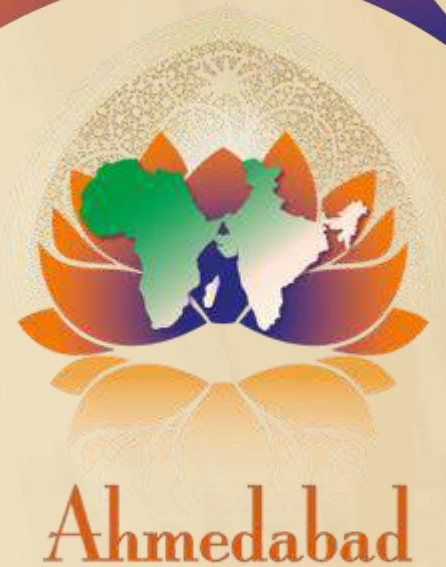


2017

# Financial Presentation

The African Development Bank





# Economic Outlook

Operations

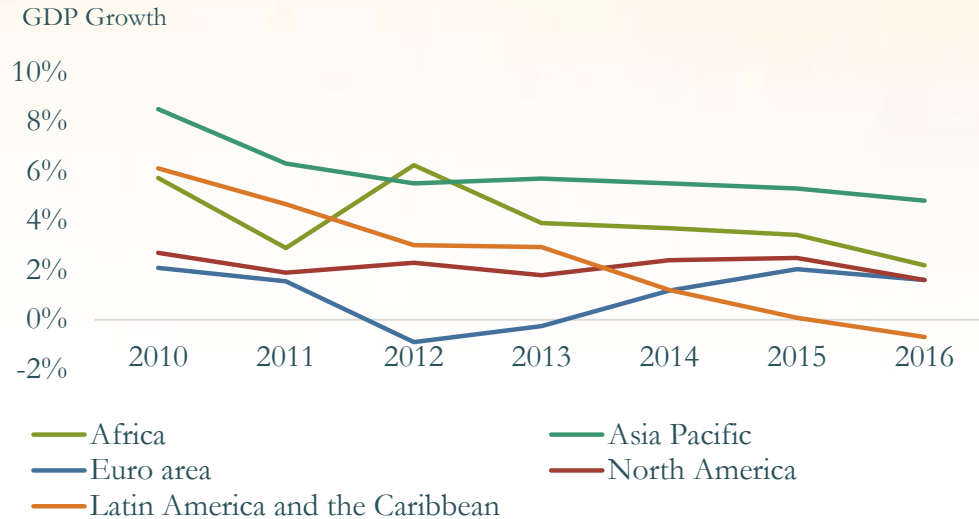
Financial Profile

Capital Market Activities



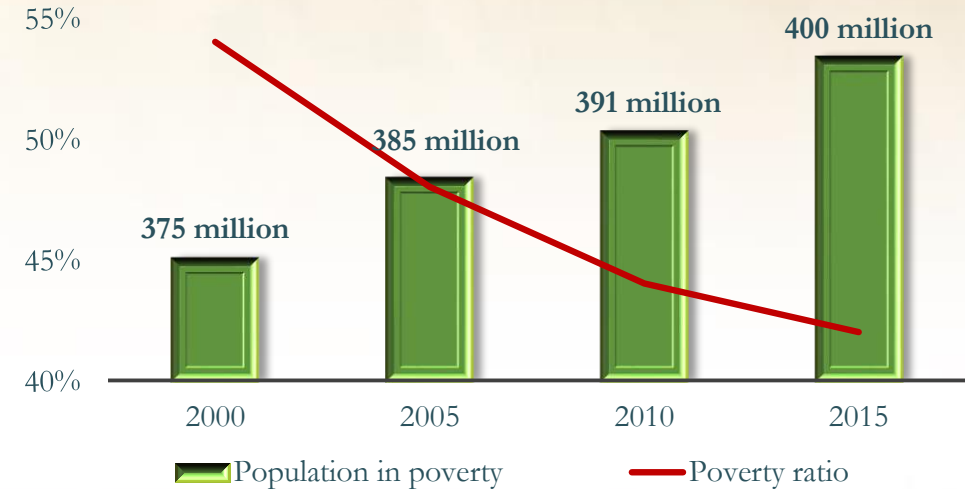
# Africa – still the second fastest growing region

Slowdown in Africa mainly from commodity exporters



Source: African Economic Outlook

Despite economic achievements, poverty remains pervasive



## Drivers of growth and resilience

- Natural resources and primary commodities still major drivers, but their importance has declined while domestic factors including consumption demand play an increasing role
- Improved supply conditions & business environment
- Prudent macroeconomic management
- Favorable external financial flows
- High public spending

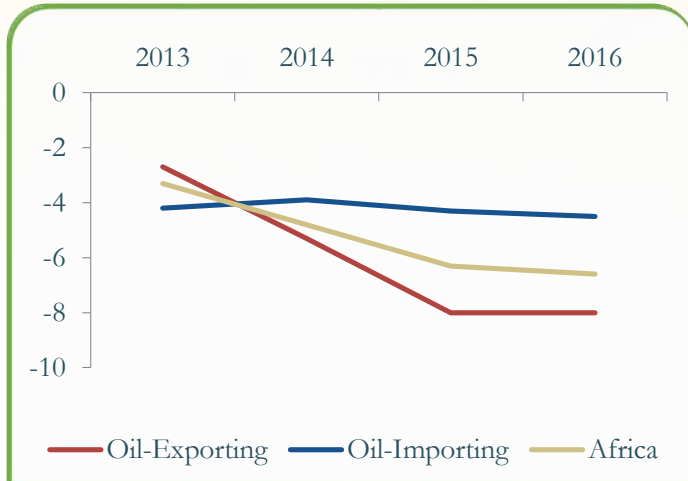
## Challenges

- Weaknesses in the global economy including receding demand from China
- Low commodity prices
- Climate change induced events
- Conflicts and instability
- Fiscal constraints



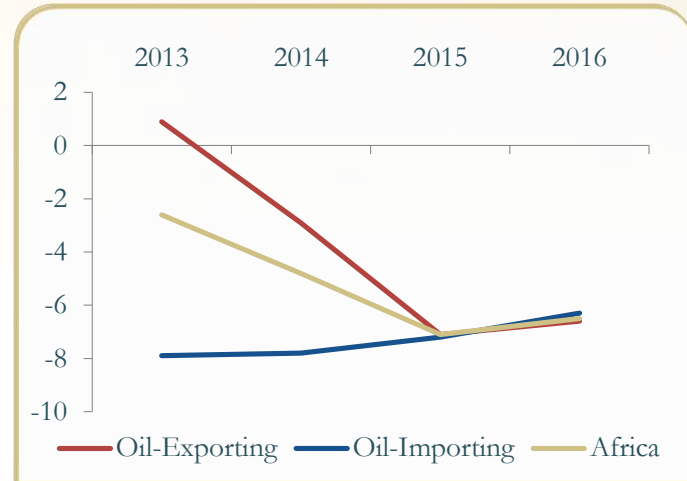
# Growing macroeconomic imbalances

Fiscal balance including grants (% GDP)



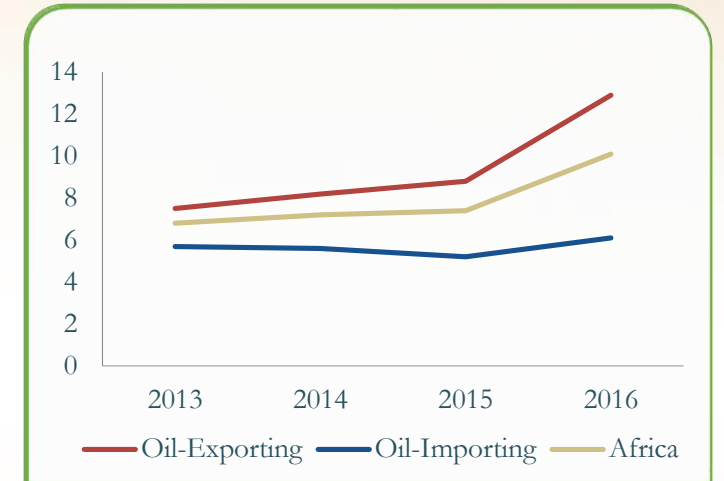
Fiscal consolidation measures implemented by several governments to respond to widening deficits

Current account balance (% GDP)



Falling commodity prices, policy uncertainties and weakening of countries' currencies

Inflation (%)

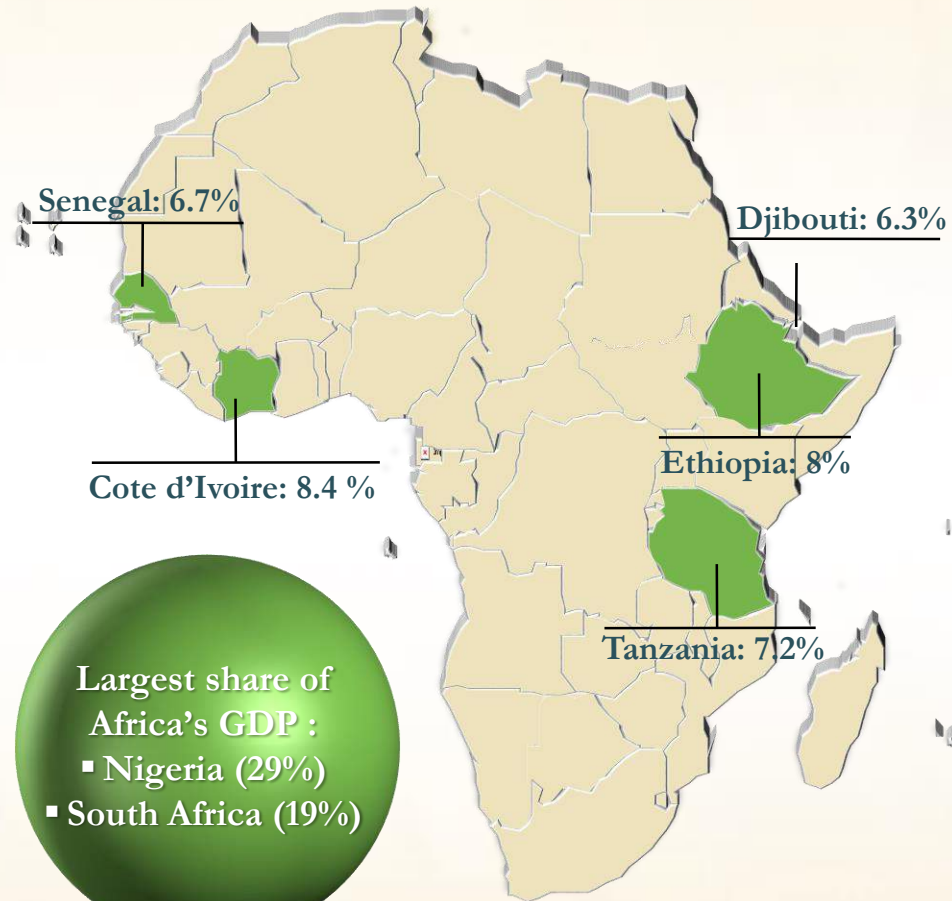


Inflationary pressures affecting macroeconomic stability in spite of tight monetary policies

Source: African Economic Outlook



# Mixed performance with strong resilience



Largest share of Africa's GDP :

- Nigeria (29%)
- South Africa (19%)



**3.3%** - Growth driven by recoveries in Egypt of 4.3% and Algeria of 3.5%. However, persistent political uncertainties and reduced oil production in Libya, weigh down growth in the region



**0.4%** - Côte d'Ivoire and Senegal maintained strong economic performance while recession in Nigeria (-1.5%) impacted growth of the region



**0.8%** - Low commodity prices impacted regional growth while some countries proved resilient (Cameroon). Central African Republic and São Tomé and Príncipe improved their economic performance



**5.3%** - Real GDP growth in the region is the highest in Africa driven by strong performance in Ethiopia and Tanzania. 3 out of the top 5 countries in 2016 were in East Africa (Djibouti, Ethiopia and Tanzania)



**1.1%** - South Africa and Angola, 2 major commodity exporters hit by drought, persistent power outages and adverse terms-of-trade shocks while Madagascar and Mozambique were rare bright spots, posting growth rates above 4%



# Overall, external flows slowed...



Source: African Economic Outlook

**FDI** increased slightly reaching USD 56.5 billion. With urbanization, African cities are growing with consumer markets increasingly targeted by foreign investors

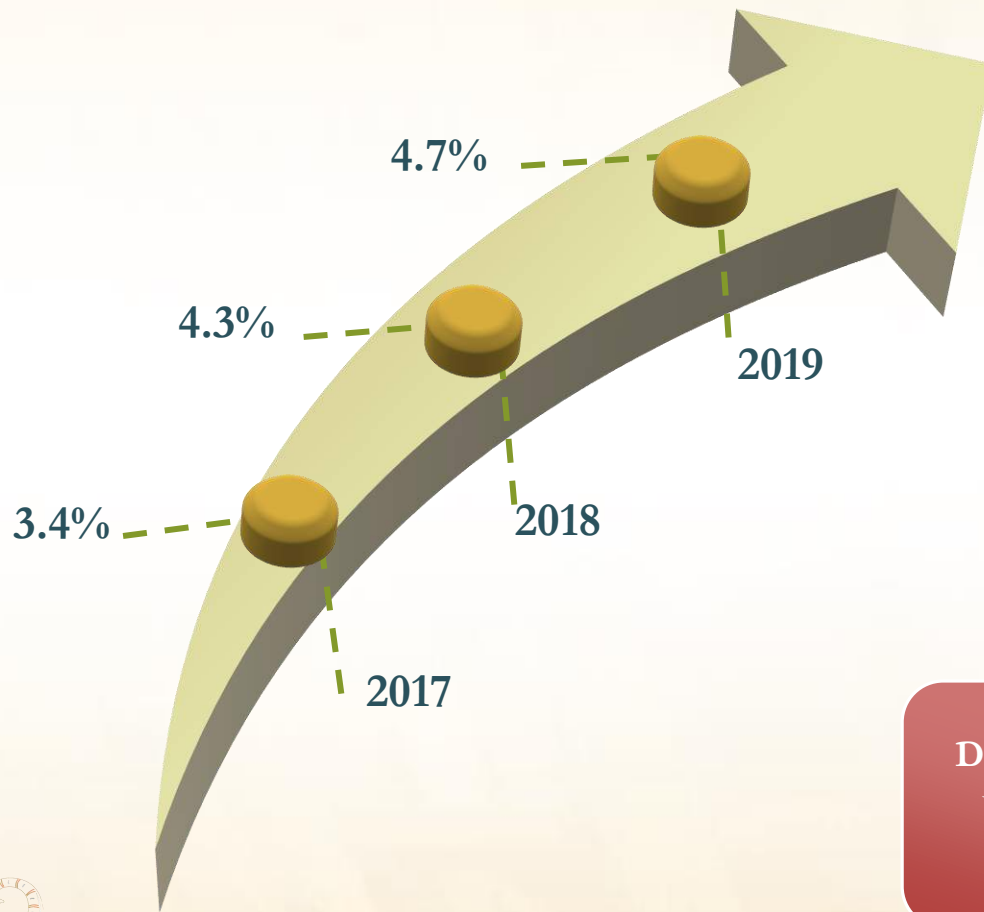
**ODA** remains the most important source of public finance, but slightly declined by 1.7%

Remittances represent a key source of capital for African countries totaling USD 64.6 billion in 2016

Therefore still insufficient to fully meet development challenges



# An improved outlook



**The High 5s** to spearhead Africa's economic diversification and growth in broad based economic opportunities that will shield the continent from future commodity shocks and enhance their resilience

**Growth prospects** boosted by expected increases in commodity prices, strong domestic demand, better macroeconomic governance and an improved business environment

**Downside risks include** rising debt, structural weaknesses, power outages, climate change, conflict, political instability and terrorism





**Economic Outlook**

**Operations**

**Financial Profile**

**Capital Market Activities**



# The High 5s – A compelling opportunity to accelerate Africa's transformation

If the Sustainable Development Goals (SDGs) are not met in Africa, they will not be met globally

Priority areas



The High 5s will help Africa achieve 90% of the United Nation's SDGs and are intrinsically linked to the African Union's Agenda 2063



Delivering on the Bank's Ten Year Strategy to achieve inclusive growth and help Africa gradually transition to green growth





# Light up and power Africa

Realizing Africa's energy potential will bridge the continent's energy deficit

Energy deficit is undermining efforts to lift Africans out of poverty



Over 645 million Africans live without electricity



Africa has ample reserves of fossil fuels but an even more extensive renewable energy potential

Renewable energy generation (17% in 2013) expected to account for nearly half of Africa's power by 2025

## Africa's installed capacity of 170 GW

- Manufacturing sector experiences power outage 56 days per year on average
- Power shortages estimated to cost Africa about 2-4% of GDP annually, cause up to 16% loss of sales revenues in the informal sector and 6% in the formal sector
- 600,000 Africans die each year because of lack of clean cooking energy
- Over 90% of Africa's primary schools lack electricity





# Bold actions to light up and power Africa

Our goal is to expand Africa's capacity by 160 GW by 2025

Create 130 million on-grid connections

Add 75 million off-grid connections

Provide 150 million households with access to clean cooking energy

## Energy sector commitments from 2012-2016

USD 2 billion mobilized by the Bank

USD 7 billion invested by the Bank

USD 12 billion attracted in external co-financing

## Ex-ante projects approved during 2012-2016 (full project cost)



Over 6 GW additional capacity



6,300 km of transmission lines along with 36,300 km of distribution lines and associated substations/transformers



1.3 million new electricity connections



~21 million tons of CO2 avoided per year



~40,000 jobs created during construction phase and ~9,000 during maintenance phase and 1,700 staff trained





# Power making a difference

## New Deal on Energy for Africa

- 29 operations for USD 1.7 billion of investments
- 526 MW additional installed capacity from renewable energy out of a total of 546 MW
- 21,264 km of transmission lines
- 688,950 new households/businesses receiving electricity access
- 1,600 jobs created
- 700,000 tons CO2 avoided per year

A snapshot of actions in 2016

## Segou Solar Photovoltaic Power Plant project - Mali

**Project cost: EUR 49 million – AfDB financing: EUR 8 million**

- First large-scale solar photovoltaic plant in Mali
- Expected to add 33 MW to the installed power generation capacity of about 528 MW
- Allow the utility to meet its peak load demand
- Diversify current energy supply options which include hydroelectric and fossil fuel sources
- 55,000 equivalent tons of CO2 avoided each year
- Produce enough power for approximately 60,000 households

2016 Approved projects spread across 22 countries

## Achwa II Hydro Power project (HPP) - Uganda

**Project cost: USD 110 million – AfDB financing: USD 20 million**

- First HPP in Northern Uganda
- Increase access to electricity by generating approximately 162 GWh of hydropower annually
- Allow the country to rely on domestic resources rather than imported oil
- Improve the rural road network

## AfDB development impact in 2016

3.3 million Africans benefitted from new electricity connections



# Africa could help meet food needs of the planet's 9 billion people by 2050



## Barriers to moving Africa towards food independence

- Vulnerability to climate change and weather events
- Low productivity and yields
- Insufficient and undeveloped hard and soft infrastructure
- Inadequate mechanization and insecure land tenure
- Limited access to finance, fertilizers and technology
- Underperforming value chains
- Limited inclusivity, sustainability and nutrition
- Adverse agri-business environment

Yet...



## Today's Reality

- More than 60% of the African workforce depend on agriculture for their livelihoods
- Accounts for roughly 1/3 of the continent's GDP
- 25% of the world's fertile land and 65% of the world's untilled arable land
- Heavy dependence on food imports with USD 35 billion spent annually
- Deficit of investments of USD 32 to 40 billion in the agro-industrial sector
- More than 1 in 4 Africans are malnourished

It remains the most food insecure region



# Creating wealth, improving lives while preserving the environment



## Agricultural transformation



### Our Priorities

- Increased productivity and value addition
- Greater investment in infrastructure
- Expanded agricultural finance
- Improved agribusiness environment
- Increased inclusivity, sustainability, and nutrition
- Enhanced partnerships

### Our Goals

- End extreme poverty, hunger and malnutrition
- Achieve net export status for agricultural commodities
- Eliminate malnourishment for about 240 million people
- Double Africa's share of market value select processed agricultural commodities

### AfDB development impact in 2016



Technical assistance to local farmers, civil society and governments to provide policy advice and capacity building

Climate smart agriculture practices and reduction of emissions from forest degradation





# A partner of choice for agriculture

## Food security impact development results (2014–2016)

Over 16 million farmers served

Extended improved farming technologies to nearly 2 million rural farmers

Expanded access to agricultural land with improved access to water management by 112,000 hectares

## 2016 approvals

45 operations related to agriculture and rural development, climate-proofing and adaptation

## Expected outcomes

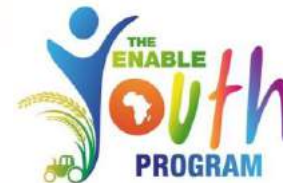
- Support farm income and forestry conservation in **Uganda**
- Catalyze development of the blue economy in **Cabo Verde**
- Provide irrigation in **Morocco** and **Swaziland**
- Develop agricultural value chains in **Cameroon, Côte d'Ivoire** and **Gambia**
- Support youth entrepreneurship in agriculture and agribusiness in **DR Congo**

## Development of commercial value chains for cassava in Zambia

**Project cost: USD 35.25 million – AfDB financing: USD 30 million**

- Directly benefits 17,000 cassava farmers, and indirectly over 5 million people in targeted districts
- Increases cassava yields per hectare from 5 ton/ha (2015) to 10 ton/ha (2018)
- Expands processed cassava into value added products from 10% (2015) to 30% (2020)

## Think Big for African 'Agripreneurs'



To spur 250,000 agribusiness enterprises and 1.25 million jobs over the next 10 years

Enable Youth Projects approved in 2016, with total funding of USD 607 million including Nigeria (USD 280 million) and Sudan (USD 27 million)





# Industrialization is a key driver of prosperity

Africa share of global manufacturing exports less than 1% compared to over 16% for East Asia

Manufacturing sector contribution to Africa's GDP: 18% in 1975 but 11% in 2014

A necessity for the continent to boost productivity by introducing new equipment and technology



## Structural challenges : Impediments to develop SMEs

- Unsupportive business environment
- Large infrastructure deficit & poor policies
- Insufficient investment in education and skills development with labor force poorly equipped to work in more complex sectors

## Limited capacity of African economies to diversify and create jobs, to generate higher incomes through greater value addition and to drive inclusive growth

- Low access to finance and capital
- Barriers to regional trade and movement of production resources







# Doubling industrial GDP to USD 1.72 trillion by 2025

**Foster successful industrial policies: Leverage balance sheet and strong relationship with governments** to provide funding through technical assistance, capacity building and advisory projects

USD 1.7 billion to be invested annually by the Bank

**Promote strategic partnerships: Launch the Africa Investment Forum** to connect African-based enterprises with investors

**Develop efficient industry clusters:** Technical assistance on **structuring industrial clusters** and co-financing to scale up the infrastructure development

Support African countries move up global value chains and create jobs

**Promote and drive enterprise development: Lines of credits to SMEs** to reach USD 521 million annually

**Expand liquid and effective capital markets: Support 20 financial markets** across Africa through technical assistance and advisory services, promote market integration, increase guarantee interventions and support introduction of new products and services

Aim to facilitate cumulative investments of USD 56 billion by 2025

**Catalyze funding in infrastructure and industry projects: Boost private sector operations** and mobilize funding through **co-financing and trust funds**



By supporting the development of the private sector and unlocking potential for SMEs



# Benefits of industrialization within our reach

## Approvals for "Industrialize Africa" USD 1.3 billion in 2016

- Loans
- Lines of credit
- Trade Finance
- Equity Participation
- Guarantees

To ensure funds are on lent to income generation sectors including SMEs

To help liquidity constrained banks to recapitalize & stay solvent

## Boost Africa Initiative

Jointly designed by the AfDB and the European Investment Bank, to provide support to the earliest and riskiest stage of the entrepreneurial value chain.

With the expected EUR 150 million equity capital available, the fund will leverage up to 6 times the amount of local capital invested. A technical assistance facility and an innovation lab will foster a vibrant entrepreneurial ecosystem and build sustainable 'supply side' capacity of specialized financiers to support early stage and start-up SMEs

## Fashionomics

To invest and build capacity of micro-enterprises and SMEs in the fashion sector, provide access to finance for entrepreneurs, and incubate and accelerate startups by identifying and financing projects.

In Madagascar, USD 2 million in a textile sector support Fund to provide technical assistance to 50 micro-enterprises by 2018





# Integrate Africa is an imperative

Billions of dollars in potential trade lost because of lack of cross-border production networks

## Roadblocks to integrate Africa

- ❑ Intra-African trade lowest globally at 15%, compared to 61% in Asia, 60% in the EU and 41% in the North America Free Trade Area
  - Poor infrastructure road network, inefficient transport system
  - Partial implementation of regional commitments
  - Capital outflows obstructed by poorly developed financial markets
  - Low labor mobility
  - Little economic diversification
- ❑ High trade costs with small markets, scattered and far from major markets

## AfDB development impact in 2016

7 million Africans benefitted from improved access to transport through the Bank's work



## Our focus

- ❑ Develop a vision and strategic framework for the development of regional and continental infrastructure
- ❑ Create larger, more attractive markets
- ❑ Link landlocked countries to international markets
- ❑ Support intra-African trade
- ❑ Address Africa's low internal and external trade performances

## Powering regional integration

### Tariffs on intra-regional imports

East African Community	0%
Economic Community of Central African States & Common Market for Eastern and Southern Africa	1.9%
Southern African Development Community	3.8%
Economic Community of West African States	5.7%

NEPAD-IPPF (Infrastructure Project Preparation Facility):  
72 grants approved since 2005 for complex, cross-border regional infrastructure projects resulting in downstream financing of USD 7.88 billion



# Focus on mobility to integrate Africa

People, goods, services and investments

Transport critical to the Integrate Africa strategy

Trade costs in landlocked countries about 1.5 times higher than for coastal countries

USD 1.7 billion approved in 2016 for:

- Building or rehabilitating **1,120 km of roads** including a bridge on the Senegal River, roads linking Lome and Cotonou, Rwanda and Uganda, Kenya and Tanzania
- Financing of **100 km of highways** in Abidjan, Accra and Kampala
- Benefit an estimated **17 million people**

## TransSaharan Optical Fiber Backbone project

**Project cost: USD 110 million – AfDB financing: USD 48 million**

- High-speed broadband access to citizens of Chad and Niger
- Establishing links and consolidating interconnections with neighboring countries

## Uganda–Rwanda Transport Project

**Project cost: USD 323.4 million - AfDB financing: USD 245 million**

### In Rwanda :

- Rehabilitation of 208 km of paved road in eastern Rwanda
- Average vehicle travel time reduced from 6 to 3 hours between the Northern and Central Corridors
- Average passenger fare reduced by 20%
- Travel cost per km reduced by 33%
- 1.1 million people directly served

### In Uganda

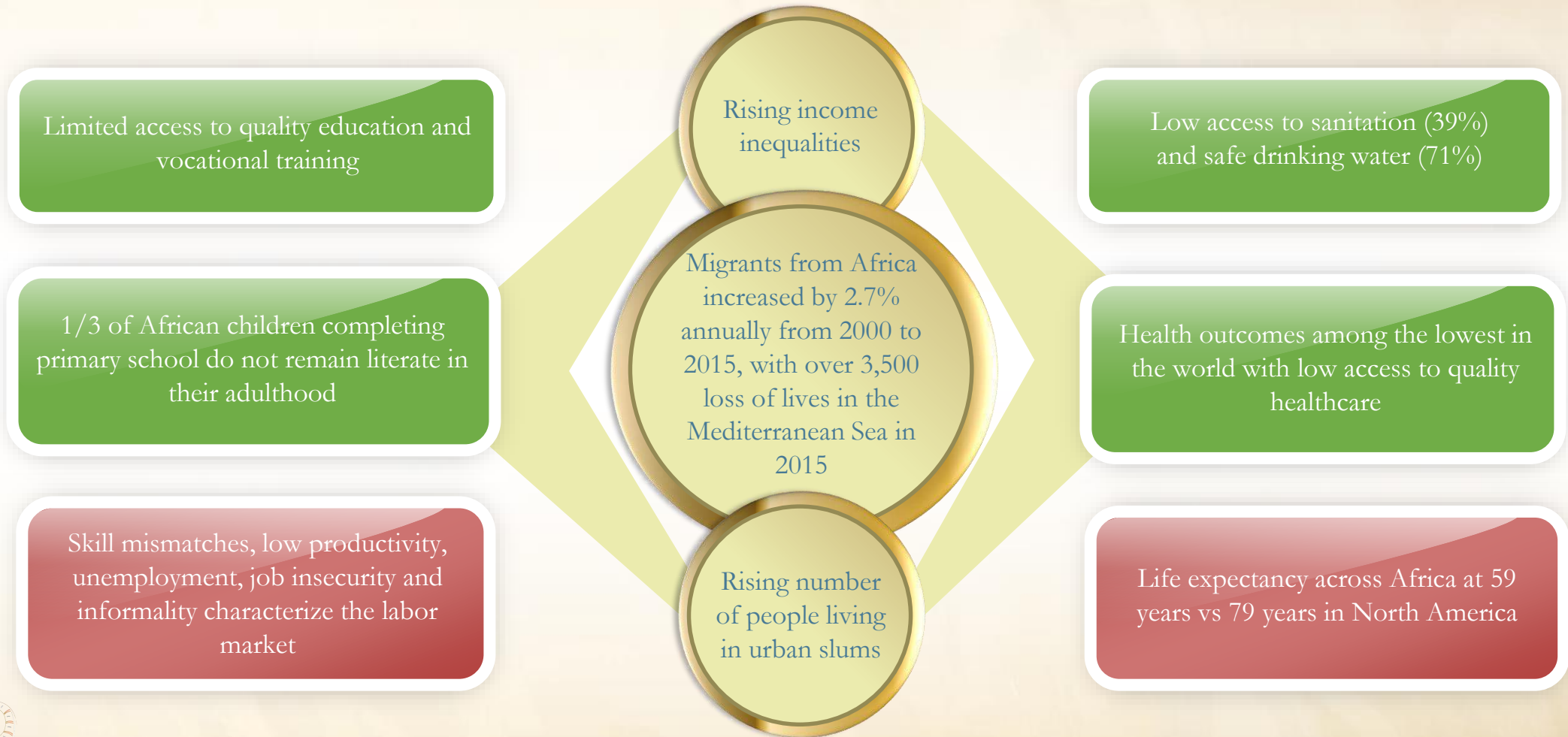
- Construction of a 23.7 km expressway
- Average vehicle travel time from Kampala city center to the Northern Corridor reduced by 50%, from 6 to 3 hours
- Average passenger fare reduced by 67%
- Travel cost per km reduced by 150%





# Numerous challenges affecting human and social development

More than half of Africa's youths are unemployed, underemployed or inactive





# Unlocking human capital, an opportunity for prosperity

## Potential engines of productivity

- The world's youngest population with 420 million aged between 15 and 35
- 36 out of the world's 40 youngest countries are in Africa

## Our objectives

Harnessing Africa's demographic dividend to drive robust and inclusive economic growth



## AfDB development impact in 2016

1.6 million jobs created across all sectors, financing windows and High 5s

## Jobs for Youth in Africa over 2016-2025 AfDB financing: USD 4.8 billion

- Create 25 million jobs by 2025
- Impact 50 million young people by strengthening human capital, creating durable labor market linkages and creating better opportunities
- Support policies and institutions in African countries
- Implement flagship programs in agriculture, ICT and industry to strengthen skills and stimulate entrepreneurship
- Generate USD 30 billion in income gains for African economies





# Improving lives to realize full economic potential

## Promote access to basic services

### Our objectives

- Facilitate access to safe water supply and improved sanitation
- Strengthen health systems
- Promote public health and nutrition
- Improve access to high quality education
- Promote technical and vocational training

## AfDB development impact in 2016

- 480,000 young Africans benefitted from better access to education
- 3.7 million people got improved access to water and sanitation
- 9.3 million people got better health care services

### Babalola University Expansion Plan - Nigeria

Project cost: USD 100 million –

AfDB financing: USD 40 million

- Construct a 400-bed teaching hospital for the Medical School, an industrial research park, a post-graduate school and a small scale hydro-power plant installation
- Enhance a farmer training program to benefit over 2,400 smallholder farmers
- Improve access to high quality education to more than 10,000 students per year and double student capacity by 2025
- Generate 12,000 employable graduates
- Create 250 permanent and 1,000 temporary jobs
- Provide scholarships to more than 500 students

### Kenya Sustainable Town Water Supply

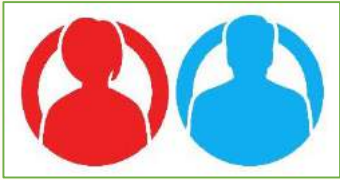
Project cost: USD 441 million –

AfDB financing: USD 383 million

- Improve access, availability and sustainability of water supply and wastewater management services in multiple towns in Kenya
- Water supply infrastructure in 19 towns and sanitation infrastructures in 17 towns
- 2.1 million people to benefit from sustainable water access and more than 1.3 million people from sewage systems
- Creation of 15,000 jobs



# The golden threads linking the High 5s



## Women's legal and property rights - Economic empowerment

Access to affordable credit and business support services

Investing in women's and girls' education, and increasing young women in labor force participation in formal industrial workforce

Ensuring energy access for women, with a focus on renewable and clean energy for cooking



## Fragile countries home to 300 million people

Fragility lens applied for situation of fragility to build resilience and inclusive development

Enhancing country presence

28 operations approved in 2016 for USD 240 million



## Building climate-resilient & low-carbon development

Cost of climate change for the continent estimated at approximately USD 45 billion per year by 2040

Energy efficiency, climate smart agriculture, green infrastructure & industries

Commitment to tripling climate finance to USD 5 billion a year by 2020



## Improving public financial management

Improve transparency and accountability in the use of public resources

Domestic resources mobilization

22 operations approved for USD 3 billion in 2016

Business enabling environment through appropriate policies and regulatory framework





# Record operations to address burning challenges

Extensive efforts to grow the Bank's operations

Higher demand from African countries for development assistance

Serving a larger number of countries, now eligible for AfDB financing



EUR 900 million loan to finance the Industrial and Energy Competitiveness Support Program in Algeria

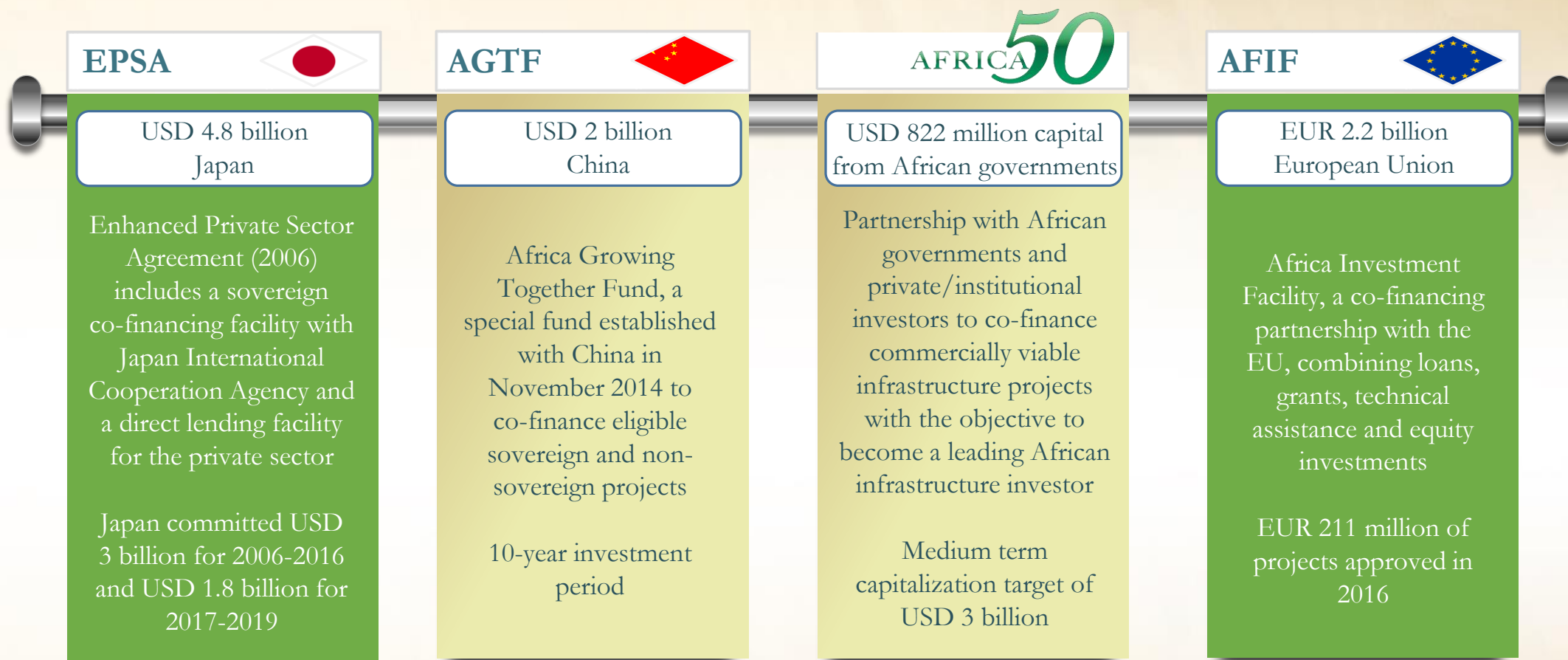
Implementation of economic reforms to create conditions conducive to inclusive growth :

- Consolidate budget
- Private sector development through an improved business climate
- Improve efficiency of the energy sector and promote renewable energy
- Greater economic diversification
- Job creation

Largest approvals in 2016



# Crowding-in resources through co-financing and partnerships



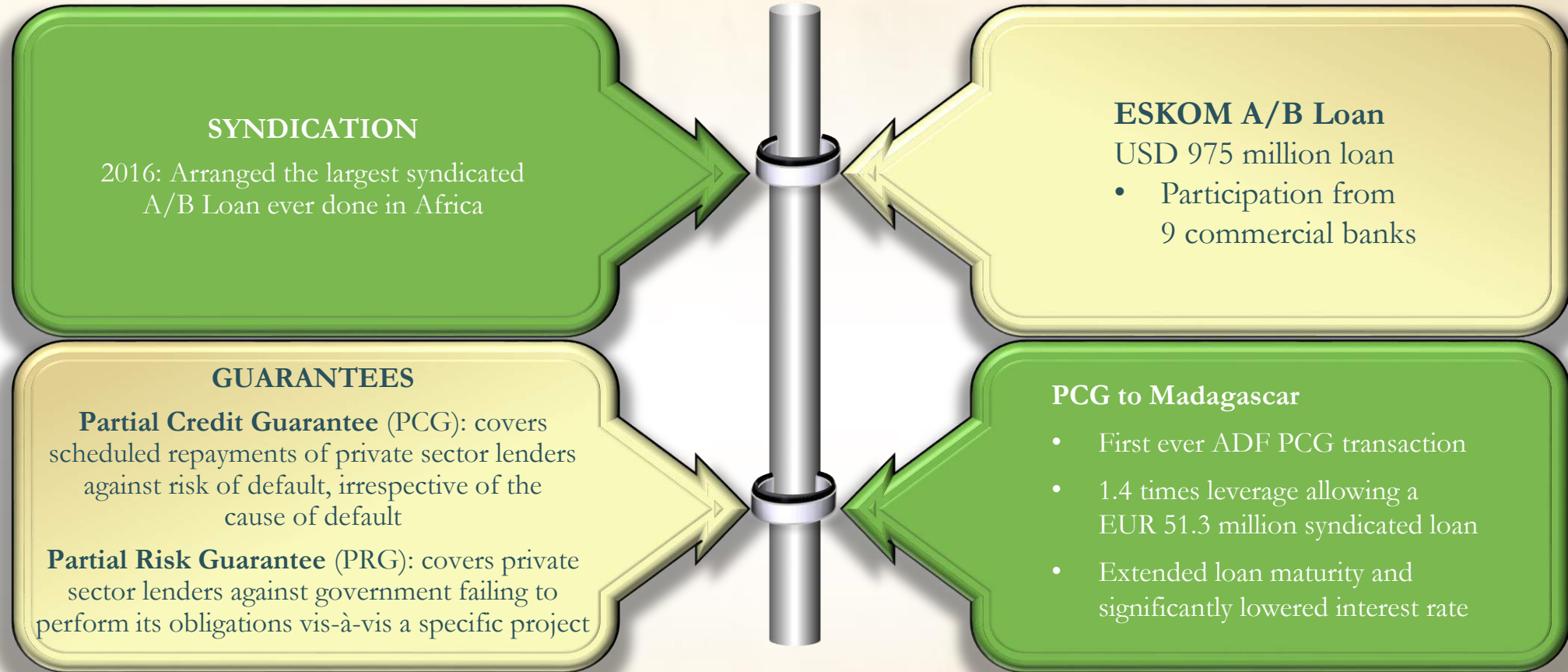
**Co-financing multiplier\* of 6 times in 2016**

**Co-financing activities to be further scaled-up and mainstreamed to improve capital efficiency**

\*Ratio of Bank's investment vs value of projects financed



# Milestone in Syndication - Guarantees as standard transaction features



Continuous use and development of innovative financial products to attract financing from private sector



# Closer to clients – Repositioning for greater effectiveness and efficiency



5 new Regional Development, Integration and Business Delivery Hubs to deliver on the Bank Group's operations

Improve visibility and franchise value

Better dialogue with clients

Enhanced portfolio management

Improved organizational effectiveness

Develop new business opportunities

65% of projects managed from the field

42% Operations professional staff based in field offices





**Economic Outlook**

**Operations**

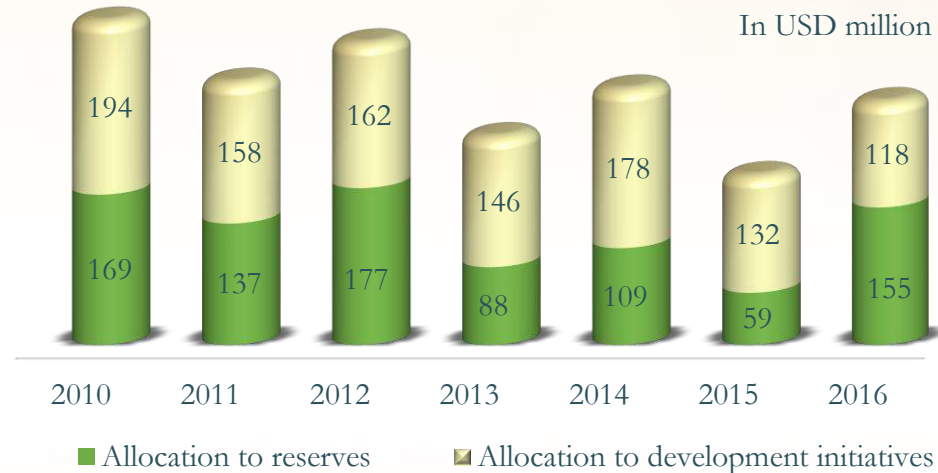
**Financial Profile**

**Capital Market Activities**



# A solid Bank with a strong financial performance

USD 828 million kept in reserves since 2010 to reinforce the Bank's capital



USD 1 billion transferred to key development initiatives since 2010

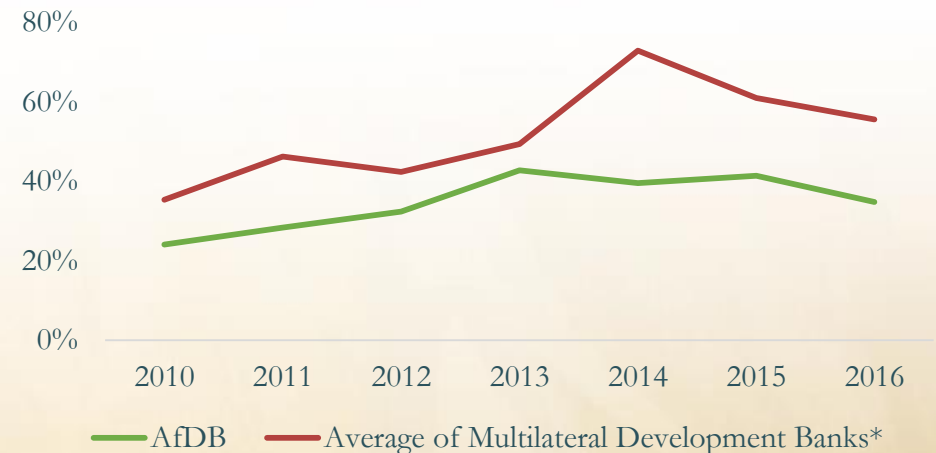
African Development Fund	USD 378 million
Democratic Republic of Congo Debt Relief Mechanism	USD 520 million
Middle Income Country Trust Fund	USD 67 million
Special Relief Fund	USD 27 million

29% increase in net income before distributions approved by the Board of Governors driven by

- Interest earned on increased lending volumes
- Performance of treasury investments

Proven efficiency in the management of operations

Cost-to-income ratio



(\*MDBs): IBRD, IFC, AsDB, EBRD and IADB



# AAA credit strength, our driving force for development

**FitchRatings**

“Shareholders' capacity to provide support is among the highest at multilateral development banks: callable capital from ‘AAA’ rated member states fully covered net debt at end-2015 (1.6x)”

*Fitch, August 2016*

**JCR** Japan Credit Rating Agency, Ltd.

“The Bank holds fast to its conservative risk management policies and meets all internal regulations with respect to lending, equity participation, risk capital utilization and borrowing”

*JCR, August 2016*

**MOODY'S**

“Shareholders' very high propensity and priority of support in response to the AfDB's role as one of the main forces for development in Africa contribute to the Bank's 'very high' strength of member support assessment”

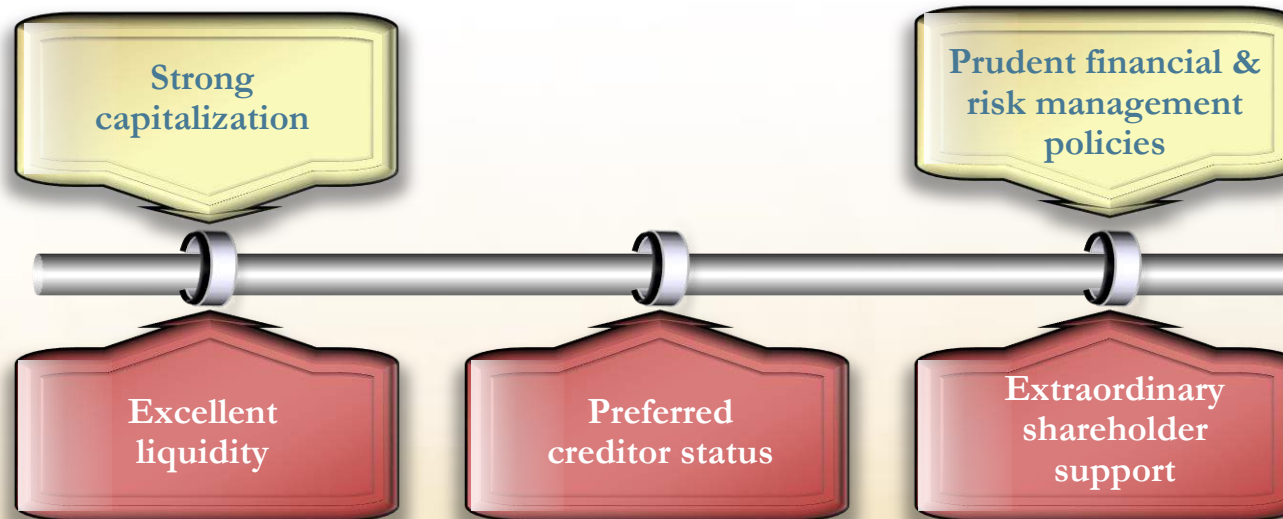
*Moody's, August 2016*

**STANDARD & POOR'S**

“We base the ratings on AfDB's very strong business profile and very strong financial profile”

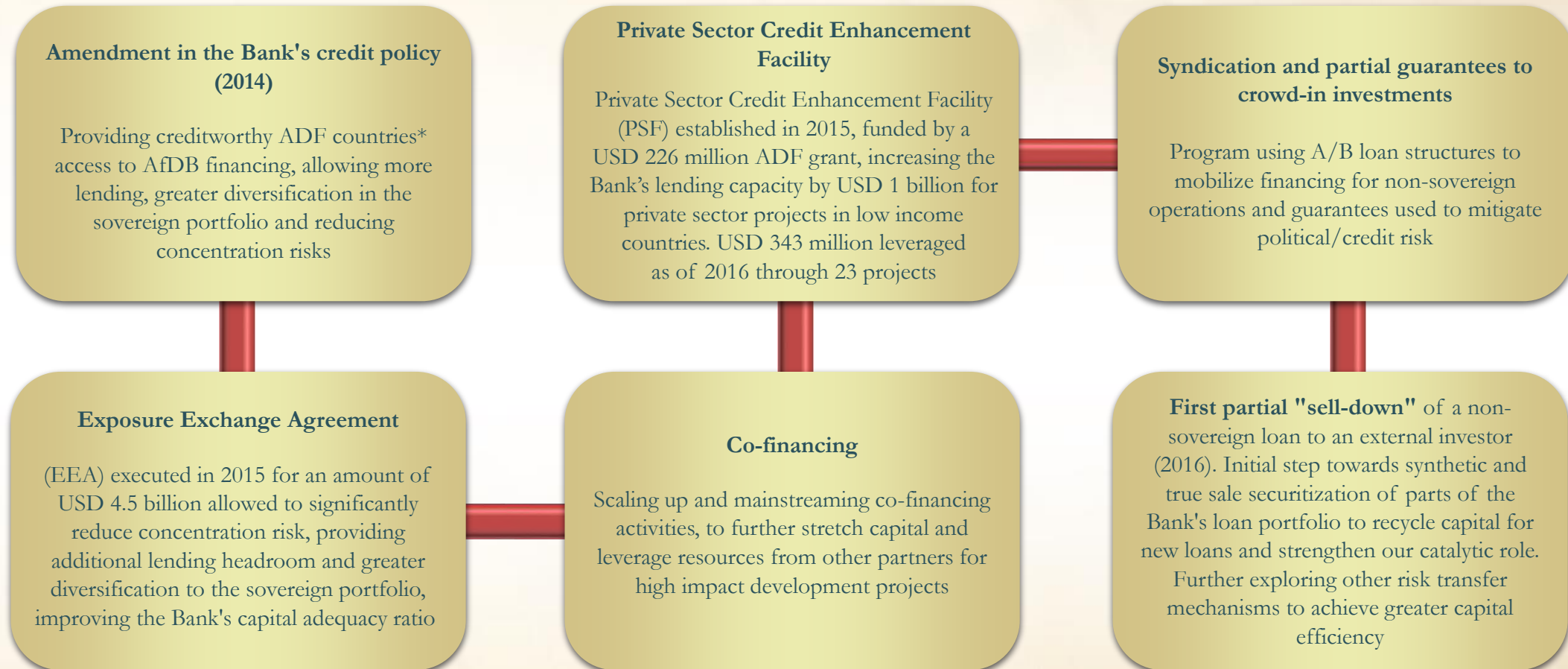
*S&P, July 2016*

**Very high intrinsic financial strength**



# Optimizing balance sheet to expand headroom capacity

## Efficient management of risk capital



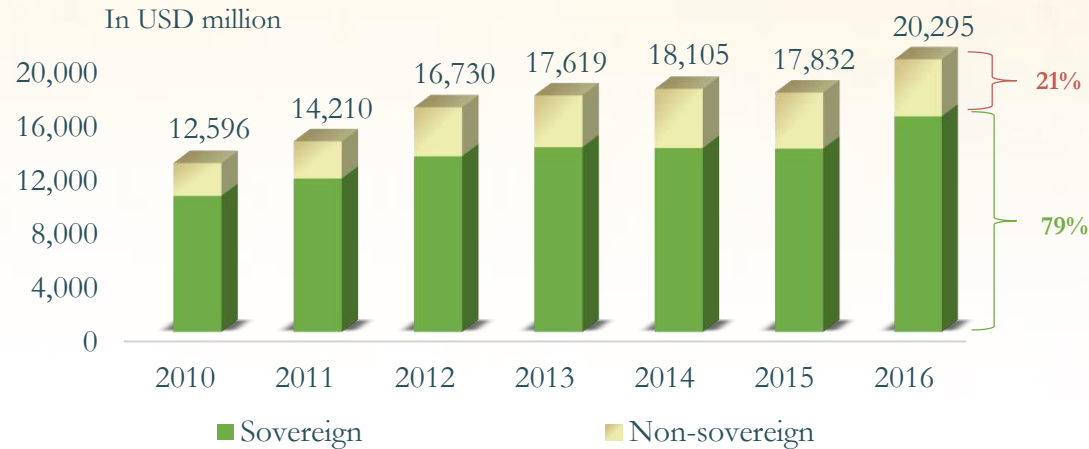
\* Cote d'Ivoire, Ethiopia, Rwanda, Senegal, Tanzania and Uganda benefitted to date





# Risk bearing capacity to bolster Africa's transformation

## Outstanding loans

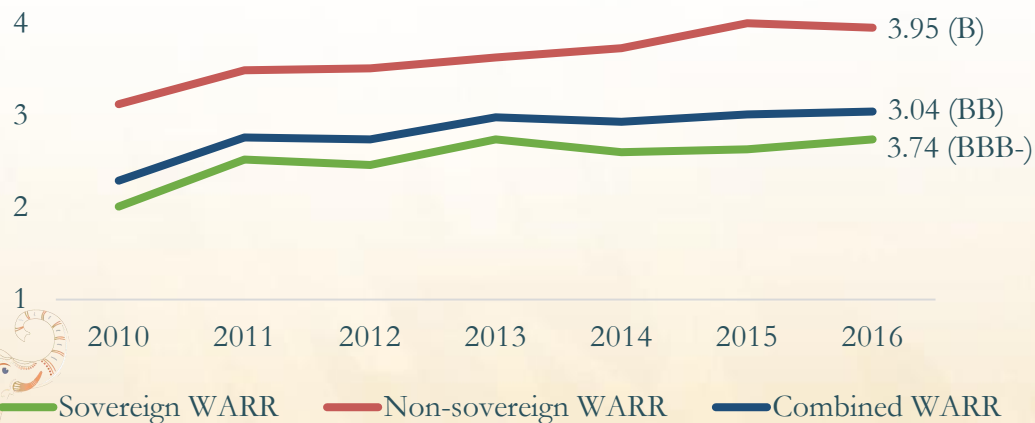


Defined prudential and operational limits aligned with our business strategy, risk appetite and risk bearing capacity

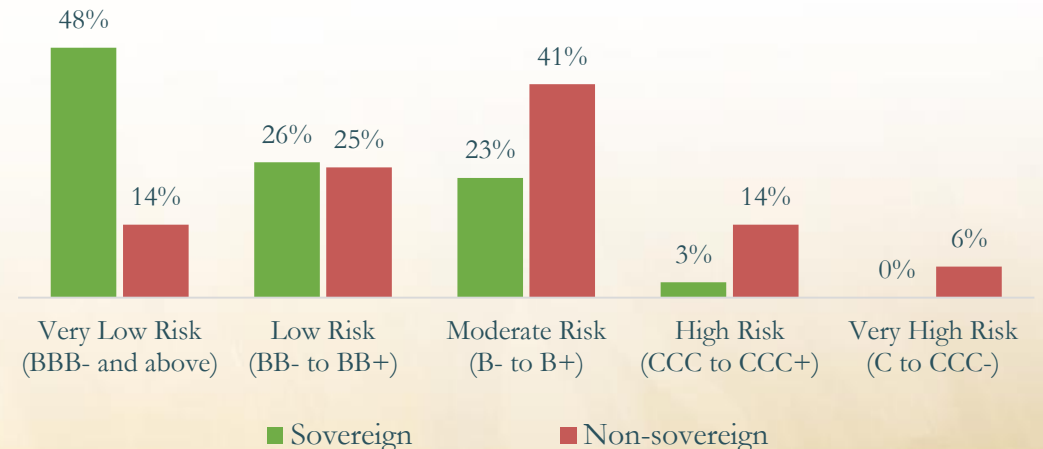
Credit enhancement provided by the PSF expanding the Bank's capacity to take on riskier projects with strong development outcomes

More lending to low income countries to fund transformational projects and programs

## The Bank's risk appetite: Weighted Average Risk Rating (WARR) of the portfolio between BB+ (3) and B- (4)



## Balanced portfolio quality



(As of 31<sup>st</sup> December 2016)



# Robust capitalization to support operations

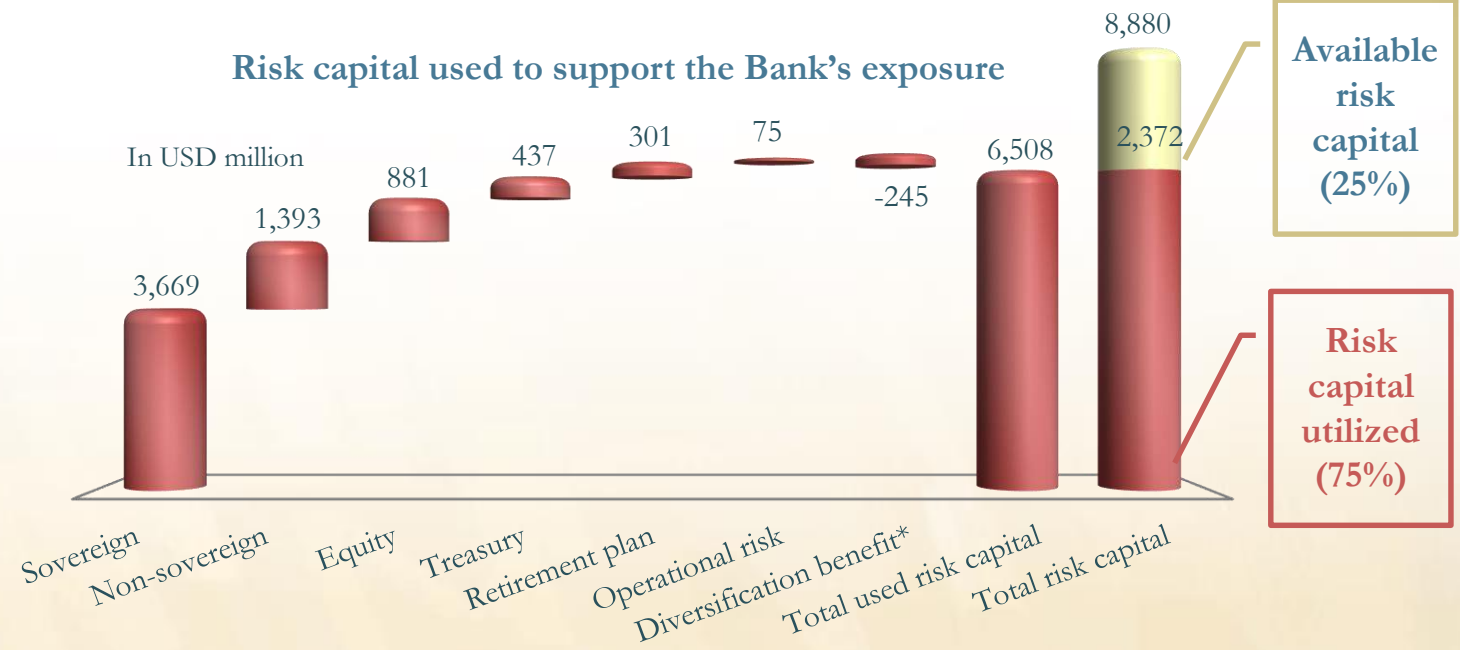


USD 1.3 billion paid-in capital expected over 2017-2023

2013 - Economic capital framework adopted  
 2016 - Actuarial valuation loss on retirement plans absorbed by reserves

Substantial leveraging of the Bank's capital

Exposure Exchange Agreement concluded in 2015 improved risk capital utilization rate by 2.5% in 2016



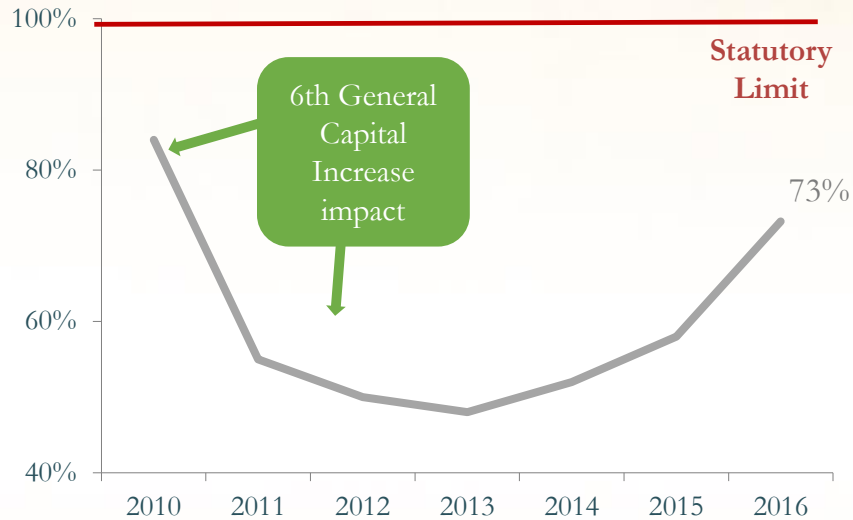
\* Diversification benefit stems from correlation between risks

(As of 31<sup>st</sup> December 2016)



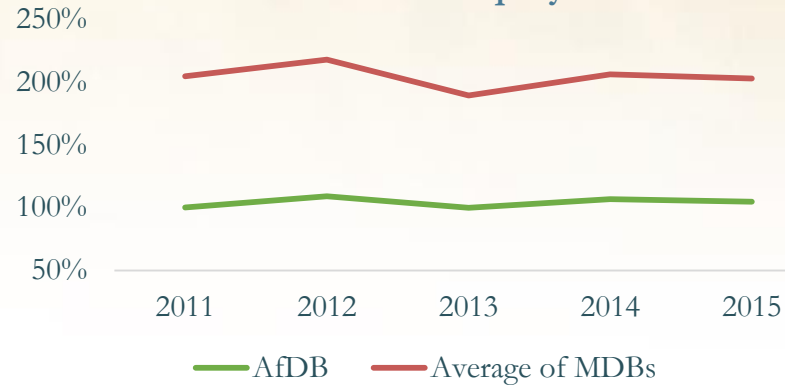
# Prudent leverage ratio protecting stakeholders

Debt/Usable capital: key ratio monitored internally



**Usable capital** =  $\Sigma$  [Paid-In capital + Reserves + Callable Capital of countries rated A- and above]

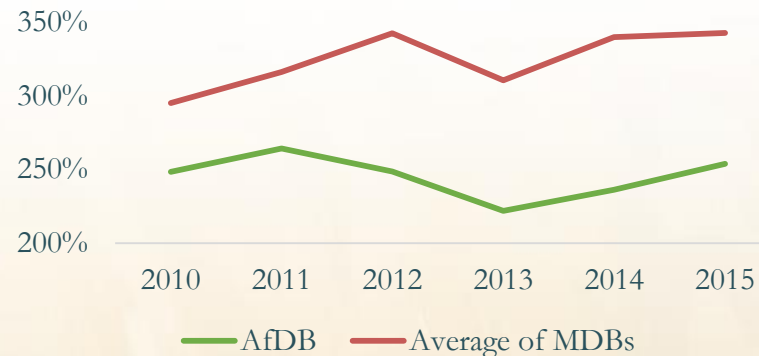
Gross debt net of liquid assets/Adjusted common equity



Using data from S&P Supranationals Special Edition 2016

**Adjusted common equity** = shareholders' equity minus adjustments to paid-in capital from reported shareholders' equity, "investments" in funds whose value is highly uncertain, and other adjustments deemed material (e.g. unrecognized pension deficit)

Debt/Usable equity



Using data from Moody's Annual Credit Analysis 2010-2016

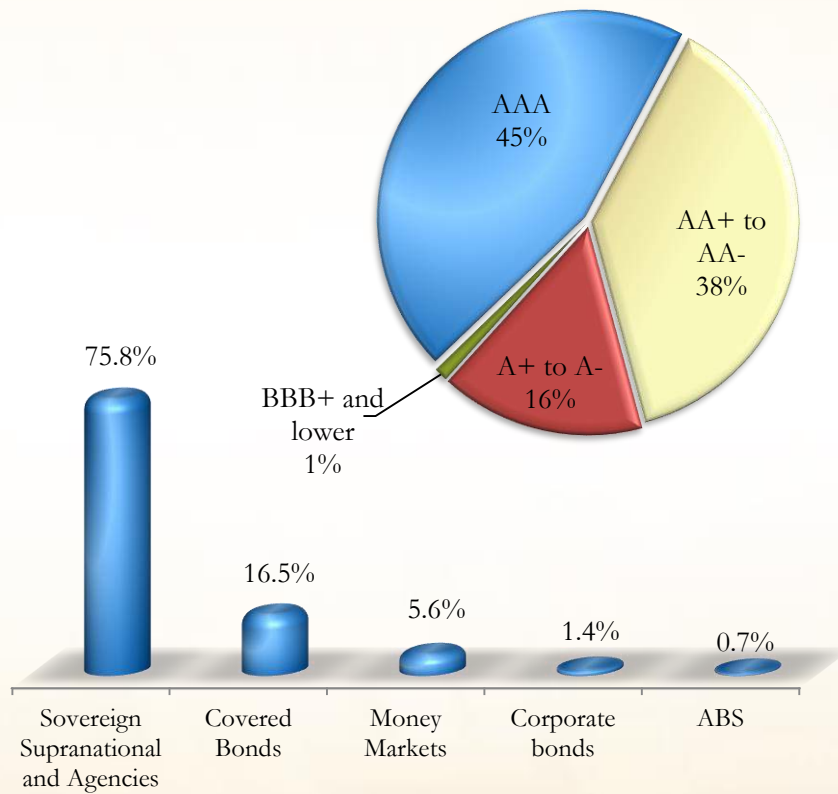
MDBs: IBRD, IADB, AsDB, EBRD

**Usable equity** = total shareholder's equity excluding callable capital

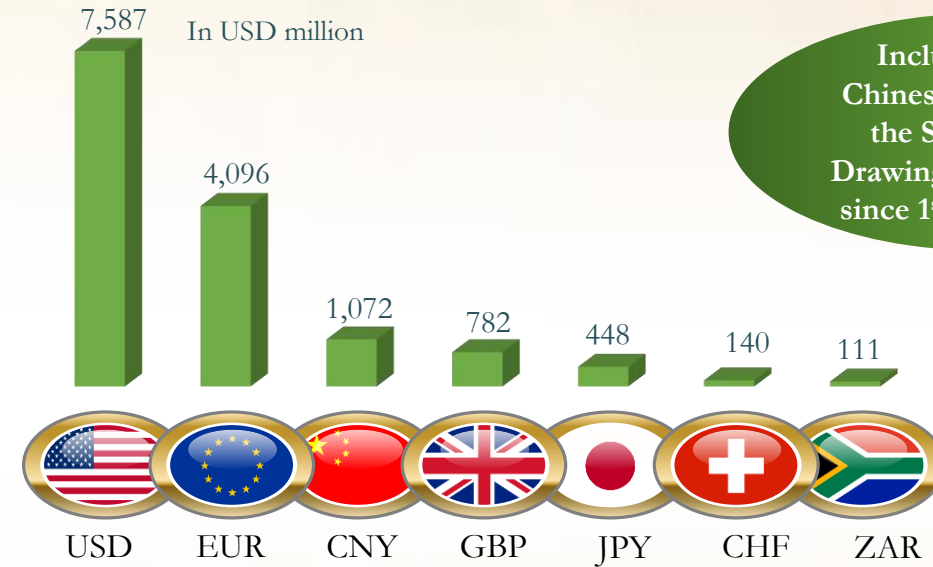


# Conservative management of treasury investments

## High quality assets

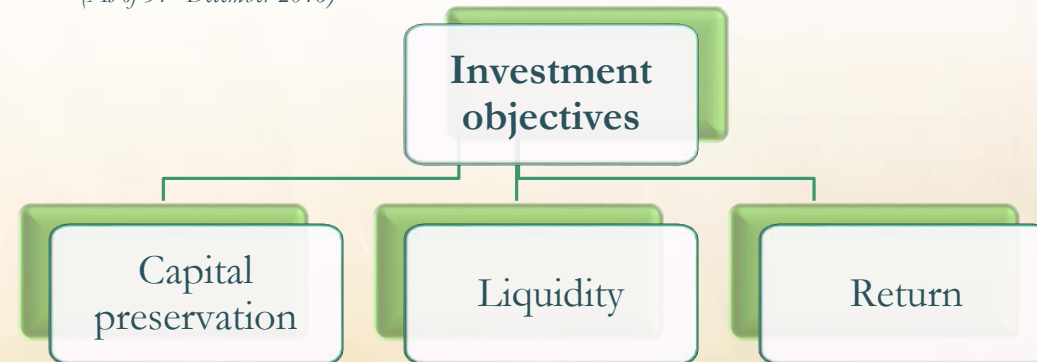


## USD 14 billion multicurrency portfolio



Inclusion of the Chinese Renminbi in the SDR (Special Drawing Right) basket since 1st October 2016

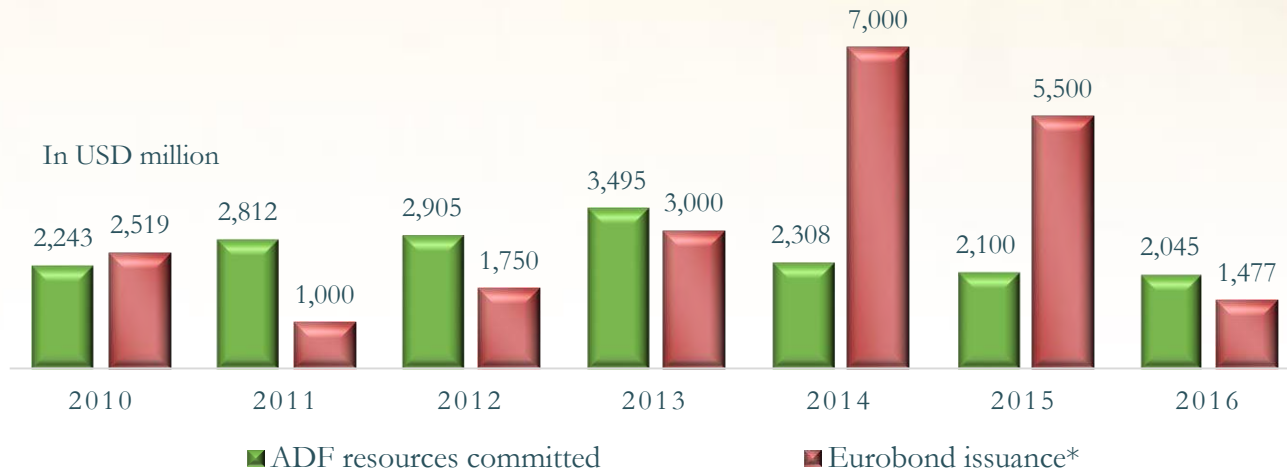
(As of 31st December 2016)



# ADF – 43 years of support to low income countries

A continent in need of capital for development priorities

ADF Contributions



USD 5.8 billion resources for ADF-14 to benefit 38 countries

\* Eurobond issuance by: Angola, Cameroon, Ethiopia, Ghana, Cote d'Ivoire, Kenya, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Zambia



(As of 31<sup>st</sup> December 2016)

A longstanding partnership with donors to the African Development Fund





**Economic Outlook**

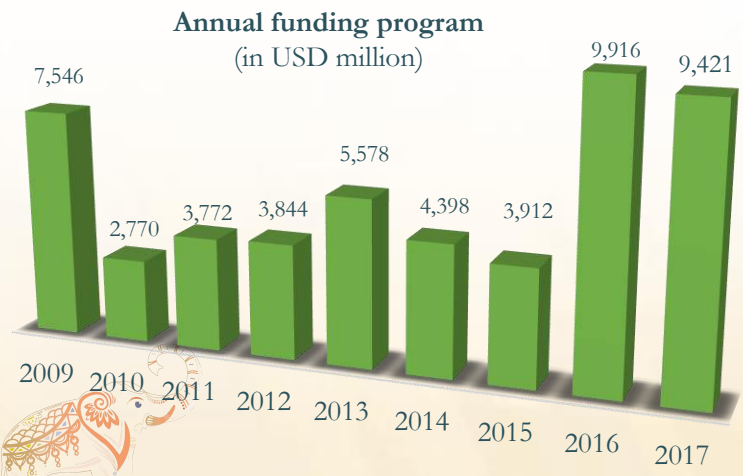
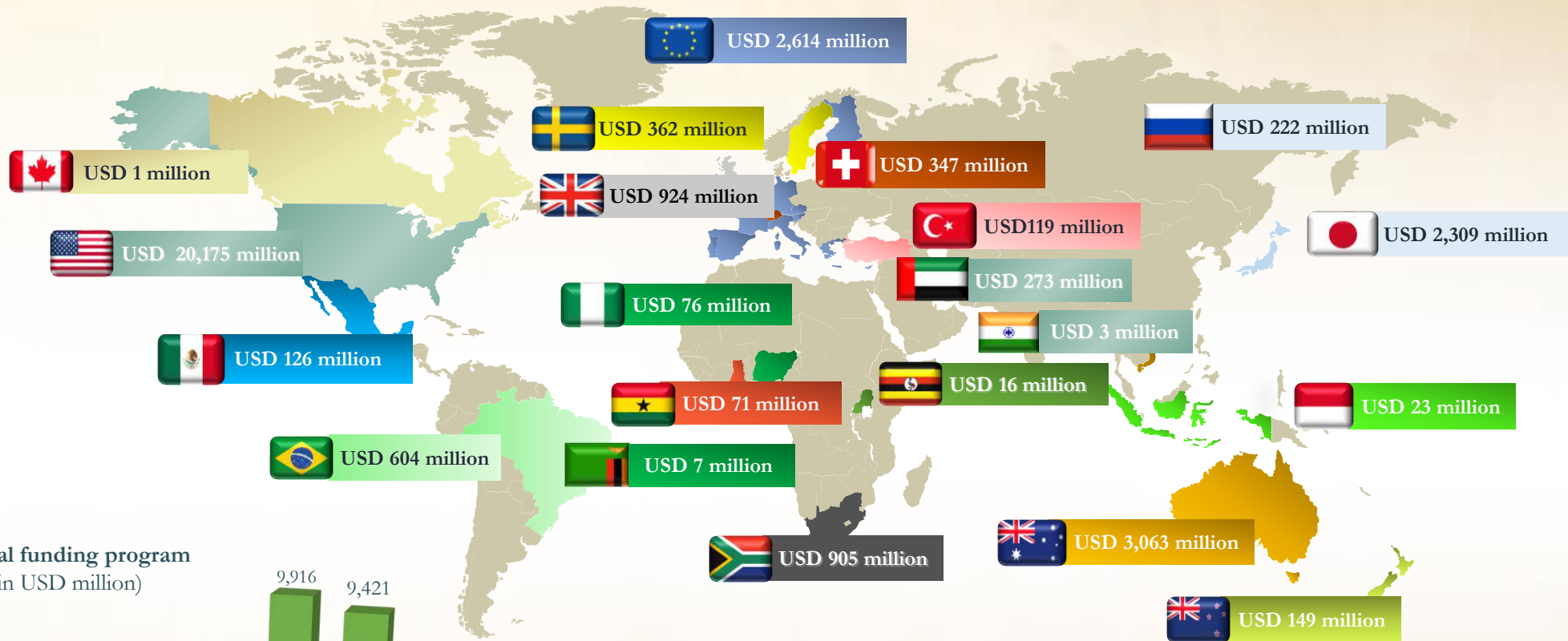
**Operations**

**Financial Profile**

**Capital Market Activities**



# Building on capital markets' access and success to finance the High 5s



Expanding footprint to international and African bond markets

Raising funds at attractive levels to meet development needs

Outstanding borrowing portfolio USD 32 billion



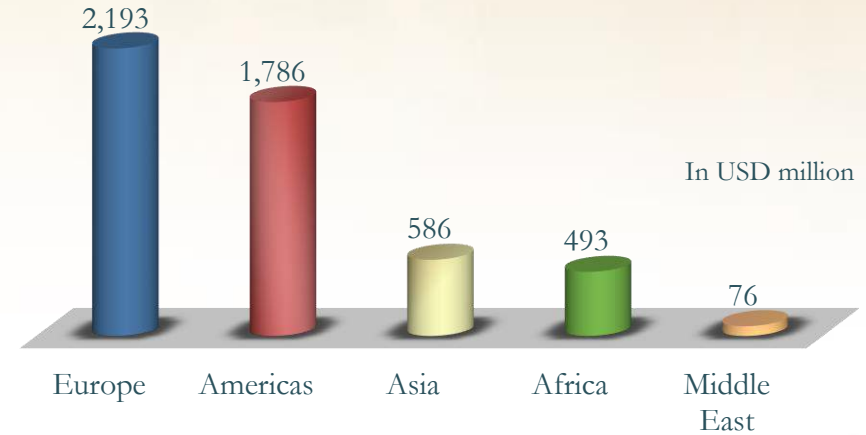
# AfDB global bonds spark interest

Global benchmarks, cornerstone of the Bank's funding strategy

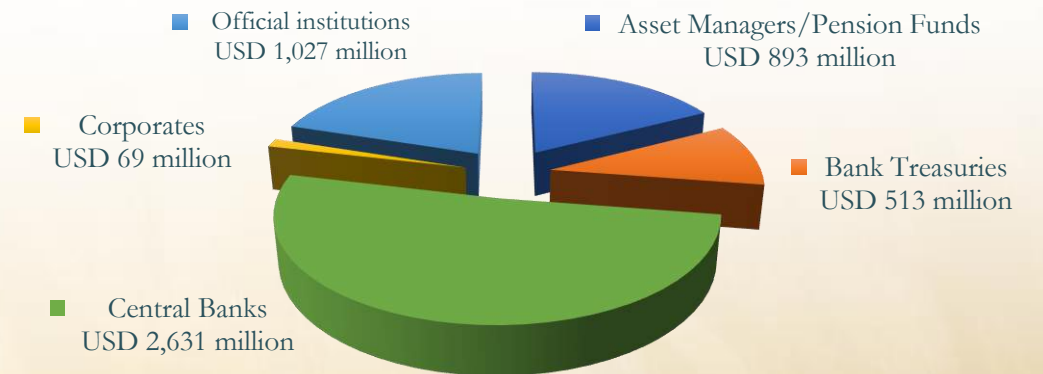
## Investor confidence in the Bank's credit story



## 2016 Global bond allocation



Figures may not add up due to rounding





# Going to another level: Launch of AfDB USD 2.5 billion global benchmark

A strategic repositioning as a more liquid issuer

AfDB sets marker in new issuance approach

AfDB prints 'best ever' trade as it showcases new style

The African Development Bank sold its largest ever benchmark on Wednesday, in a deal which bankers said should hammer home the issuer's "new style" to investors. Meanwhile, Municipality Finance brought its first dollar benchmark of the year.

Central Banks and Official institutions  
USD 1,771 million

Asset Managers  
USD 1,174 million

Bank Treasuries  
USD 853 million

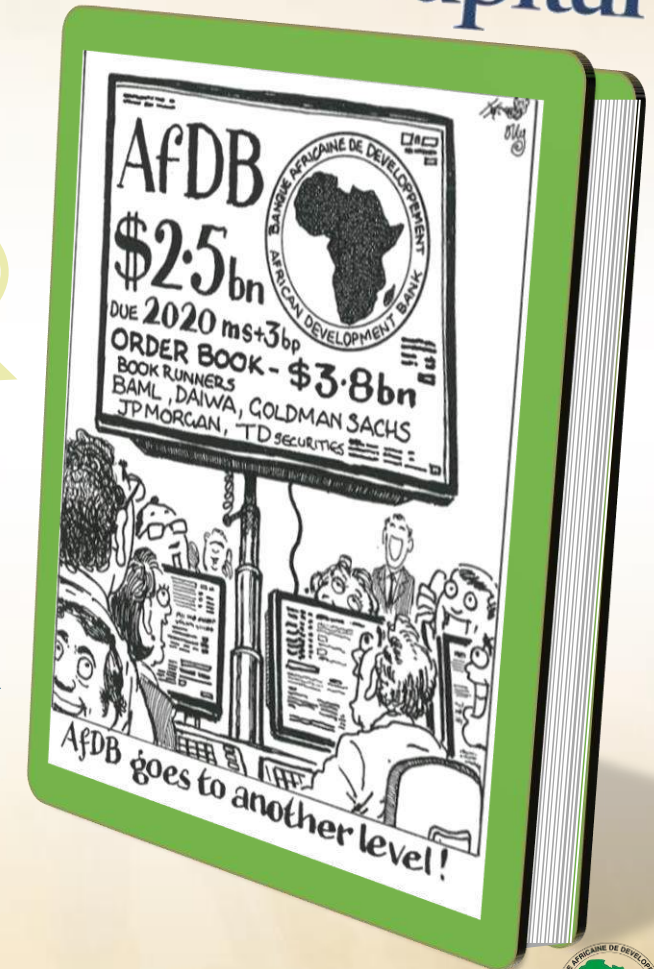
Pension Funds  
USD 95 million

Insurance  
USD 10 million

Record level of orderbook  
USD 3.8 billion

Largest transaction in the Bank's history

## GlobalCapital



# AfDB scores in the Euro market

Laying a solid foundation

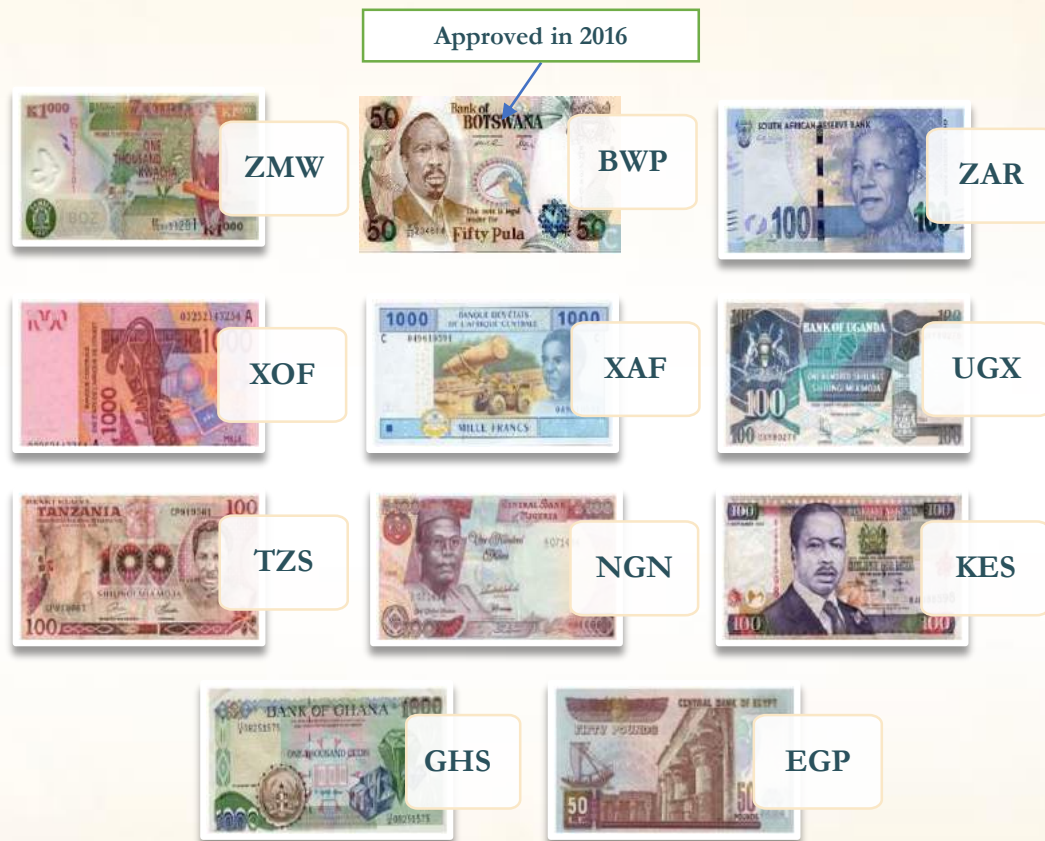
7 year  
**EUR 1.15 billion**  
**0.25% due January 2024**  
Bund + 45.5bps  
OAT + 8bps  
Midswaps – 3bps  
Barclays/Natixis/Natwest/  
Credit Agricole

10 year  
**EUR 750 million**  
**0.125% due October 2026**  
Bund + 29.5bps  
OAT + 3bps  
Midswaps – 10bps  
Barclays/Goldman Sachs/  
Societe Generale

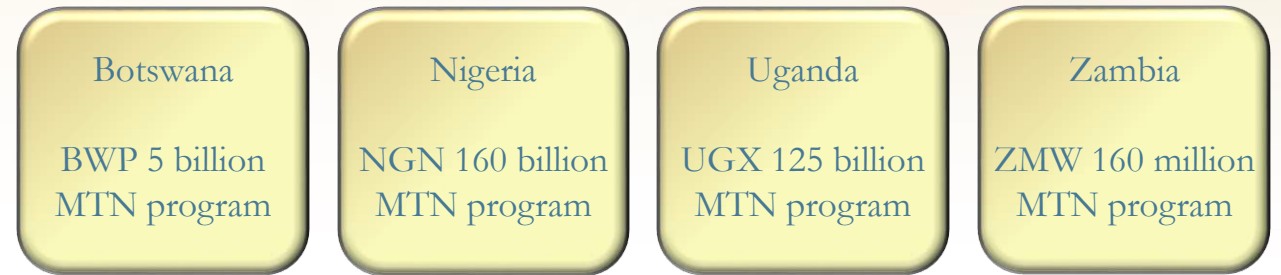


# A relevant and responsive development partner for Africa

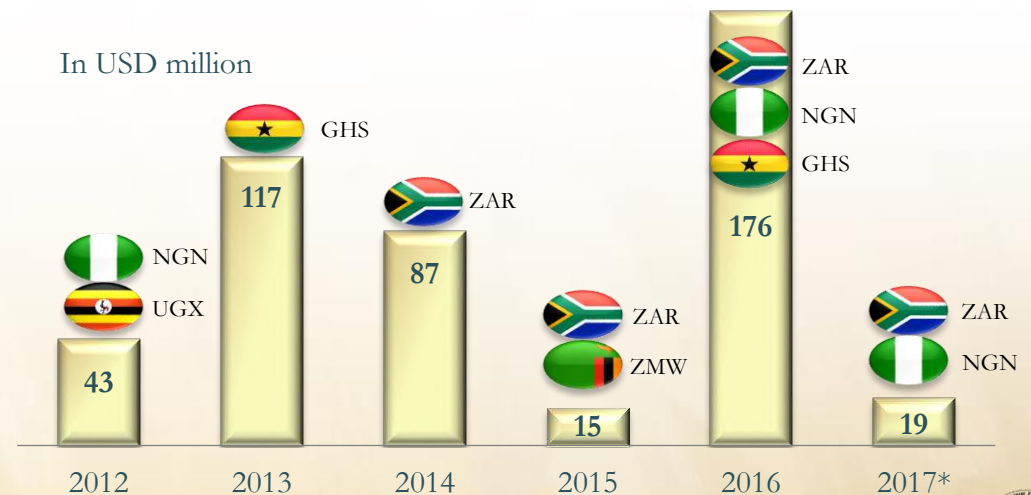
Expanding the Bank's African borrowing and lending currencies



Continued work with governments and regulators for approvals to issue in local currencies



## A reference issuer in offshore African currency linked notes



\* As of 31st March



# Deepening African domestic bond markets

## African Domestic Bond Fund (ADBF) approved in 2016 by the Bank

**Improve capital markets' long-term resilience and match issuers' assets to their liabilities in domestic currency terms**

- USD 25 million seed capital from AfDB with an additional USD 175 million to be raised
- Listed as an Exchange Traded Fund
- Mostly track the performance of the ABABI
- Listing in Mauritius primarily and dual listing in other exchanges expected

Enable governments to improve their funding costs in domestic bond markets and reduce their dependence on foreign currency denominated debt

## ABABI (AfDB / AFMI<sup>SM</sup> Bloomberg® African Bond Index) launched by the AfDB in partnership with Bloomberg

- Market capitalization index investing in the most liquid African bond markets
- Managed by Bloomberg
- Currently comprising local currency sovereign debt from South Africa, Egypt, Nigeria, Kenya, Namibia, Botswana, Ghana and Zambia
- Other African sovereign countries to be added over time to the Index
- Capturing more than 80% of African bond markets

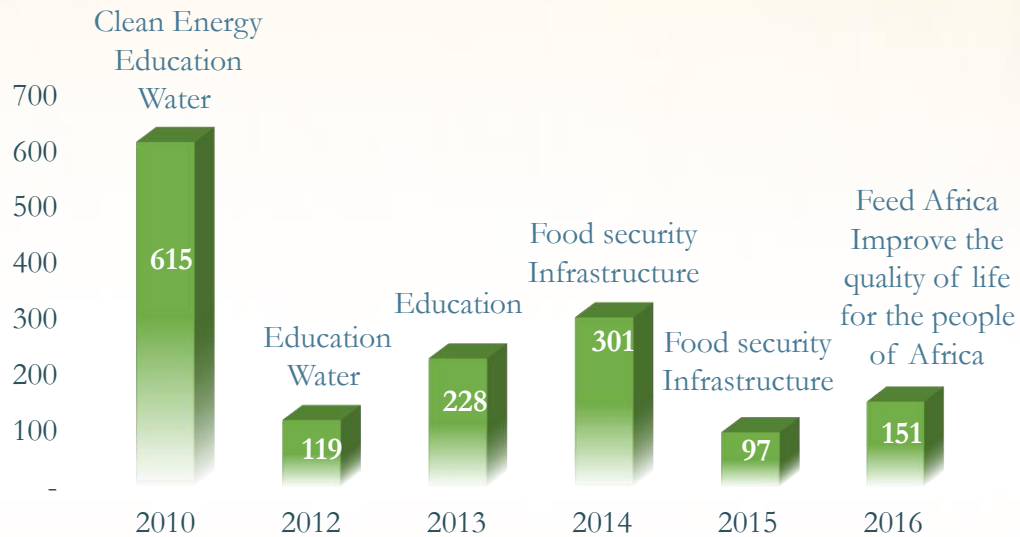
Provide exposure to African local currency bonds with a relatively low cost and liquid vehicle



# Dedicated bonds for socially responsible investors

Grow socially responsible investment programs for Africa

Theme bond issuance in Japan (in USD million)



High 5s meeting investor demand



Going green in Sweden



AFRICAN DEVELOPMENT BANK GROUP

Green Bonds

December 2015



AFRICAN DEVELOPMENT BANK  
1.375% Green Bond  
**USD 500,000,000**  
Senior Unsecured Notes  
Due 2018

December 2016



AFRICAN DEVELOPMENT BANK  
3.50% Green Bond  
**AUD 55,000,000**  
Kangaroo  
Due 2031



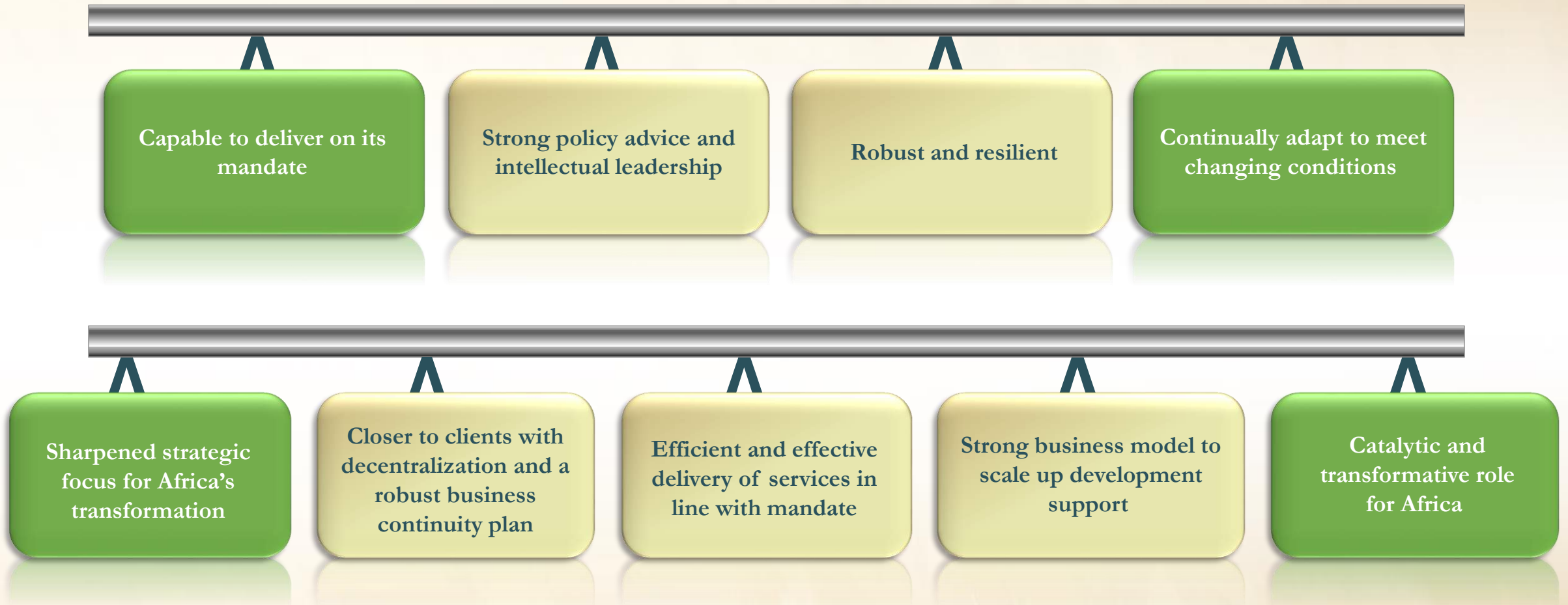
"Advanced" CSR rating  
(+10points VS 2014)

"AfDB's overall Corporate Social Responsibility (CSR) performance is considered advanced in absolute terms and it has significantly increased since last review"

Vigeo, July 2016



# At the service of Africa's development



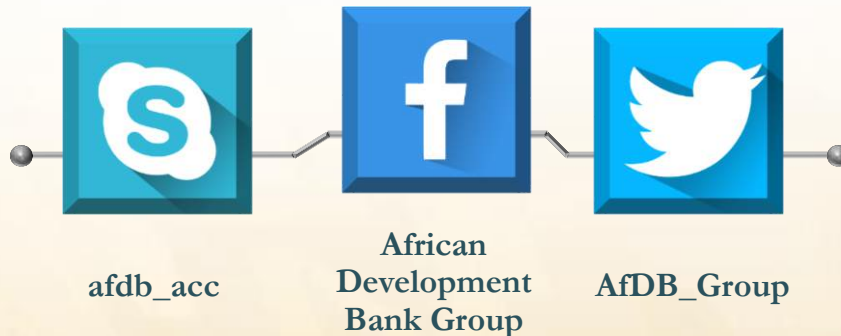
Fit for purpose for the continent's transformation



# For more information



- Financial and operational analysis
- Documentation for debt programs
- Rating agency reports
- Financial products for borrowers
- Annual report



-  [www.afdb.org](http://www.afdb.org)
-  Contact: [FundingDesk@afdb.org](mailto:FundingDesk@afdb.org)
-  (225) 20 26 39 00  
(225) 20 26 29 06





# Appendix





# AfDB Income Statement (UA million)

Year ended 31 December	2016	2015	2014	2013	2012
Operational Income and Expenses					
Loans and related derivatives	369.19	314.78	317.92	296.78	327.09
Income from Investments and related derivatives	155.71	122.21	132.41	131.25	199.35
Income from Other Securities	3.78	3.73	3.85	3.95	4.83
Total income from Loans and Investments	536.02	455.78	460.52	441.42	542.45
Interest and amortized issuance costs	(373.05)	(346.13)	(375.96)	(302.99)	(356.41)
Net interest on borrowing-related derivatives	196.26	217.62	245.42	150.08	163.23
Unrealized losses on borrowings, related derivatives and others	(68.83)	(38.81)	(36.73)	46.82	(30.45)
Provision for Impairment on Loan Principal and Charges Receivable	(67.81)	(65.43)	(18.02)	(41.14)	(29.69)
Provision for Impairment on Equity Investments	0.16	0.43	0.75	0.76	(0.05)
Provision for Impairment on Investments	-	-	-	9.19	0.29
Translation Gains/(Losses)	1.00	14.61	(4.07)	13.33	(2.27)
Other Income	9.51	2.30	3.39	3.03	4.11
Net Operational Income	261.49	229.65	282.20	302.98	309.79
Administrative Expenses	(130.06)	(122.00)	(123.16)	(110.97)	(107.55)
Depreciation – Property, Equipment and Intangible Assets	(10.04)	(9.05)	(7.61)	(6.70)	(4.59)
Sundry (Expenses)/Income	(1.32)	(5.44)	0.26	(4.98)	(1.94)
Total Other Expenses	(141.42)	(136.49)	(130.50)	(122.65)	(114.08)
Income before Distributions Approved by the Board of Governors	120.07	93.16	151.70	180.33	195.71
Distributions of Income Approved by the Board of Governors	(95.00)	(124.00)	(120.00)	(107.50)	(110.00)
<b>Net Income for the Year</b>	<b>25.07</b>	<b>(30.84)</b>	<b>31.70</b>	<b>72.83</b>	<b>85.71</b>

1 UA = 1 SDR = 1.53692 USD (2012) = 1.54000 (2013) = 1.44881 (2014) = 1.38573 (2015) = 1.34433 (2016)



# AfDB Balance Sheet highlights (UA million)

Year ended 31 December	2016	2015	2014	2013	2012
<b>Assets</b>					
Due from Banks	1,306.82	1,214.61	406.71	954.13	881.45
Demand Obligations	3.8	3.8	3.8	3.8	3.8
Treasury Investments	10,590.04	8,392.26	7,341.62	6,058.45	6,487.51
Derivative Assets	1,233.75	1,454.62	1,143.68	985.96	1,558.33
Non-Negotiable Instruments on Account of Capital	0.16	0.27	0.74	1.2	1.97
Accounts Receivable	543.83	489.54	640.16	843.86	762.67
Outstanding Loans	15,348.44	13,070.40	12,647.81	11,585.84	11,014.31
Hedged Loans – Fair Value Adjustment	80.23	79.84	112.7	32.49	86.85
Equity Participations	719.38	703.27	596.82	525.01	438.56
Other Securities	54.36	46.42	94.11	82.9	76.54
Other Assets	97.7	93.56	79.46	41.22	31.06
<b>Total Assets</b>	<b>29,727.09</b>	<b>25,346.74</b>	<b>22,950.83</b>	<b>20,996.72</b>	<b>21,214.55</b>
<b>Liabilities, Capital and Reserves</b>					
Accounts Payable	1,615.99	1,332.38	1,211.81	1,246.11	2,083.07
Derivative Liabilities	861.27	1,084.99	853.74	971.85	512.6
Borrowings	20,644.15	16,449.27	14,375.95	12,947.44	13,278.8
Capital Subscriptions Paid	4,019.88	3,727.69	3,438.23	3,147.08	2,839.47
Cumulative exchange adjustment on subscriptions	(161.04)	(168.84)	(173.54)	(172.65)	(166.82)
Reserves	2,746.84	2,921.25	2,815.32	2,856.88	2,667.43
<b>Total Liabilities, Capital and Reserves</b>	<b>29,727.09</b>	<b>25,346.74</b>	<b>22,950.83</b>	<b>20,996.72</b>	<b>21,214.55</b>

1 UA = 1 SDR = 1.53692 USD (2012) = 1.54000 (2013) = 1.44881 (2014) = 1.38573 (2015) = 1.34433 (2016)

