Bayport Mozambique, BaySec SA and SA Homeloans) successfully came to market in 2021 without further ALCBF participation and raised a total of USD 146m.
- 12 of the Fund's issuers were first time issuers in the bond market.
- Notable investments include:
 - The Fund's anchor investment in Orabank Group's

securitisation program in Togo, the fourth securitisation in the UEMOA region and second by a commercial bank.

- Investments in Watu Credit and Izwe Holdings bond issuances in Kenya, further supporting corporate capital market debt activity in a market which has been subdued in the past.
- Investment in Nedbank's note issuance under its SDG Bond program.
- Investment in ECOWAS Bank for Investment and Development's (EBID) bond issuance in the UEMOA market with proceeds earmarked and directed to finance private sector developmental activities of interest to the Fund.
- Notable TAF projects included: **1)** Robust review of regulatory frameworks across various DCM markets in UEMOA and CEMAC regions. **2)** Technical feasibility study on potential of refinancing renewable energy projects in Africa using local currency debt. Both public reports are available on the Fund's website.

ISSUER BENEFIT

- 5 Issuers reported lower foreign currency funding: 2 issuers eliminated their foreign currency funding in 2021 and 3 issuers reduced their foreign currency funding by over 50%.
- 11 issuers reported no foreign currency funding on their balance sheets, 16 issuers have less than 10% foreign currency funding in their balance sheets.
- 9 issuers reported lower funding costs in 2021 compared to 2020, largely driven by a decline in benchmark rates in Africa.
- 14 issuers reported holding liabilities with maturities of at least 36 months, with 6 noting an increase in funding tenors.
- Average maturity of loans provided to customers on a consolidated basis is 53 months, an increase in comparison to the previous year's average of 43 months

- Average loan amount declined by 63%, from USD 1,923 in 2021 to USD 714 in 2021.
- 42% of portfolio company borrowers are estimated female and 36% reside in rural areas.
- Primary use of proceeds are: housing (16%) and micro-enterprise finance (18%) and SME finance (9%).
- Supported 28,498 jobs, a 38% increase from 2020, 40% of employees are female compared to 41% in the previous year.

- **Housing Development:** 385 new units of affordable housing (<USD 45,000) developed for the Nigerian market.
- **Renewable Energy:** c. 2.8 million MWh of clean energy output, serving over c. 1.8 million households and 0.4 million MSMEs; over 1.5 million TCO2e estimated carbon avoidance from all renewable energy assets supported by the Fund's investments.
- **Green Infrastructure:** Growthpoint properties in SA reported an estimated carbon avoidance of 50,338 TCO2e from its green building commercial property developments.

SECTOR IMPACT

- **Financial Inclusion:**
 - Portfolio companies served over 3.8 million active borrowers in 2021, and reported a consolidated portfolio of USD 4.1 billion.



- FI Issuer end-borrower use of proceeds: Microenterprise - **USD 735m**; SME/commercial - **USD 1,356m**; Health/emergencies - **USD 70m**



- Total output of food products: **492 MT**
- FI Issuer end-borrower use of proceeds - Agriculture activities: **USD 16m**



- Loans for education: **USD 136m**



- % Female borrowers reported by financial institutions: **43%**
- % Female staff: **40%**



- Number of direct jobs supported by the Fund's investments: **28,498**



- Total portfolio size of micro lending and MSME Finance institutions: **USD 3.3b**
- Total number of borrowers: **3.6m**



- Total housing loans by FI portfolio companies: **USD 671m**
- Number of affordable houses developed (costing less than USD 20k): **385**



- Number of households and MSMEs served by renewable energy producers and distributors: **2.2m**
- Carbon displacement (TCO2): **1.5m**
- Renewable energy output: **2.8m MWh**



- Co-investment amount since inception: **USD 1.8b**
- Number of co-investors since inception: **4,370**

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MARKET
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