

Investor Presentation



December 2022

InfraCredit is capitalised by



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Our Vision, Mission & Values

Our Mission is to successfully unlock the potential for long term local currency infrastructure finance in Nigeria, creating value for our stakeholders and being the best at what we do

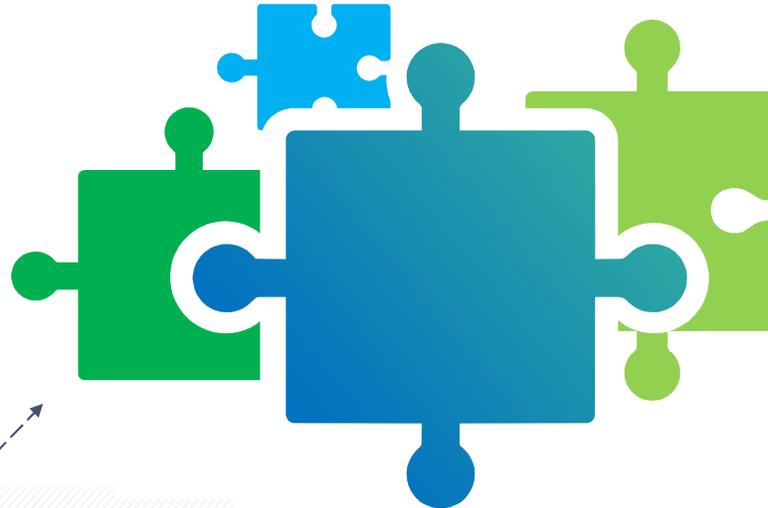
MISSION

Our Vision is to be a catalyst and the most trusted partner, in the attraction of long term capital into infrastructure finance in Nigeria.

VISION

VALUES

Our Values define who we are. Through **integrity, passion, innovation and collaboration**, we are focused on building a vibrant institution where ideas can flourish, people can succeed and success can be nurtured.



Who We Are



InfraCredit is a specialised financial guarantor established in 2017 by the Nigeria Sovereign Investment Authority in collaboration with GuarantCo to provide guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure related assets in Nigeria.

For more information go to: <http://www.infracredit.ng/>



Credit Rating



AAA (NG)
June 2023



AAA (NG)
June 2023



Capital Providers

SOVEREIGN WEALTH
FUND & DFIs



PRIVATE INSTITUTIONAL
INVESTORS



Capital

US\$201m
Total Capital

Core Capital

US\$ 105 Million (NGN EQUIVALENT)

Subordinated Capital

US\$ 71 Million (NGN EQUIVALENT)

Callable Capital

US\$ 25 Million (NGN EQUIVALENT)



Eligibility Criteria

- › Naira Denominated Debt Issue
- › Eligible Infrastructure Activity
- › Debt Tenor of up to 20 years
- › Greenfield & Brownfield Asset
- › Acceptable Credit Profile
- › Pension (PENCOM) Compliant
- › Minimum BBB- Credit Rating
- › Adequate Security Package
- › Environmental & Social Standards

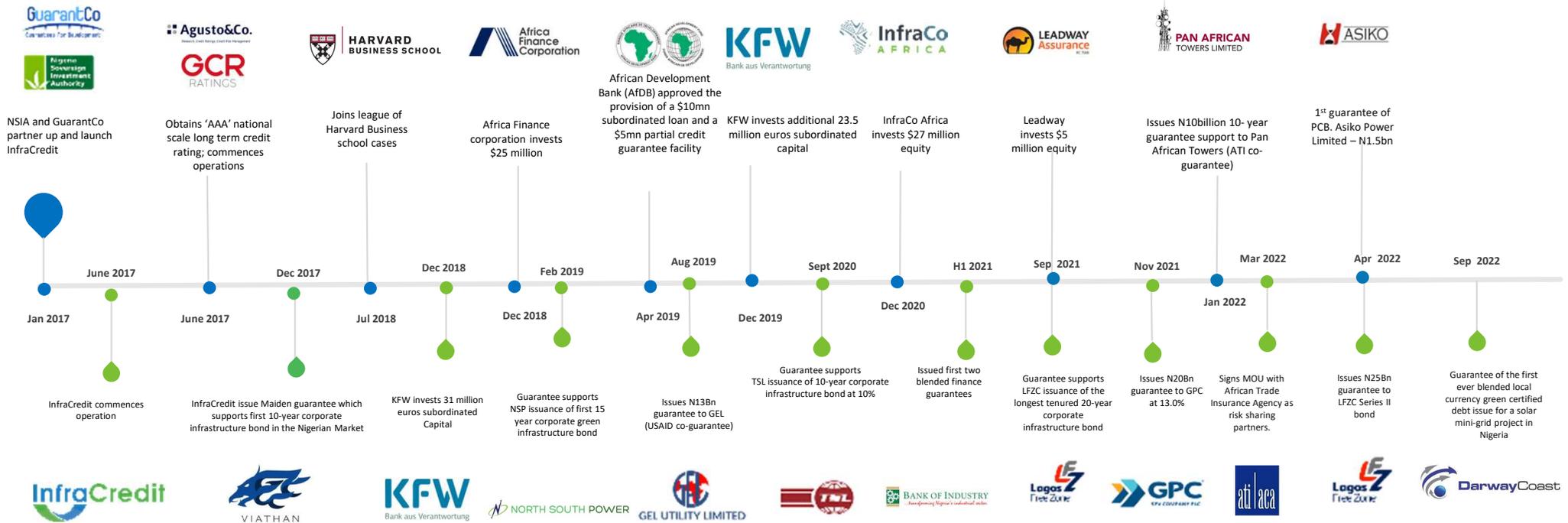


Development Partners



Key Milestones

InfraCredit has made significant strides since inception in 2017...



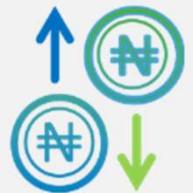
The Market Gap

...Nigeria's huge infrastructure deficit requires long term capital...

With a growing supply of capital from pension funds, and limited investment instruments to safely channel these long term funds towards infrastructure, our market demands the creation of a funding tool that can facilitate the efficient allocation of this long term capital into bankable infrastructure assets in a sustainable manner.

30 years

Ave. Contractual Maturity of Pension Funds & Insurance liabilities with limited assets of matching duration



₦32.4 Trillion

Total Par Value Outstanding in Nigerian Debt Capital Markets as of October 2022

\$100 BILLION

Annual Funding required to bridge infrastructure deficit (next 30 years)

According to Nigeria's National Integrated Infrastructure Master Plan ("NIIMP")

₦14.9 Trillion

PENSION FUND ASSETS as at December 2022



₦19 Trillion

FORECAST of the nation's Pension Assets to double over the next three years

< 2%

limited long dated bonds issued to finance infrastructure assets

INFRASTRUCTURE BONDS



₦2.1 Trillion

Estimated Minimum Potential Pension Funds Investable in Eligible Infrastructure Bonds

Based on Investment Thresholds and Limits in the Pension Investment Guidelines

has been increasing at an average annual growth rate of 15% p.a. from an initial size of **₦47 billion** in 2004 to its current level

InfraCredit Eligible Sectors & Transactions

InfraCredit will support eligible projects engaged in any of the following infrastructure related activities

ELIGIBLE SECTORS



Power



Renewable Energy



Transportation



Waste Management



Agricultural Infrastructure



Social Infrastructure



Water Distribution & Treatment



Inputs to Infrastructure



ICT/Telecoms



Gas-To-Power

ELIGIBLE TRANSACTIONS



NAIRA DENOMINATED DEBT INSTRUMENT (INCLUDING SUKUK)



DEBT TENOR OF UP TO 20 YEARS



ISSUER IS PENCOM COMPLIANT



SATISFIES INFACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS



ACCEPTABLE CREDIT PROFILE BASED ON INFACREDIT'S INTERNAL CREDIT ASSESSMENT



IS NOT ON IFC'S PROJECT EXCLUSION LIST



MINIMUM INVESTMENT GRADE ADEQUATE SECURITY PACKAGE



MUST BE AN ELIGIBLE SECTOR

Our Track Record

InfraCredit has successfully guaranteed ten infrastructure transactions, crowding-in over 19 institutional investors

	Sector	Bond Size	Tenor	Year of Issue	No. of PFAs
	 Off-grid power	NGN10.0 billion	10 years	2017	12
	 On-grid power	NGN8.5 billion	15 years	2019	9
	 Off-grid power	NGN13.0 billion	15 years	2019	10
	Transport & Logistics	NGN17.0 Billion	10 years	2020	11
	 Inputs to Infrastructure	NGN35.5 billion	20 years	2021 (Series I) 2022 (Series II)	11
	 Transport & Logistics	NGN20.0 billion	10 years	2021	9
	 Telecoms Infrastructure	NGN10.0 billion	10 years	2022	10
	 Off-grid power Gas Storage	NGN1.5 billion NGN3.5 billion	7 years	2022	N/A
	 Renewable Energy (Solar)	NGN0.8 billion	7 years	2022	N/A
	 Gas Processing & Distribution	NGN4.6 billion	7 years	2022	N/A

InfraCredit is a Harvard Business School Case Study



HARVARD BUSINESS SCHOOL



19 pension funds were represented which accounted for c.61% of total number of PFAs and represented c.75% of total Pension Assets.



Steady decrease in price of deals



Increased reduction in variance between price of deals and comparable FGN Bond rate.

- 82bps
- 70bps
- 66bps
- 39bps



Key Highlights

Over the past 5 years of its initial operations, InfraCredit has facilitated first-time access to local currency finance of up to 20-year tenor from the domestic bond market for fourteen infrastructure focused companies. Total value was **NGN128.1 billion (USD278 mn)** which was oversubscribed by local pension fund investors, signifying strong investor appetite and confidence in its credit standing.

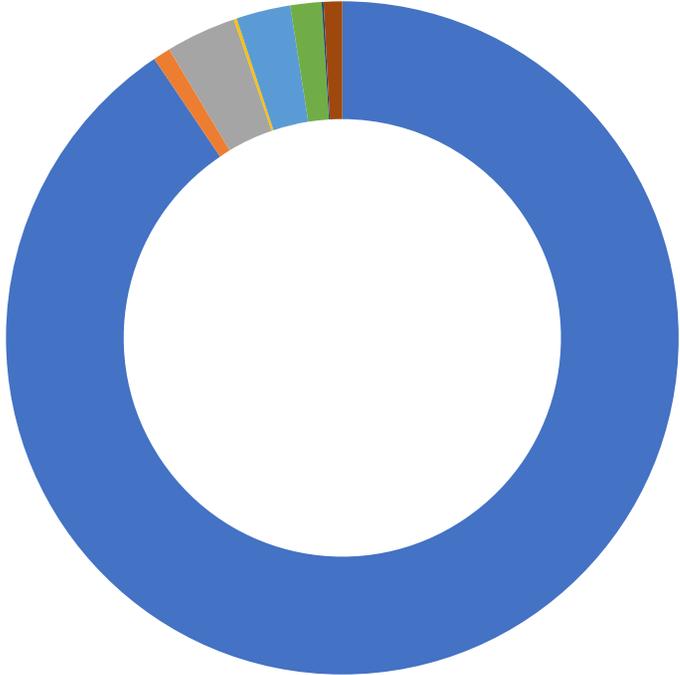
Investor Participation in Our Bonds

InfraCredit guaranteed bonds has attracted strong investment interest from domestic pension funds ...

InfraCredit has supported 10 AAA rated guaranteed bonds amounting to N128.1 billion, these bonds have been fully subscribed with PFA investors accounting for 90.6% of the total bond portfolio, followed by Fund managers (3.4%), Insurance companies (2.6%), Trustees (1.5%), Corporates (0.9%), Banks (0.8%), HNIs (0.1%) and Nominees at 0.1%.

INVESTOR PARTICIPATION

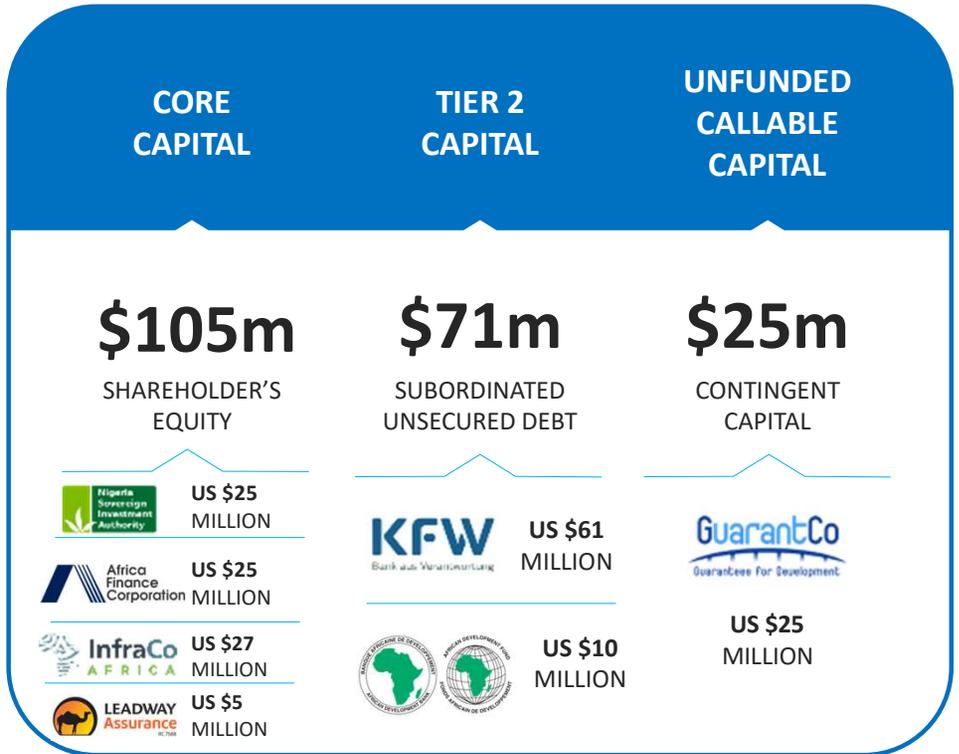
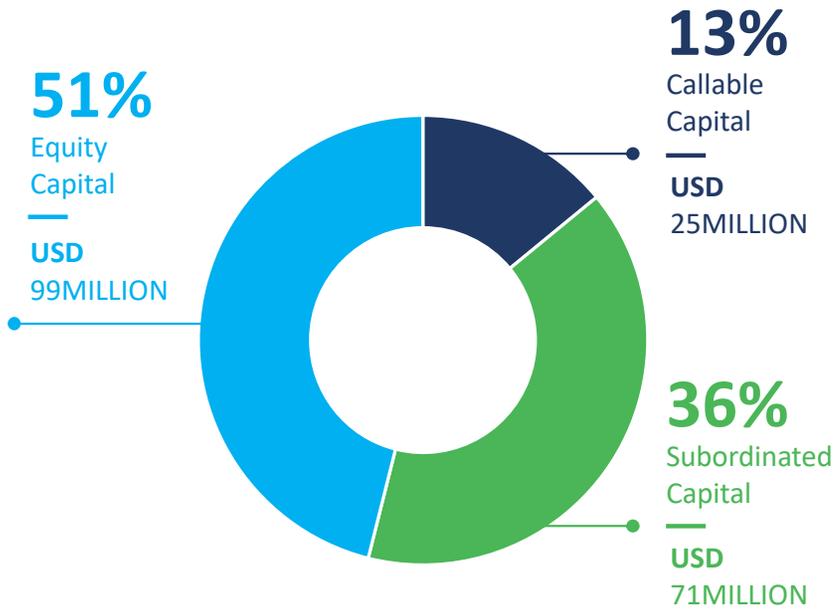
Legend	Investor type	Amount (N'm)	% Size
	PFAs	101,375	90.6%
	Banks	935	0.8%
	Fund Managers	3,790	3.4%
	High-net-worth Investors	162	0.1%
	Insurance Companies	2,915	2.6%
	Trustees/Custodians	1,673	1.5%
	Nominees	100	0.1%
	Corporates	1,000	0.9%



Our Capital Structure

Our balance sheet is strong, and we have solid capital consistent with our “AAA” credit ratings...

Capital Structure

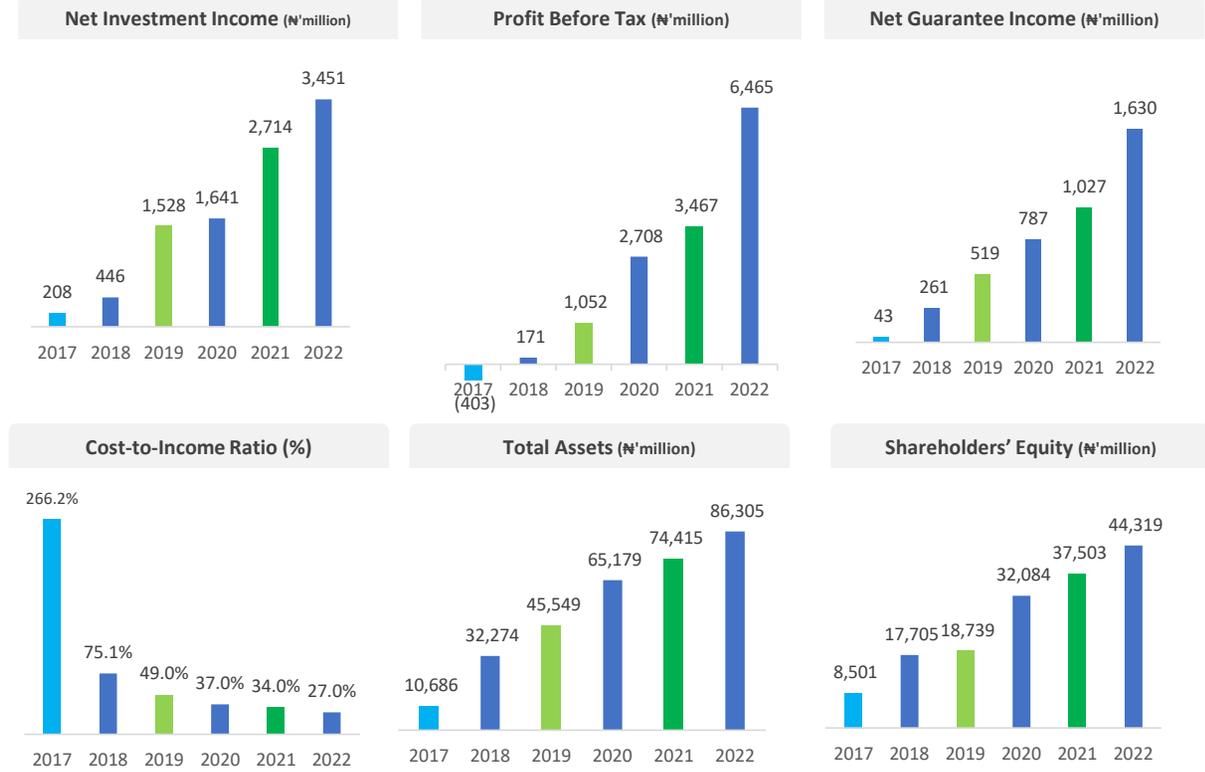


Financial Highlights (NGN)

December 2022 Financial Highlights

	Revenue	₦7.34 Billion
	Net Guarantee Fee Income	₦1.63 Billion
	Net Investment Income	₦3.45 Billion
	Profit Before Tax	₦6.4 Billion
	Total Assets	₦86.3 Billion
	Total Paid-in Capital	₦77.3 Billion
	Guarantee income to Investment income	32.0 : 68.0
	Leverage*	Net 1.25x Gross: 2.46x

Financial Highlights



*Leverage on equity capital

Capital Planning

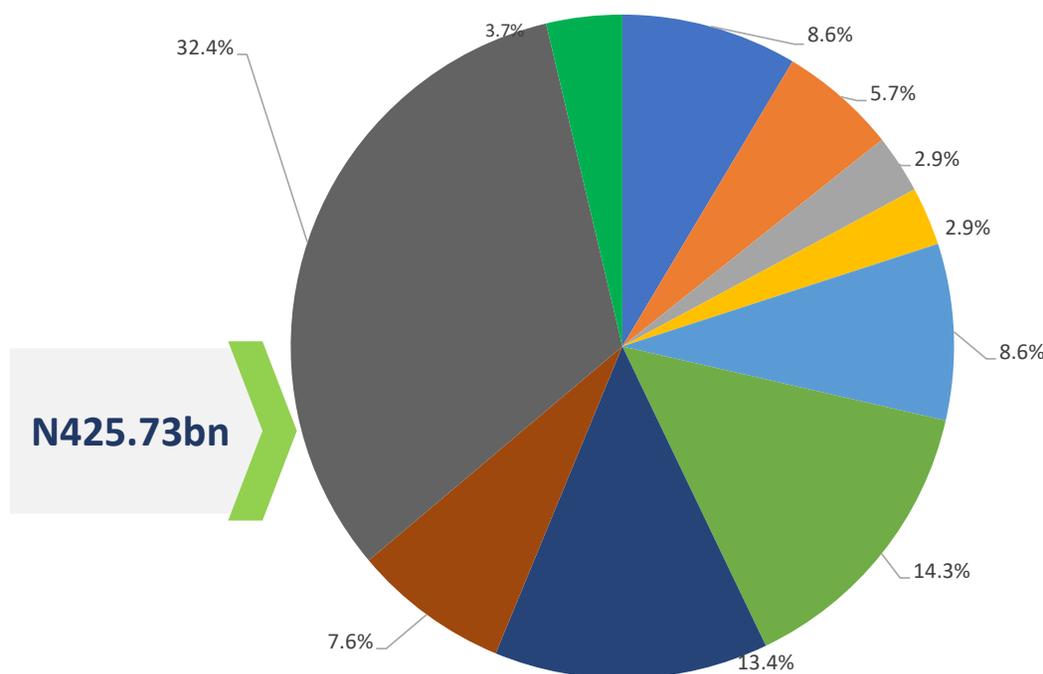
In addition to the existing total qualifying capital base of USD209 million as at 2022 FYE, InfraCredit projects to shore up its total qualifying capital in 2023 FYE with up to USD68 million paid-in- equity and subordinated capital

S/NO	Potential Investors	Indicative Amount	Currency/ Tenor	Status
1.	US DFC	Up to USD\$20Million Tier 2 Subordinated loan facility	USD	Ongoing credit review Credit approval expected on or about Q2 23
2.	Custodian Investment Plc	Up to USD\$5Million	USD (NGN Equivalent)	Ongoing discussion on pricing of the preference shares
3.	AIICO Insurance	Up to USD\$5Million	USD (NGN Equivalent)	Ongoing discussion on pricing of the preference shares
4.	AfDB	Up to USD\$15 Million Subordinated loan facility	USD	Board approval received
5.	KfW	Up to USD\$20Million Tier 2 Subordinated loan facility	USD	Ongoing credit review Credit approval expected on or about Q2 23

Project Pipeline

InfraCredit has a mandated project pipeline in excess of NGN 400 billion...

Legend	Sector	Amount (N'bn)	%
	Transportation	38.2	9.0%
	ICT/Telecoms	25.5	6.0%
	Water/Waste Infrastructure	12.7	3.0%
	Agriculture Infrastructure	12.7	3.0%
	Gas-to-Clean Cooking & Off-Grid (Gas)	38.2	9.0%
	Power (Off & On-grid)	63.7	15.0%
	Inputs to Infrastructure	59.5	14%
	Affordable Housing	34.0	8.0%
	Gas to Power	144.5	34.0%
	Renewable Energy	16.5	5.0%
Total		425.73	100%



Key Highlights

Analysis of pipeline deals shows that, projects in the Gas-to-Power & Transportation sectors account for the largest share of 41% with a combined debt size of N182.7 Billion. The On-grid Power, Renewable Energy, Affordable Housing & Inputs to Infrastructure sectors represent c.38.9% of the potential deal pipeline (N173.7 Billion in total) while projects in the remaining 4 sectors make up 21.0% of the total pipeline (N89.2 billion).

*Mandated Pipeline as at December 2022

Our Guarantee Portfolio

InfraCredit projects strong and consistent portfolio growth over the next five years...

The Guarantee Portfolio covered in this presentation consists of ten counterparties; 3 of which are in the Power sector, 2 in Transportation & Logistics sector, 1 in ICT/Telecommunication sector, 2 in the Gas to Power sector, 1 is in the Input to Infrastructure sector and 1 is in the renewable energy sector. These amount to a combined exposure of NGN 139.74Bn.

PORTFOLIO SNAPSHOT

Portfolio size (N139.74bn)

Viathan	N8.88b	7%
NSP	N8.73b	7%
GEL	N12.44b	9%
TSL	N15.25b	12%
LFZC	N53.0b	38%
GPC	N20.00b	14%
PAT	N10.00b	7%
ASK	N5.00b	4%
DAR	N0.80b	1%
GLN	N4.6b	3%



Sector Split

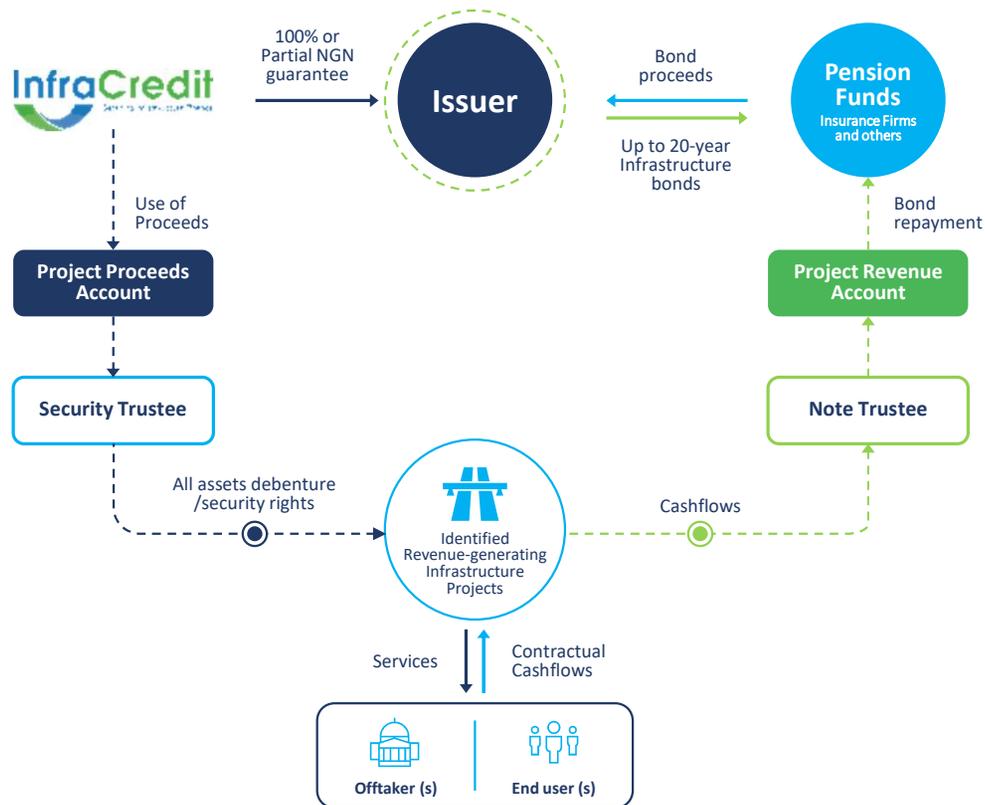
Captive Power	N22.81b	16%
Transportation & Logistics	N36.25b	26%
Embedded Power	N8.73b	6%
Input to Infrastructure	N53.0b	38%
ICT /Telecoms	N10.00b	7%
Renewable Energy	N0.8b	1%
Gas storage	N8.15b	6%

PORTFOLIO AT A GLANCE

Aggregate Portfolio size:	NGN 139.74 bn
Weighted average tenor (principal):	11.55 YEARS (138.6 Months)
Average Portfolio Credit Rating:	BBB
Portfolio Performance:	Performing
InfraCredit Capitalization: (December 2022):	NGN 90.8bn
Leverage on Equity	3.43x
Target leverage for 2022	1.4x – 2.5x

How We Work

Basic Transaction Structure



Key Features

Guarantee Features

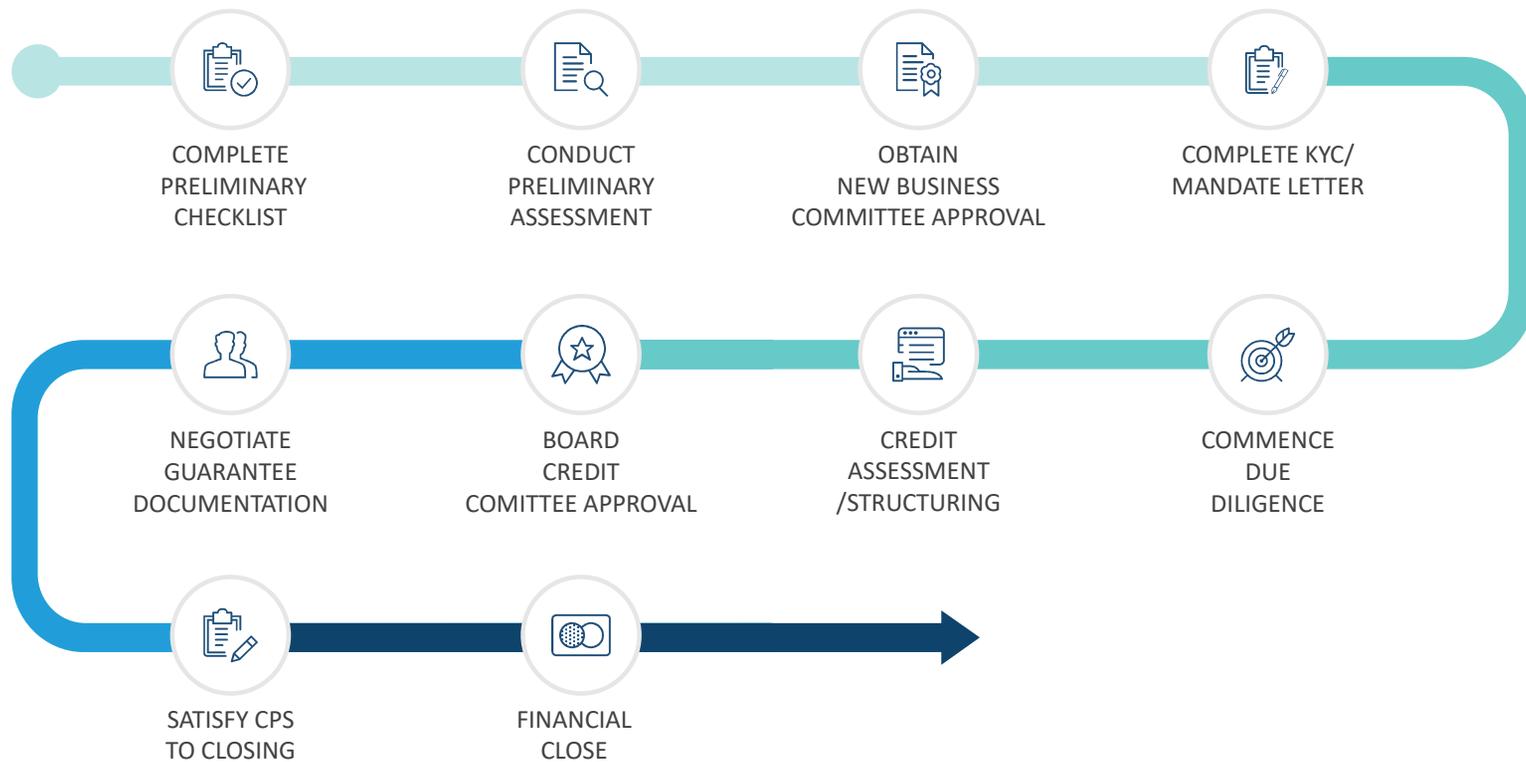
- ▶ Irrevocable & Unconditional
- ▶ Naira Obligations
- ▶ Up to 100%
- ▶ Senior Ranking Obligations
- ▶ Non-Acceleration
- ▶ Up to 20-year Maturity
- ▶ Pari Passu Rights
- ▶ Voting Rights

Legal Documentation

- ▶ Deed of Guarantee
- ▶ Recourse Agreement
- ▶ Security Deed
- ▶ Other Documents

Guarantee Process Flow

Deal Execution is conducted in three phases: Origination, Due Diligence & Structuring and Final Approval/Closing



Our Approach to ESG



Performance Standards



Signatory of:



Development Impact

Our Theory of Change hinges on three pillars where InfraCredit is delivering impact through its activities at the market, project and end user levels, with specific measurable outcome indicators.

Market

InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development

Projects

InfraCredit will enable infrastructure project developers to access longer tenor capital at competitive rates, and will ensure high-impact and viable projects are increasingly, successfully and sustainably executed, and create jobs

End User

InfraCredit's financing activities will deliver increased infrastructure access, reliability and resilience leading to improved livelihoods. As a consequence of these outcomes, InfraCredit will enable improved business productivity leading to economic growth and social development

Our Portfolio Impact



- 2345 total quality jobs supported
- Over NGN 1.5 Billion increase in portfolio post-guarantee income
- Over 300 SMEs businesses supported



- Over 25 villages and communities benefitting from projects
- Over 100,000 persons (youth, farmers, women and students) benefit from CSR projects



- Emissions reduction 1,039,407 CO2 eq
- 930MW installed Renewable Energy



- Over 165 direct jobs for women, including senior/ middle management roles.
- All portfolio companies has a diversified board with women representing at least 20% - 30%
- Community investment schemes by portfolio companies target women-owned and/or women-led enterprises e.g., micro-loans for women-led SMEs and women cooperatives

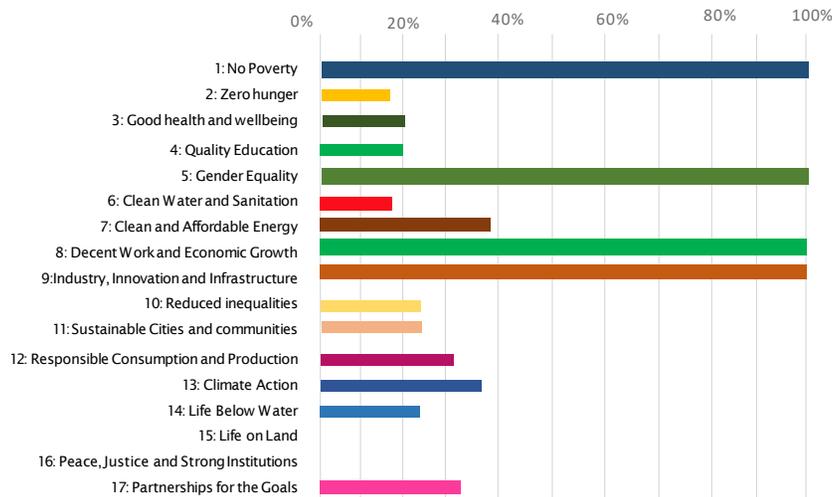


- Over 1,000,000 beneficiaries with improved access to infrastructure



- 731MW of installed power
- Over 757204.95 MWh of clean energy
- Over 500,000 beneficiaries with improved access to energy

Portfolio SDG Impact Map



InfraCredit's Track Record & Product Strategies

Mobilising capital through international and local partnerships to unlock local currency finance for infrastructure development



NORTH SOUTH
POWER



REDUCTION OF
CO2 EMISSIONS



RENEWABLE
ENERGY

- InfraCredit mobilized 8.5 billion Naira (about \$23.7 million) in local currency from domestic pension funds in 2019.
- The bond was 60% oversubscribed, making it evident that there is an appetite for credit enhanced transactions.
- First certified corporate green bond and the longest tenored (15-year) corporate bond issued in the Nigerian debt capital markets approved by the SEC.
- Provides about 8% of Nigeria's grid power, and supplies electricity to about 10 Million Nigerians



InfraCredit, FSD Africa Sign Technical Assistance Agreement to Unlock Climate-Aligned Local Currency Infrastructure Bonds in Nigeria



The UK Government is providing £10 million working in partnership with InfraCredit to unlock private domestic institutional investments into off-grid clean energy projects, including solar mini-grids in Nigeria.



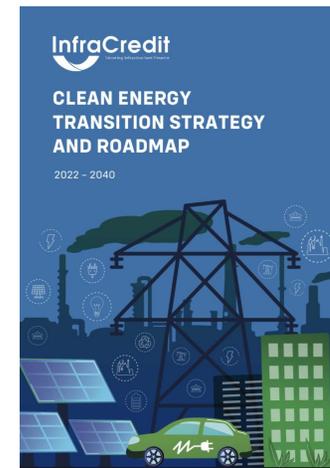
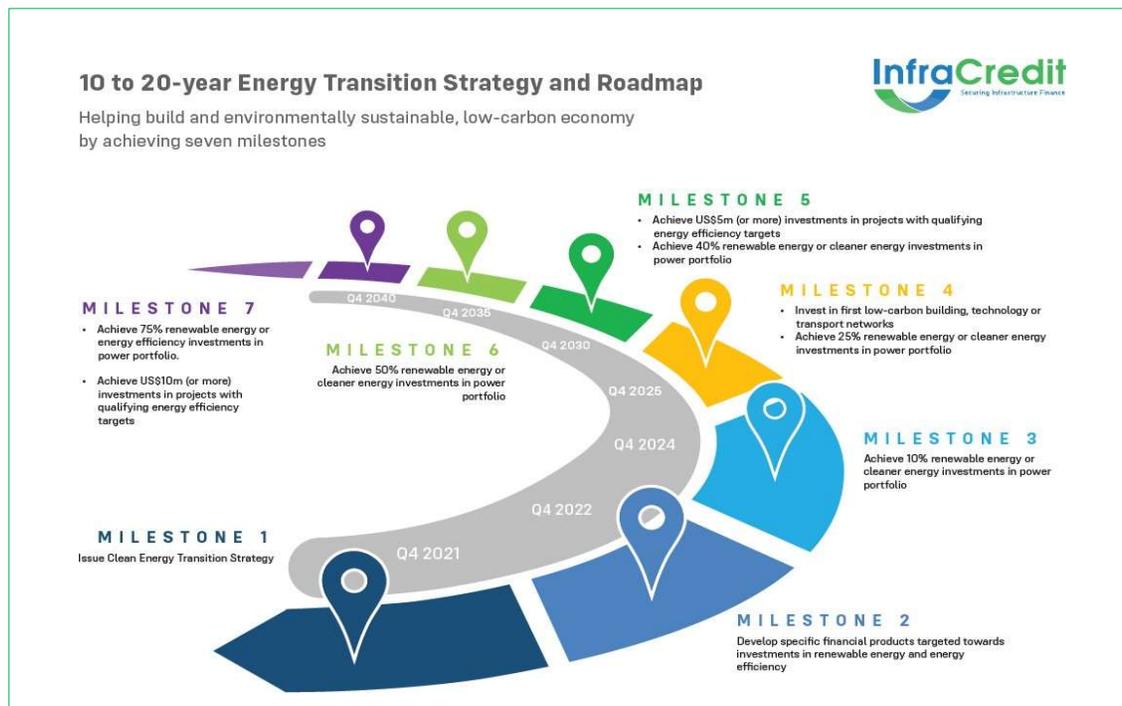
Technical Assistance Fund (TAF) to support Affordable Housing Funding Programme, promoting the adoption of green building and EDGE certified buildings



KfW provides technical assistance grant to InfraCredit in support of the implementation of the pilot phase of the Project Development Facility (the PDF) focused on climate-aligned projects

InfraCredit Clean Energy Transition Strategy & Roadmap

InfraCredit is pursuing a 10 to 20-year roadmap that supports a strategic transition to a portfolio of investments that is aligned to the Paris Agreement across targeted areas of opportunity

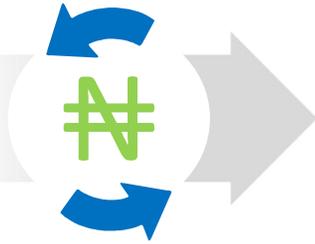
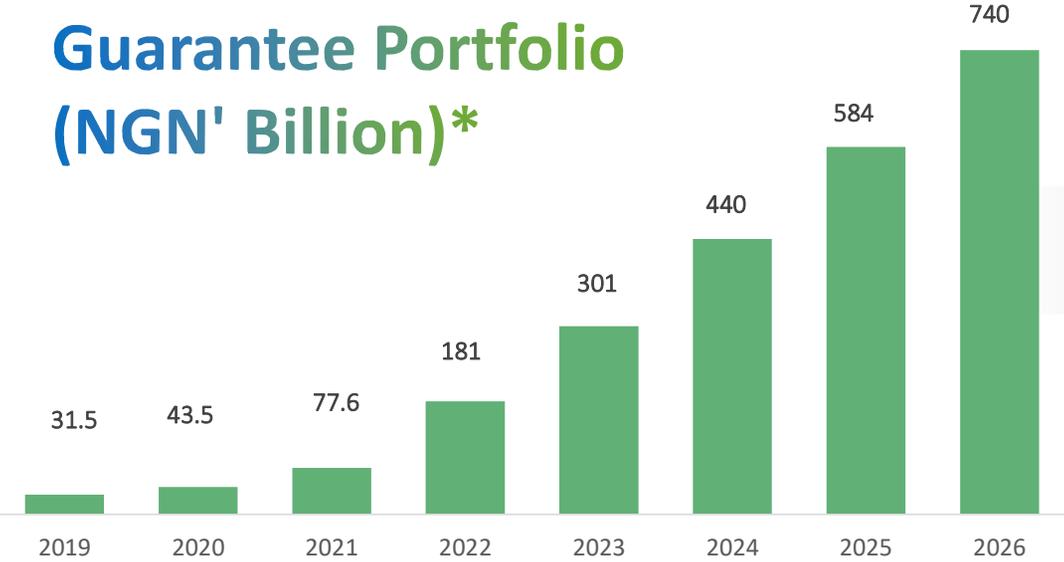


There are three broad categories of projects:

- Aligned projects – close to zero GHG emissions or potential to be close to zero emissions;
- Misaligned projects – projects that are GHG emission intensive and are not aligned to the Paris Agreement; and
- Conditional projects – projects that, depending on specific factors, may be aligned or misaligned system.

Expected Growth Potential

5 YR Projected Guarantee Portfolio (NGN' Billion)*



- 1 Our People Strategy
- 2 Increase Capital Base
- 3 Risk Sharing/Participation
- 4 Product Innovation
- 5 Project Development
- 6 Development Impact



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