



2016

Financial Presentation

The African Development Bank Group

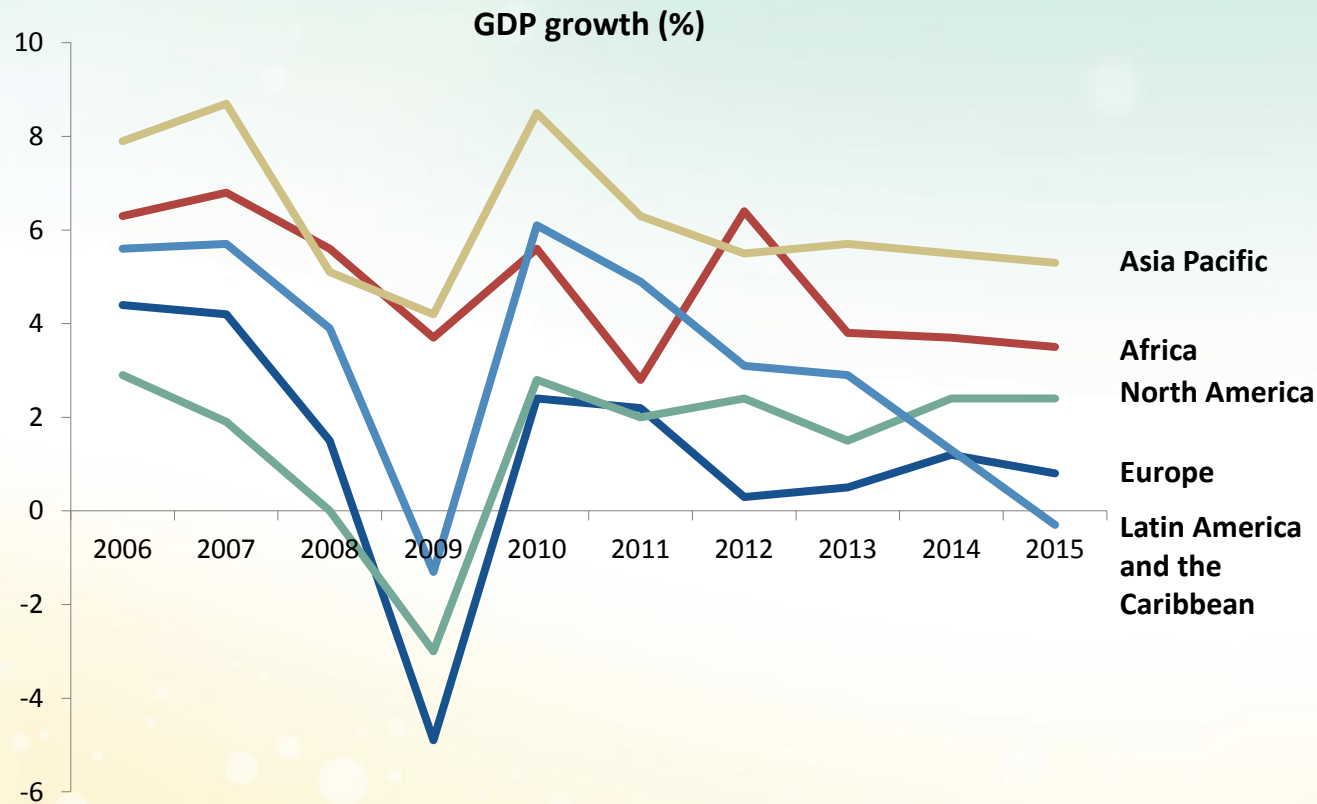
Lusaka



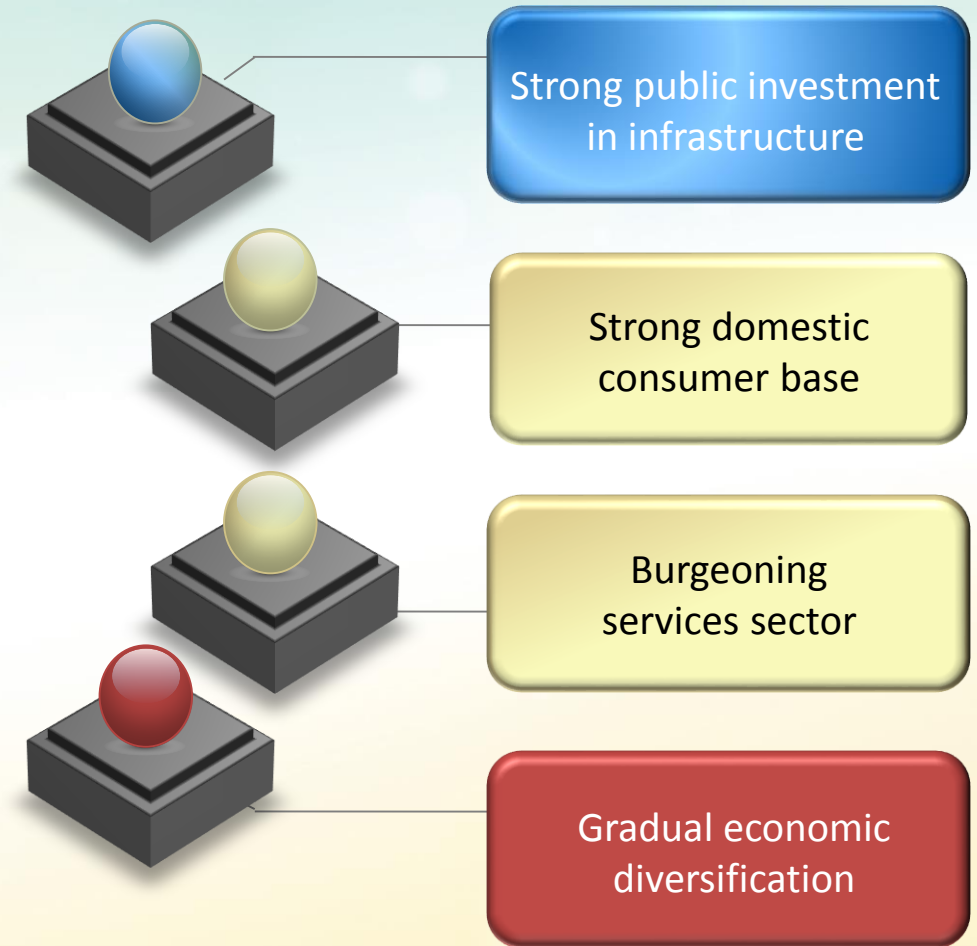
Economic Outlook



Resilient growth in the face of global and regional headwinds



Drivers of Africa's growth



Diverse country-specific factors driving growth

Five of the ten fastest-growing countries in the world with real GDP growth above 7% are in Africa

Côte d'Ivoire



DRC



Rwanda

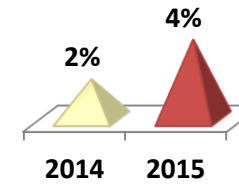


Tanzania



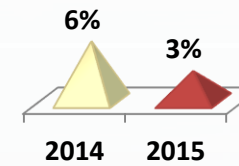
Ethiopia

North Africa



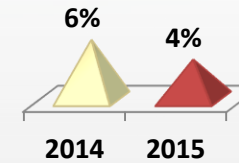
Growth picked-up on the back of improvements in political and economic stability

West Africa



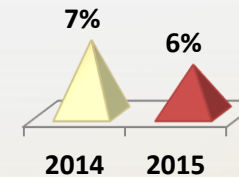
Lower growth due to depressed commodity prices as well as to the impact of the Ebola outbreak

Central Africa



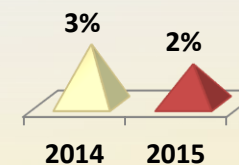
Decline in oil and metal prices adversely affected growth in the region

East Africa



Political instability in Burundi and South Sudan weighed down on growth in the region

Southern Africa



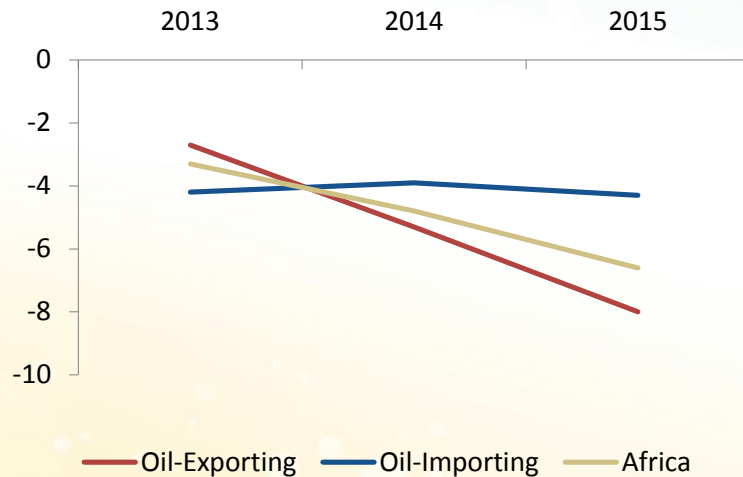
Growth impacted by acute shortages of power, hostile weather conditions and low commodity prices

Macroeconomic environment remains relatively stable

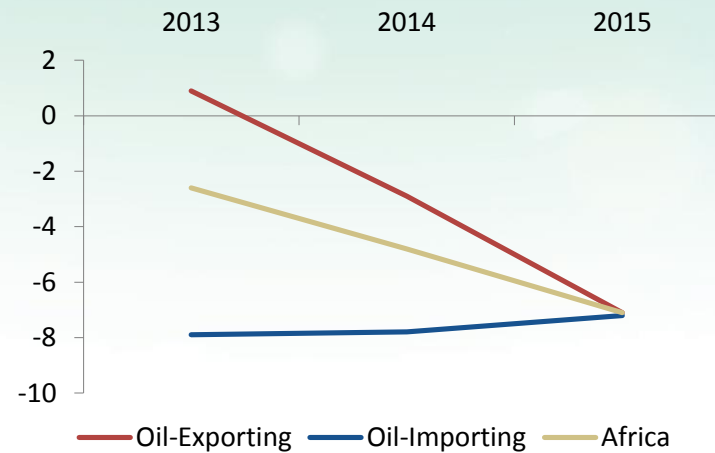
Low commodity prices depressed revenues, contributing to the widening of both fiscal and current accounts

Fiscal and monetary policies have proven prudent, keeping inflation generally stable aided by low fuel prices in importing countries

Fiscal Balance excluding grants (% GDP)

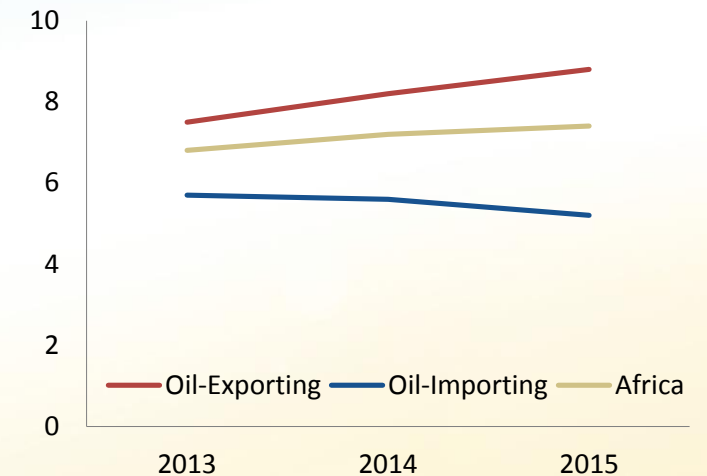


Current Account Balance (% GDP)



The strengthening of the US dollar also put additional pressure on the exchange rate of a number of countries

Inflation (%)

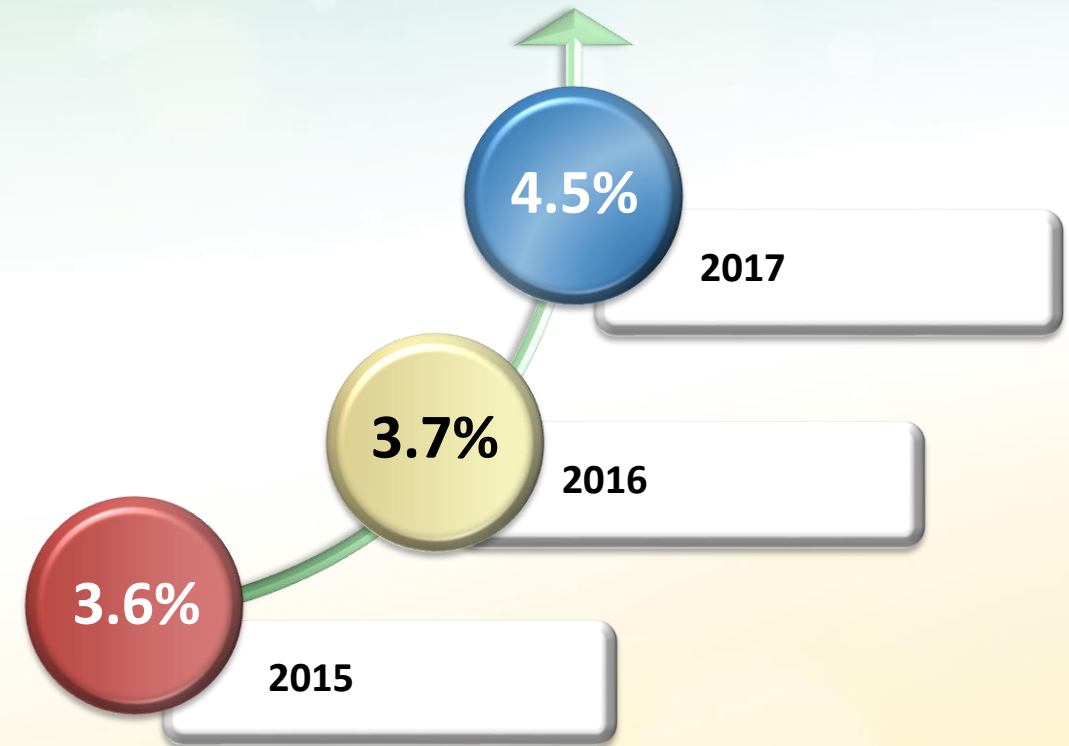


Africa's growth should remain favorable, in spite of challenges

Africa has shown its resilience and should continue to maintain its position as the second fastest growing region of the world

Growth prospects remain positive, underpinned by relatively stable macroeconomic conditions, strong domestic consumer demand, robust public investment in infrastructure and fiscal consolidation in order to contain the commodity price shock

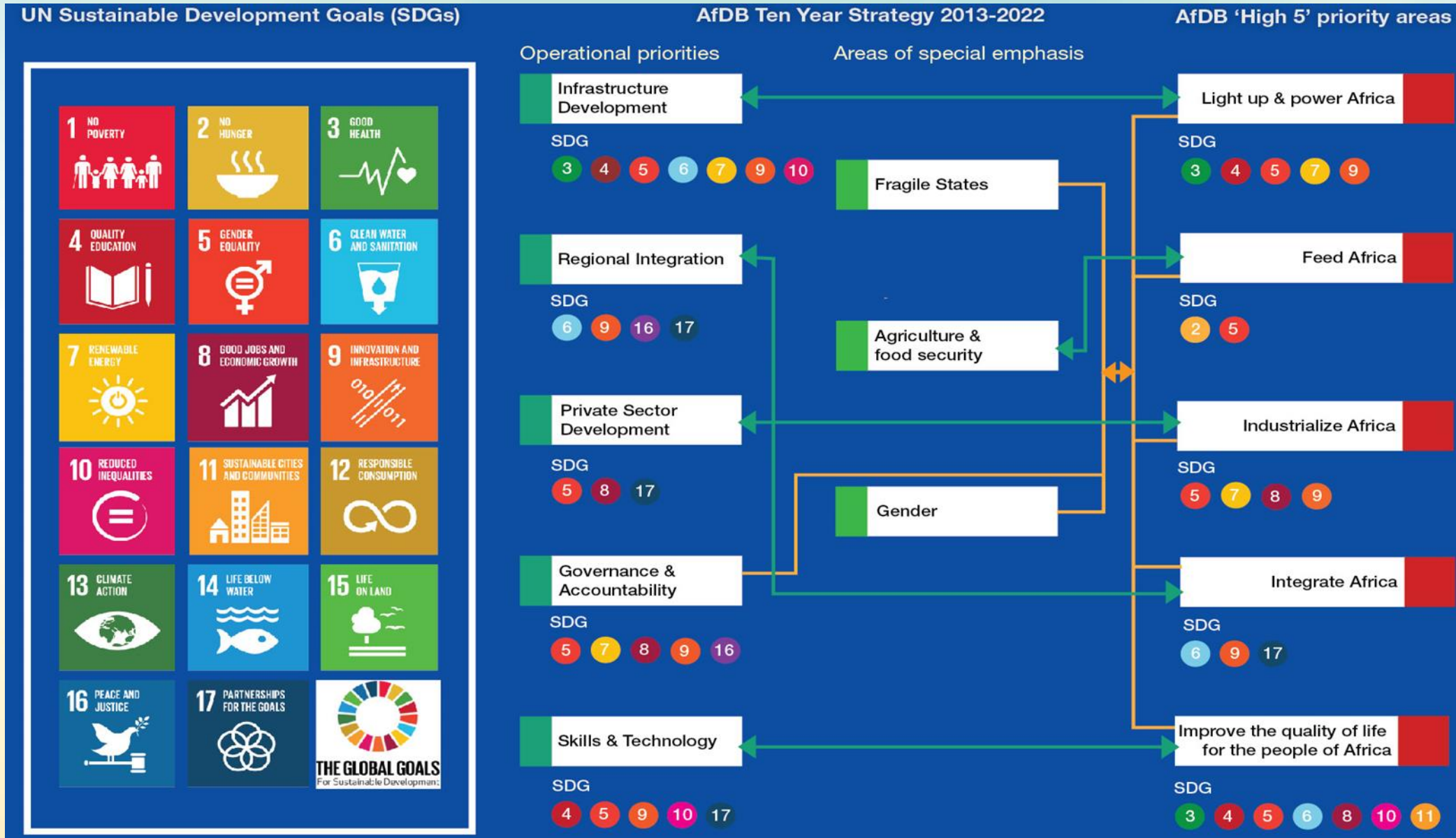
Downside risks include a continued decline in commodity prices, power shortages, adverse weather, conflict, political instability and terrorism



Overview of Bank Group Operations



At the center of Africa's transformation



High 5s - Scaling up implementation of the Ten Year Strategy



Light up and power Africa

Unlock the continent's energy potential in order to drive much-needed industrialization



Improve the quality of life for the people of Africa

Develop innovative flagship programs to open up opportunities for youth employment, improve access to basic services and create economic opportunities for the extreme poor



Feed Africa

Transform agriculture to increase productivity, lower food prices, enhance food security, revive rural areas and create jobs for Africans



Industrialize Africa

Lead other partners in the process of industrializing Africa and developing the private sector to create wealth from natural assets



Integrate Africa

Address barriers, create regional value chains and leverage complementarities in order to tap the continent's huge market potential



Light up and power Africa

Over 640 million Africans lack access to electricity

Per capita use of electricity
Africa 613 kWh; USA 13,000 kWh; Europe over 6,500 kWh

Power shortages estimated to cost 2% GDP annually, undermining economic growth, employment creation and investment

Energy in Africa, a grey picture



Hydropower provides about a fifth of current capacity but not even a tenth of its total potential is harnessed

Insufficient energy access

- Causes hundreds of thousands of deaths annually through the use of wood-burning stoves
- Undermines hospital and emergency services operations
- Compromises educational attainment
- Drives up cost of doing business due to the use of generators

Africa's poorest pay 60 – 80 times more per unit in northern Nigeria than residents of New York and London

Our ambition

To provide universal energy access by 2025

- 162 GW electricity generation
- 130 million on-grid connections
- 75 million off-grid connections
- 150 million households with access to clean cooking solutions

Partnership-driven effort

Work with partners to develop a framework that takes into account different energy sources, geographic conditions, regulation and pricing, technologies and distribution mechanisms

AfDB to invest USD 12 billion and leverage about USD 50 billion over 5 years



Feed Africa

Agriculture employs over 60% of the African workforce and accounts for 33% of the continent's GDP, yet Africa is the world's most food-insecure region

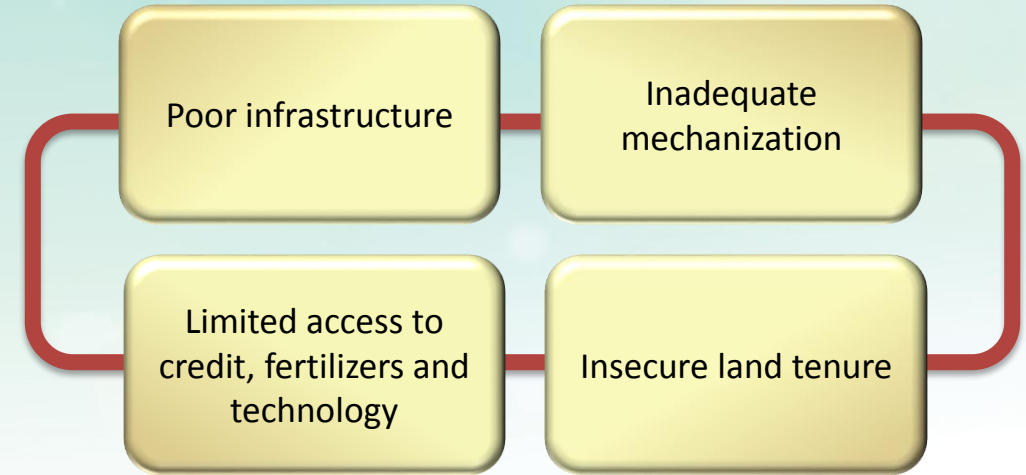
Heavy dependence on food imports (over USD 35 billion)

More than 1 in 4 Africans is malnourished

Droughts, water scarcity and famine are well-known and real

60% of arable land in the world not yet put to production is in Africa

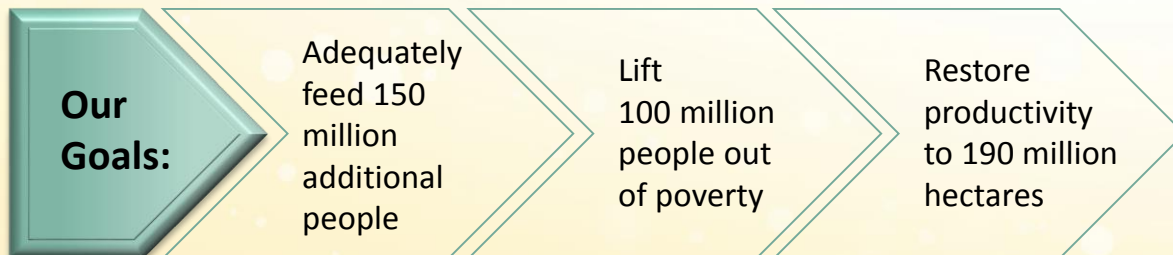
Africa's potential for agricultural production is enormous



How is AfDB tackling these challenges?

“Feed Africa initiative” will deploy financial resources to enable African countries to seize the opportunity to promote agriculture related industrialization

Accelerate support for massive agricultural transformation across Africa to:



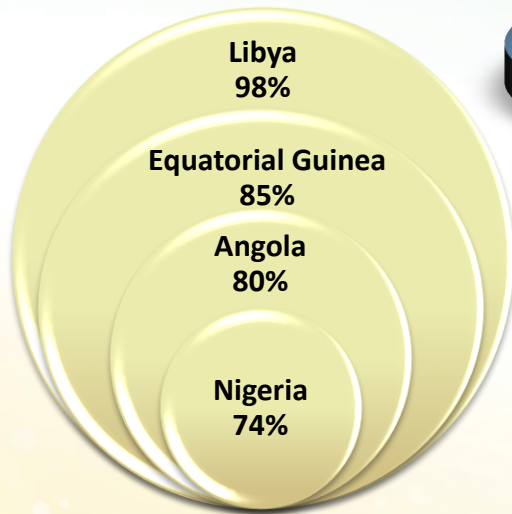
AfDB's investment to quadruple from a current annual average of USD 612 million to about USD 2.4 billion

Industrialize Africa

African economies are largely dependent on sectors with low added value

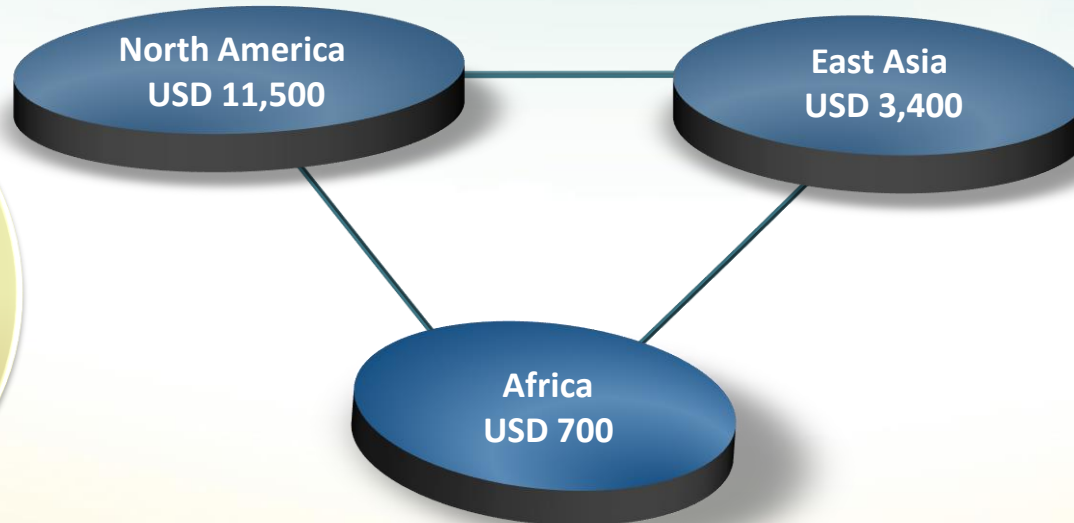
- Africa's share of global manufacturing at around 1.9%
- 62% of imports and 19% of exports are manufactured

Commodity dependence (% government revenue)



Low value-added activities lead to low GDP/capita

Industry GDP per capita



Our ambition

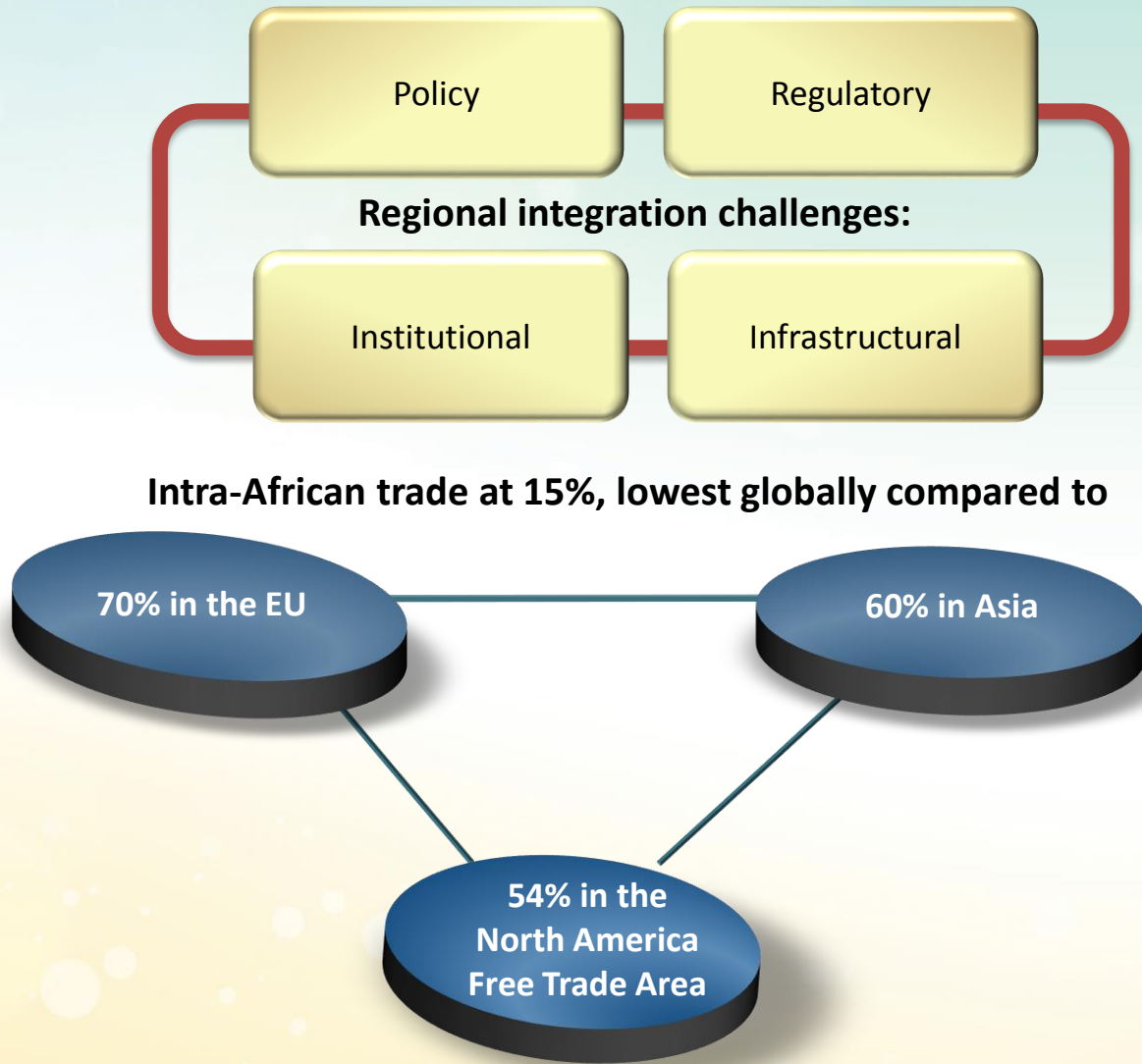
- Move Africa to the top of the value chain
- Increase industrial GDP by 130% to USD 1.55 trillion by 2025
- Develop efficient industry clusters
- Provide policy advisory services, technical assistance to governments and funding to key PPP projects
- Increase investment/financing to lend to small and medium enterprises (SMEs) and increase their capacity
- Improve access to market finance for African enterprises
- Catalyze funding into infrastructure and industrial projects
- Link up African enterprises and major projects with potential partners and investors

We cannot do it alone!

AfDB to invest about USD 5.6 billion per year



Integrate Africa



African countries are losing out on billions of dollars in potential trade every year because of fragmented regional markets and lack of cross-border production networks that can spur economic dynamism

The Bank Group focus

Building regional infrastructure

Boosting intra-African trade and investment

Facilitating movement of people across borders

Our ambition.....to lead several continent-wide initiatives targeting both “hard” and “soft” infrastructure

- Continental Free Trade Area – to address Africa’s low internal and external trade performances
- Comprehensive Africa Agriculture Development Program
- Program for Infrastructure Development in Africa – designed to develop a vision and strategic framework for the development of regional and continental infrastructure
- Sahel and the Drought Resilience and Sustainable Livelihoods Program in the Horn of Africa

AfDB to invest about USD 3.5 billion per year from 2016 to develop high quality regional infrastructure

Improve the quality of life for the people of Africa

Our vision

Widespread inclusive growth, allowing all Africans across different countries to have access to

- Basic services (education, health care, water and sanitation)
- Productive employment and entrepreneurship opportunities

Ensuring that Africa's demographic growth yields significant economic dividends and contributes to inclusive growth will



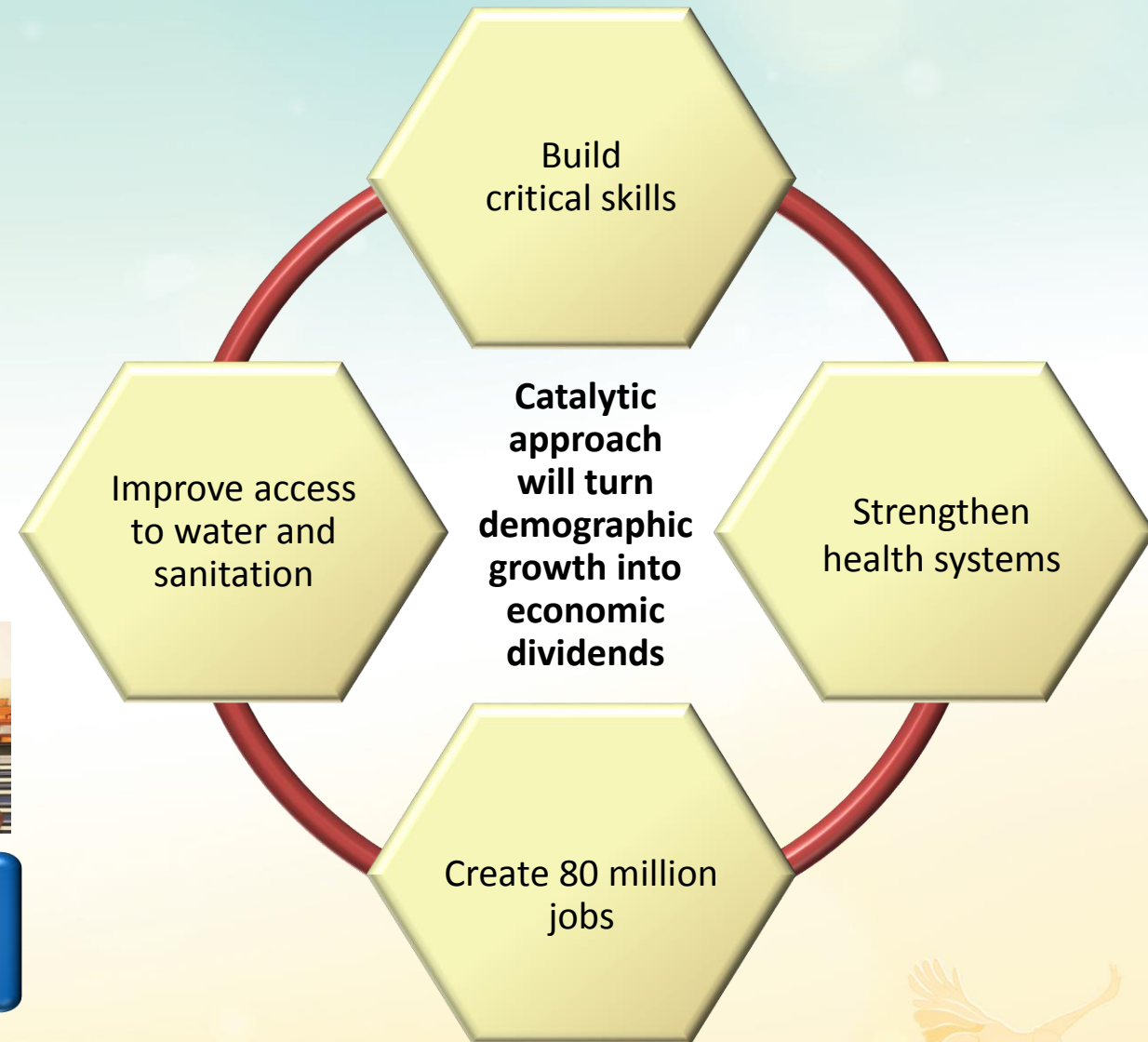
Offer a new hope for younger generations



Contribute to halting the migration flows draining African youth



Create millions of jobs



Path to green growth

Several African countries have already embarked on ambitious programs that integrate climate action with sustainable development



AfDB is committed to tripling climate finance to USD 5 billion per year by 2020

Climate
Investment
Funds
**USD 973
million**

Global
Environment
Facility
**USD 252
million**

Sustainable
Energy Fund for
Africa
**USD 102
million**

Africa Climate
Change Fund
**USD 11
million**

Green
Climate Fund
**USD 2.5
billion funding
target for 2016**

Rwanda

National Strategy for Climate Change and Low Carbon Development

One of the world's most ambitious renewable energy strategies

- Combines sustainability, wealth creation and poverty reduction measures
- Power generation from renewable energy to increase to 50% by 2017 from 4% in 2008

Ethiopia

Climate Resilient Green Economy Strategy

A comprehensive approach to mitigate the impact of climate change

- Almost all electricity comes from hydropower and generation capacity has tripled since 2005
- 53.5% of the population now enjoying access to electricity compared to 16% eight years ago



AFRICA
CLIMATE
CHANGE
FUND



Water, the development nexus

Currently

30%

of people in Africa have no access to reliable water sources

70%

do not have access to modern sanitation

> 30%

of water points in rural areas are non-functional

Countries in Africa can lose up to

5%

of annual GDP to poor coverage of drinking water and sanitation

25%

of annual GDP to droughts and floods in affected countries

2%

of annual GDP to frequent power outages

Water is the lifeblood of the High 5s

Food security

Energy security
hydropower

Industrialization
water is a key input and facilitator

Regional integration
transboundary waters

Improving quality of life
through impact on health, education, gender equity, employment and livelihoods

3 key initiatives hosted by AfDB:



Help countries achieve the objectives of the Africa Water Vision 2025



Increase financing for water supply and sanitation in rural areas



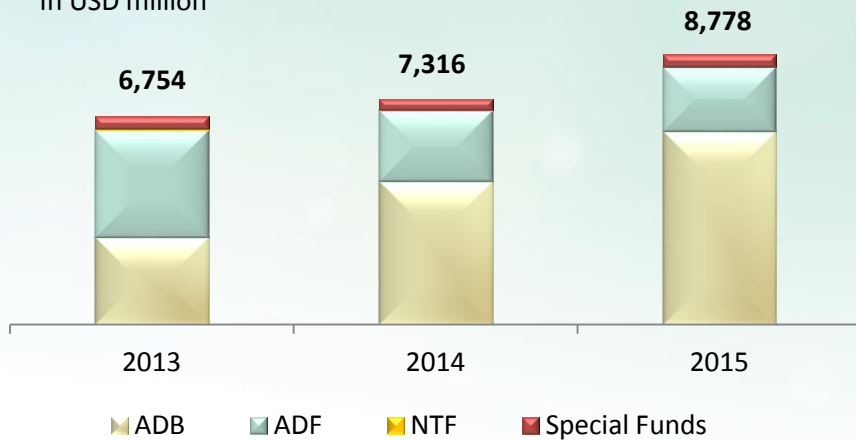
Promote effective water management policies and practices

In 2015, 13 projects worth USD 531 million were approved for development of the water and sanitation sector in Africa

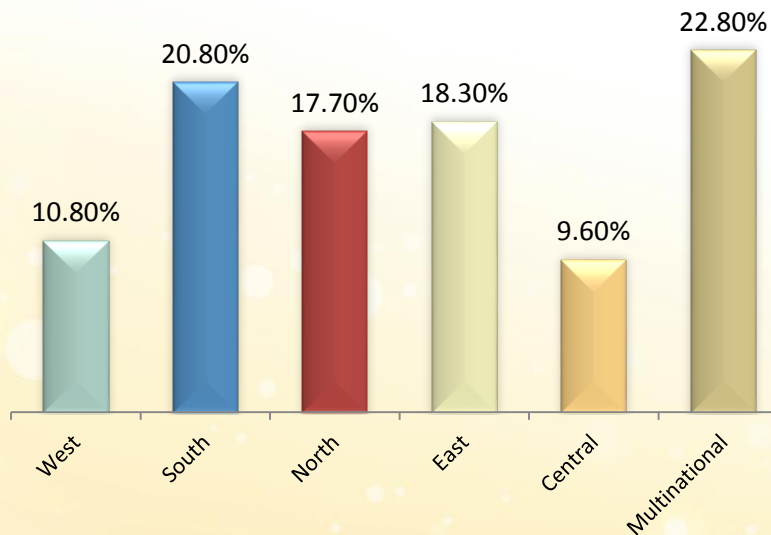


Delivering on a strong pipeline of projects

In USD million



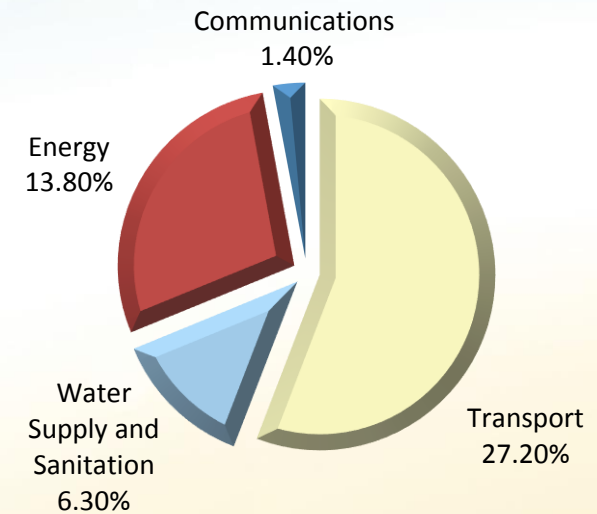
Approvals by region



Sectoral distribution of 2015 approvals



Breakdown of infrastructure approvals



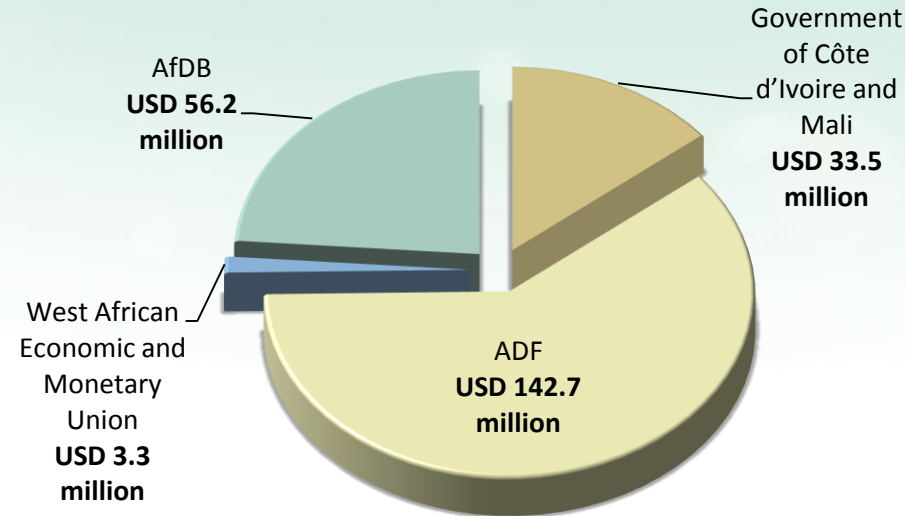
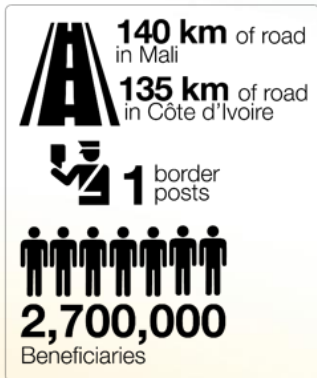
* Multi-sector includes public finance management and other governance-related operations



Bamako - San Pedro Corridor

Improve the traffic flow and reduce transportation time and costs between Mali and the port of San Pedro

Corridor will serve as a transit port for neighboring countries



Before implementation	Expected impact
59,200 tones traded through the land borders	392,400 tones traded through the land borders
1.7 USD/km VOC for Trucks	0.8 USD/km VOC for Trucks
12 hours	5 hours
25% (2015) Rural Access Index*	60% Rural Access Index*
3 days Cargo truck transit time at the border	24 hours Cargo truck transit time at the border

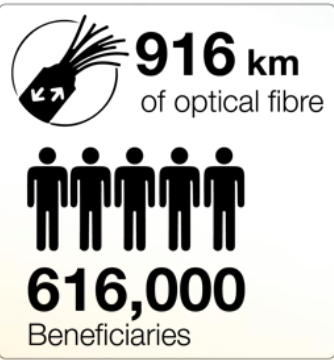
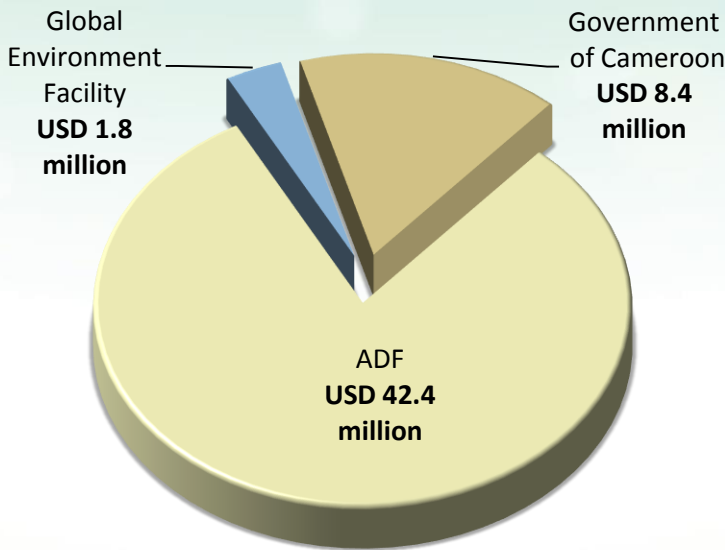
* The Rural Access Index is the proportion of the rural population within 2 km of a road passable during all seasons.



Africa Backbone Project

Contributes to the diversification of Cameroon's economy

Promotes regional integration by enabling neighboring countries to access fiber optic infrastructure



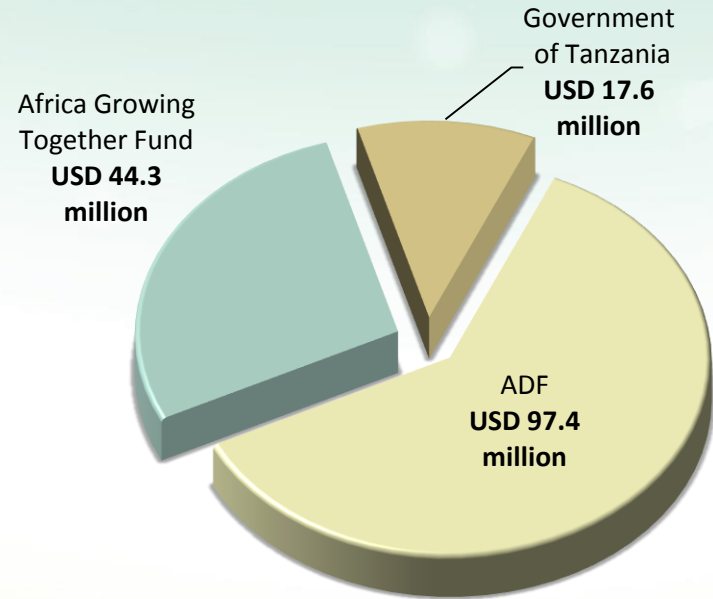
Before implementation	Expected impact
53.5% of ICT contribution to the tertiary sector	60% of ICT contribution to the tertiary sector
6% penetration of Internet services	20% penetration of Internet services
76% of Tele-density (mobile)	90% of Tele-density (mobile)
0 e-Banking customers	17,000 e-Banking customers
0 farmers with access to market information	20,000



Dar Es Salaam Bus Rapid Transit System Project - Phase 2

Enhance and improve
traffic flow









Positively impact
businesses



20 km
of exclusive bus lanes



1,200,000
Beneficiaries

Before implementation	Expected impact
 495,000 passengers/day	 600,000 passengers/day
 90 min at peak travel time	 20 min at peak travel time
 USD 0.45 Transport cost	 USD 0.32 Transport cost
 250 tons /year of gas emissions	 190 tons /year of gas emissions

Total Cost:
USD 159.3 million

2015

30 September
Project Approval

2016

September
Start of civil works

2017

2019

December
Completion



Private sector - Nacala Rail and Port - Mozambique, Malawi



- Support the construction/rehabilitation of 912 km of railway and associated port infrastructure from Mozambique to Malawi
- Provide efficient and environmentally-friendly transport of mineral resources, general freight and passengers
- Facilitate trade and development across the region
- Improve global competitiveness of the region's mineral, agricultural and manufacturing exports



Total Cost
USD 4.6 billion

AfDB financing
USD 300 million



Arusha Sustainable Urban Water Project - Tanzania



- Existing sanitation system caters to only 7.6% of Arusha city, and is concentrated in the Central Business District. The sewage treatment plant is critically overloaded
- Project will provide safe, reliable and sustainable water and sanitation services in Arusha
- Contribute to improvements in health, social well-being and living standards of the more than 850,000 residents



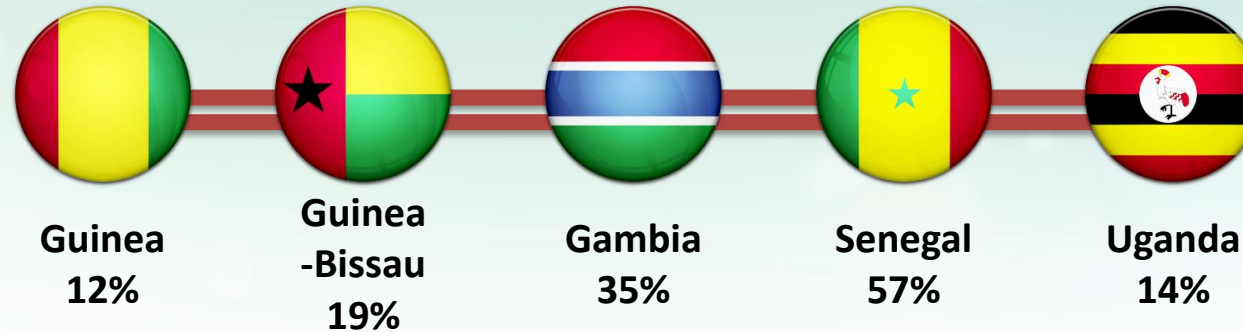
Total Cost
USD 234 million

AfDB Financing
USD 169 million



Addressing the energy gap

Low electricity access rates



Gambia, Guinea, Guinea-Bissau, Senegal

The Gambia River Basin Development Organization Energy Project

- Pooling of hydropower to end power shortages
- 1.3 million people will benefit from regular and more affordable electricity
- Interconnection network among the four countries will help share energy from power plants in the area

USD 1 billion with USD 134 million financed by the Bank

Uganda

Rural Electricity Access

- 58,000 rural households in 16 districts representing around 280,000 people will benefit from the investment
- Project will significantly improve public institutions and businesses in the area
- Provide a reliable energy supply to 5,320 business centers and 1,470 public institutions

USD 121 million project with USD 100 million financed by the Bank



Fostering development through Trade Finance

Unmet demand estimated at USD 120 billion annually

Trade Finance Program provides:

- Guarantees to major international banks
- Trade liquidity support to local banks and soft commodity corporates

Local partners provide finance to SMEs and local corporates, promoting intra-African and international trade

Two-thirds of the transactions benefited SMEs

Benefits countries by facilitating international trade, critical for economic growth

Consistent partner, even in times of market stress

Supported more than 1,000 trade transactions worth USD 3 billion since inception

Liquidity and risk mitigation to more than 85 local banks in more than 20 African countries, most of which are in low-income countries and/or fragile and transition states

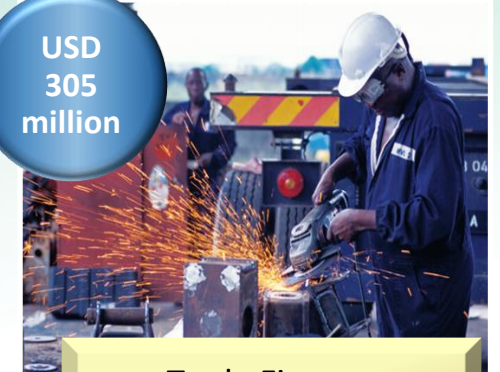
Ample array of trade finance products

USD
1
billion



Risk Participation
Agreements

USD
305
million



Trade Finance
Lines of Credit

USD
110
million



Soft Commodity
Finance Facilities

GTR
Global Trade Review

**AfDB 2014
Best Development
Financial
Institution in
Trade Finance
in Africa**

Building resilient health systems

AfDB made a valuable contribution towards the rapid containment of the Ebola outbreak

Many lives saved versus the prediction of millions dying

Health systems strengthened, human resources capacity built to respond effectively to Ebola virus disease and other infectious diseases

Communities empowered to effectively respond to Ebola



Psychosocial support provided to survivors

An estimated 321 million people in the ECOWAS sub region benefited from AfDB Ebola containment projects

Bank now supporting Post Ebola efforts through the Post Ebola Recovery Social Investment Fund project

Deepening and broadening African capital markets

Leading regional financial markets integration operations

Investment in Africlear Global, a pan-African platform providing technology to other African Central Securities Depository companies

- To ensure a sound ecosystem for regional financial infrastructure
- To drive efficiency and lower costs of capital markets clearing settlements and depository transactions
- To create Africa based products that will add value to institutional investors and listed companies

Bolstering the financial markets ecosystem with a USD 2.2 million Trust Fund providing grants and technical assistance to strengthen the regulatory and legal framework

- To support the financial technology infrastructure
- To improve capacity building in Eastern, Western and North Africa

Piloting the integration of 4 regional hubs (Casablanca, Nigeria, Johannesburg, Nairobi stock exchanges) in collaboration with the Africa Stock Exchanges Association (ASEA)

- To enhance regional capital markets policy dialogue and transparency of information
- To create new financial products (indices)
- To facilitate cross-border trading and capital raising to improve liquidity in Africa's capital markets

African Financial Markets Initiative (AFMI) to support the development of domestic bond markets

- Launch of the African Financial Markets Database, the most comprehensive and accurate knowledge hub on African debt markets, in partnership with African Central Banks
- Launch of the African Domestic Bond Fund, a USD 500 million fund with AfDB the anchor investor and promoter, to provide additional sources of funding for local African governments and corporate bond issuers

Financial markets have played an important role in Africa's recent economic progress by providing better access to financing for various African governments and corporates

The AfDB is facilitating strong financial system governance, providing technical assistance, and institutional strengthening programs to address institutional deficiencies

Improving governance in Africa

Over 100 governance projects completed, resulting in better macroeconomic management, increased tax revenue, more foreign direct investment and less time required to start a business

Mali USD 21 million

to improve public expenditure management in support of economic recovery

Project will enhance fiscal decentralization, ensure greater efficiency and transparency in public procurement and strengthen internal controls

Morocco USD 111 million

to strengthen the commercial legal system, institute tax reforms and promote Public-Private Partnerships (PPPs) and institutions to combat corruption

Project will support competitiveness and SME growth

Tanzania USD 69 million

for policy reforms in the power utilities sector

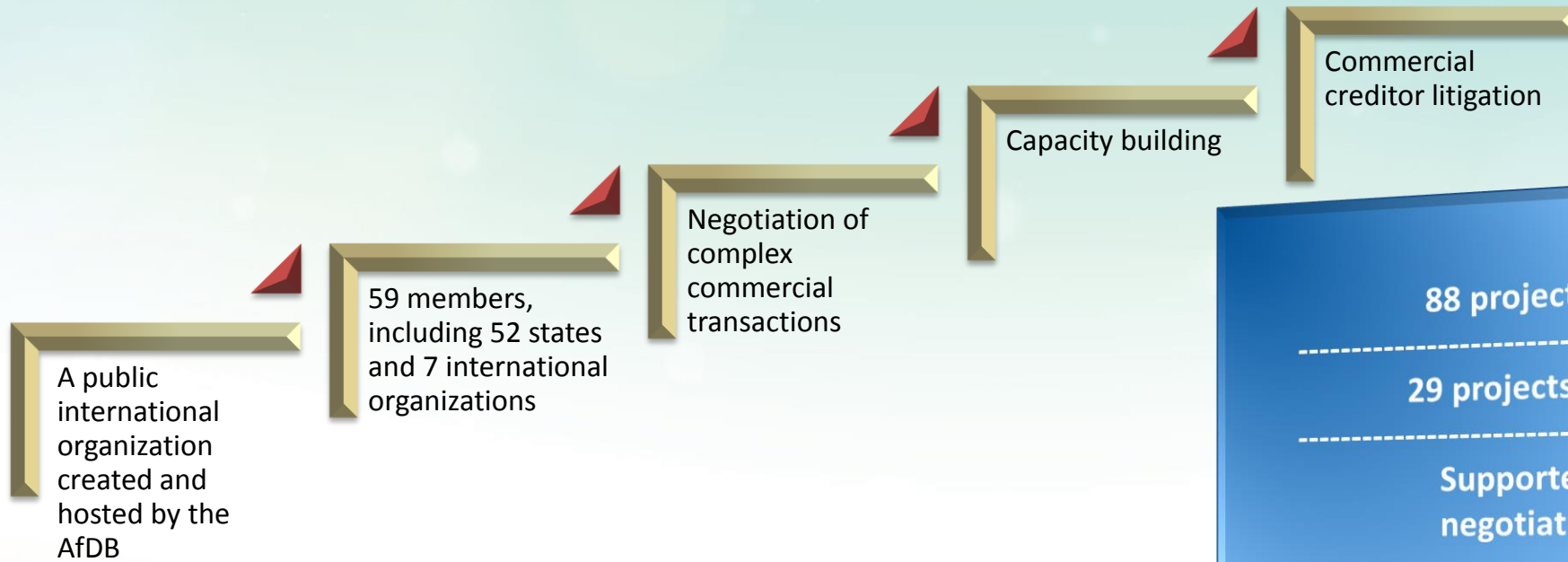
Reforms will address governance of state owned enterprises

**29 governance operations
approved in 25 countries for
USD 1.1 billion in 2015**

Zimbabwe USD 3 million

to support Civil Society Organizations working in economic and financial governance, women's rights and Parliamentary capacity building initiatives on women's economic empowerment

African Legal Support Facility producing results



**Benin, Burkina Faso, Cameroon, Ethiopia
Gambia, Mali, Mauritania and Senegal**

**Kenya, Tanzania, Togo, Sierra Leone, Malawi,
Comoros, Mauritania, Guinea-Bissau, Somalia
and Madagascar**

88 projects since inception

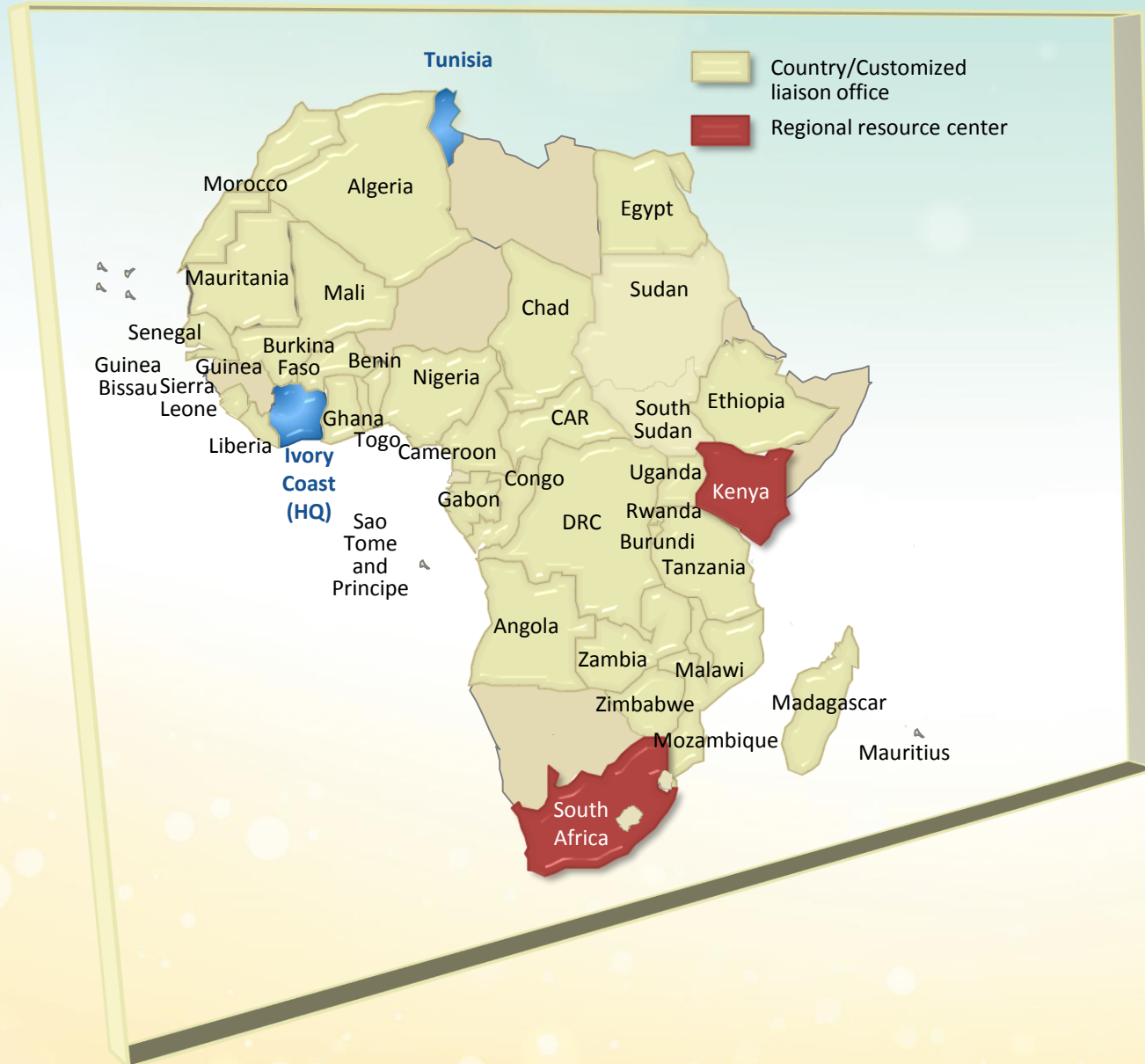
29 projects approved in 2015

**Supported 8 countries in
negotiating energy deals**

**Currently facilitating negotiations in
at least 15 countries to resolve issues in
major natural resource contracts**

**Trained over 1,000 African experts in
commercial legal issues (energy projects, PPPs,
natural resources contracts, investment treaties)**

Consolidating the gains from decentralization



Presence in 40 African countries

Projects managed locally increased
from 51% in 2014 to 60% in 2015

Regional Resource centers empowering
faster business delivery and stronger
regional dialogue



Financial Profile and Capital Market Activities



Innovating and crowding-in resources to do more

Large scale partnerships that enlarge the Bank's footprint in Africa



Risk transfer instruments improving capital efficiency

Private Sector Credit Enhancement Facility

- Risk sharing vehicle that enables AfDB to support more private sector projects in lower income countries to increase development impact
- Expected to catalyze USD 1 billion of additional lending over 3 years



Addressing the perception of Africa as high risk

Africa has been less successful than other developing regions in attracting private investment

Risk perception often leads to an additional 10-15% risk premium on projects compared to other regions of the world

This skewed perception of risk impacts the cost and volume of commercial financing and capital investment

AfDB Guarantees

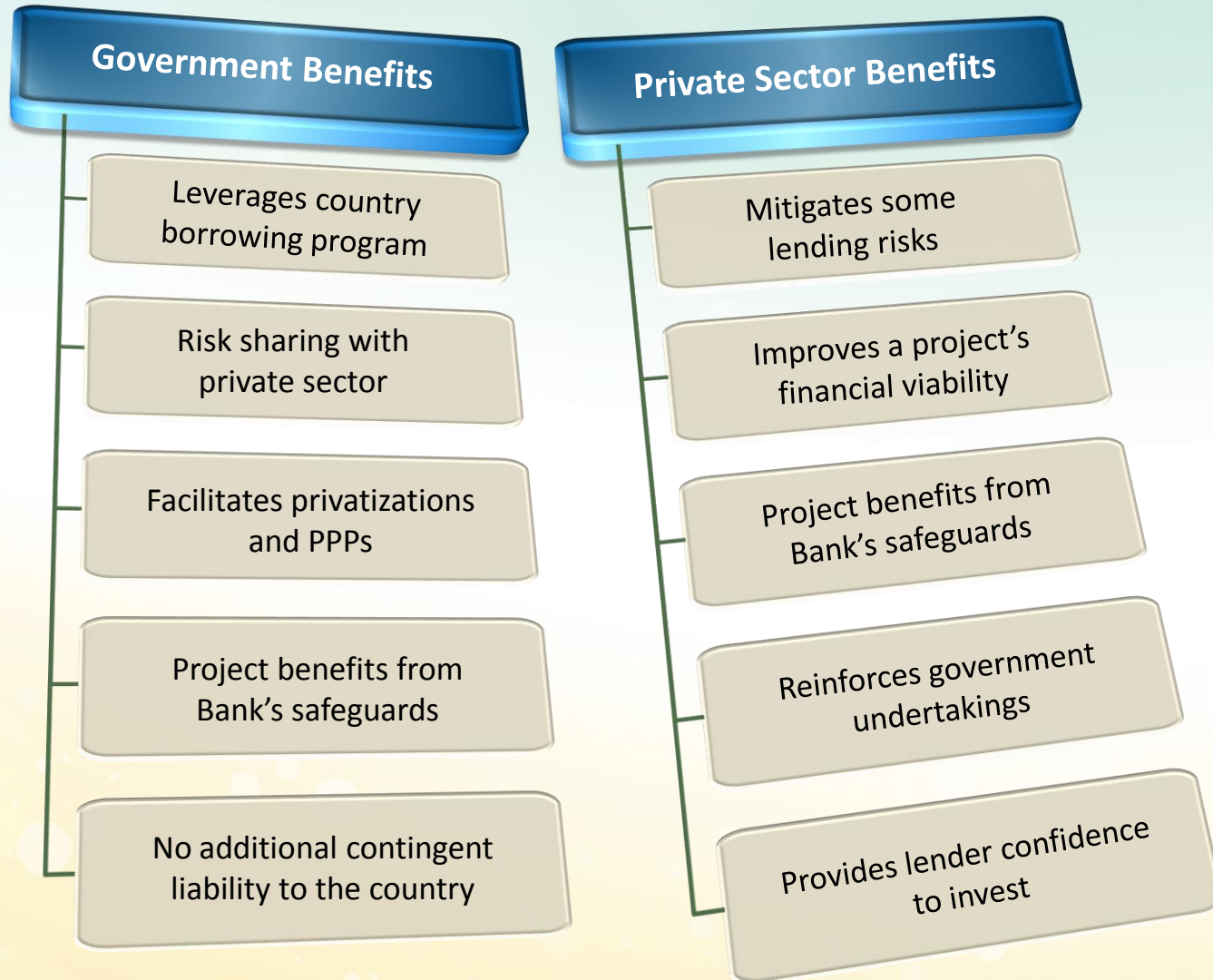


Risk Sharing

Crowding In



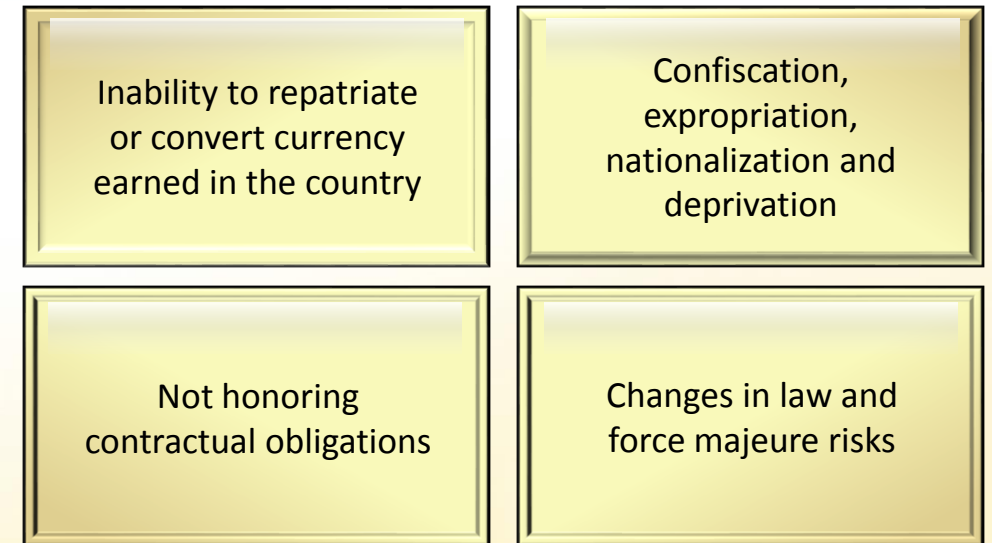
Partial Risk Guarantee, an innovative political risk mitigation instrument



PRGs extended by the Bank for

Sovereign governments and sovereign owned entities with the Bank signing a counter-guarantee with the respective governments

To protect private lenders against...



Over USD 2.7 billion in investments catalyzed through AfDB PRGs

Kenya

October
2013

Lake Turkana Wind Farm Project

EUR 20 million

- 300 MW wind energy capacity and 428 km of transmission lines
- PRG used to cover risk of construction and completion delays in the transmission interconnection by KETRACO, the state-owned transmission company



Nigeria

December
2013

Energy Sector Reform and Restructuring Program

USD 180 million

- Boost private sector confidence to invest in independent power producers (IPPs) through the operationalization of Nigeria's Bulk Electricity Trading Plc (NBET), a government entity established to act as intermediary for an interim period between IPPs and distribution companies
- PRG used to mitigate the risk of NBET not fulfilling its payment obligations under its PPAs with IPPs



Kenya

October
2014

Power generation with Geothermal Development Corporation

USD 12.4 million

- Three 35 MW geothermal power plants
- PRG to mitigate the risk of non-payment from Kenya Power and Lighting Company for power purchases and the Geothermal Development Company of Kenya for non-supply of steam



Partial Credit Guarantees crowd-in investors for Africa's transformation

PCGs extended by AfDB for

- Eligible Regional Member Countries
- Sovereign owned entities
- Private sector project sponsors

that meet the Bank's due diligence criteria for loans

To protect against

Debt service defaults, including both

- Political risk
 - Availability of foreign exchange and convertibility into foreign exchange
 - Expropriation and nationalization
 - Contractual obligations
 - Changes in law
- Commercial risks such as demand risk, market risks, etc.

For the benefit of

- Private lenders to both private sector clients and/or sovereign clients
- Bondholders of both public and corporate debt



Partial Credit Guarantees helping Africa open access to debt markets

CAMEROON

MTN PCG

EUR 13 MILLION

(2000)

Guarantee to allow syndicate of lenders to provide local currency to invest in IT telephony expansion across Cameroon

Introduced limited recourse project finance to local banks allowing them to provide longer term funding (5 years) in an environment where the longest maturity was limited to 2 years

MULTINATIONAL

GOWE PCG

USD 16 MILLION

(2007)

Growth Oriented Women's Enterprises (GOWE) Portfolio Guarantee together with USAID extended a 50% loss sharing portfolio guarantee to African banks

Facilitated access to finance for women entrepreneurs and SMEs through guarantees

SEYCHELLES

POLICY REFORM PCG

USD 10 MILLION

(2010)

Seychelles Economic Reform Partial Credit Guarantee, part of a policy-based program to support the implementation of economic reforms by reducing public debt to more sustainable levels

Eased re-entry into international capital markets following a crisis / default which facilitated the restructuring of USD 320 million worth of debt

CAMEROON

DERIVATIVES PCG

USD 500 MILLION

(2015)

Partial Credit Guarantee to the Republic of Cameroon covering its payment obligations under cross currency swaps executed with commercial banks to hedge the proceeds of an USD denominated Eurobond

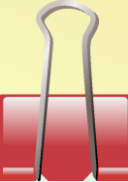
Lowered FX exposure, provided better and cheaper terms from hedging counterparties and an estimated EUR 24 million in annual savings



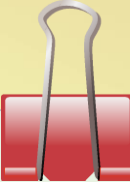
Providing innovative financial solutions

Allowing sovereign guaranteed clients to manage debt better

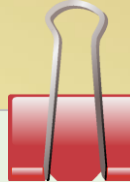
New **Fully Flexible Loan** allows middle-income countries to



Extend the maximum maturity of loans from 20 to 25 years and grace period from 5 to 8 years by introducing maturity-based pricing



Cap, collar or convert the base interest rate from floating to fixed and vice versa throughout the life of the loan



Convert the currency of disbursed or undisbursed loans throughout the life of the loans into any other lending currency, including local currencies, on a best efforts basis



Local currency loans to facilitate infrastructure and entrepreneurship

Foreign exchange risk management through synthetic local currency loans



XINA Solar One Project

South Africa

Africa SME Program LOC - Mozabanco

Mozambique

Moulin Moderne du mali

Mali

LEKKI Toll Road Project

Nigeria

Supporting Africa's micro, small and medium size enterprises

Providing standardized multi-currency lines of credit to around 25 target financial institutions (FIs) and microfinance institutions (MFIs), primarily in lower income countries.

The funding will support the ability of FIs and MFIs to:

- Provide micro as well as small and medium size enterprises with relevant products and tenors
- Expand outreach to entrepreneurs and challenged (rural) communities.

Risk assessment includes commercial viability using benchmarks regarding profitability, capital adequacy, asset concentration and quality, corporate governance, management experience and quality, earnings consistency and quality and lastly liquidity management policies.

Sector is crucial to Africa's growth, contributing more than 58% in employment and 33% to GDP.

A solid institution to pursue Africa's development goals

FitchRatings

MOODY'S

STANDARD
& POOR'S



Japan Credit Rating Agency, Ltd.

Critical
development
mandate

Solid financial risk
management

Robust
capitalization

Diversified
funding profile

Aaa/AAA/AAA

"Our assessment of
AfDB's financial profile
as very strong, predominantly
reflects an improvement in
the Bank's capital adequacy."

S&P

September 2015

Strong levels
of liquidity

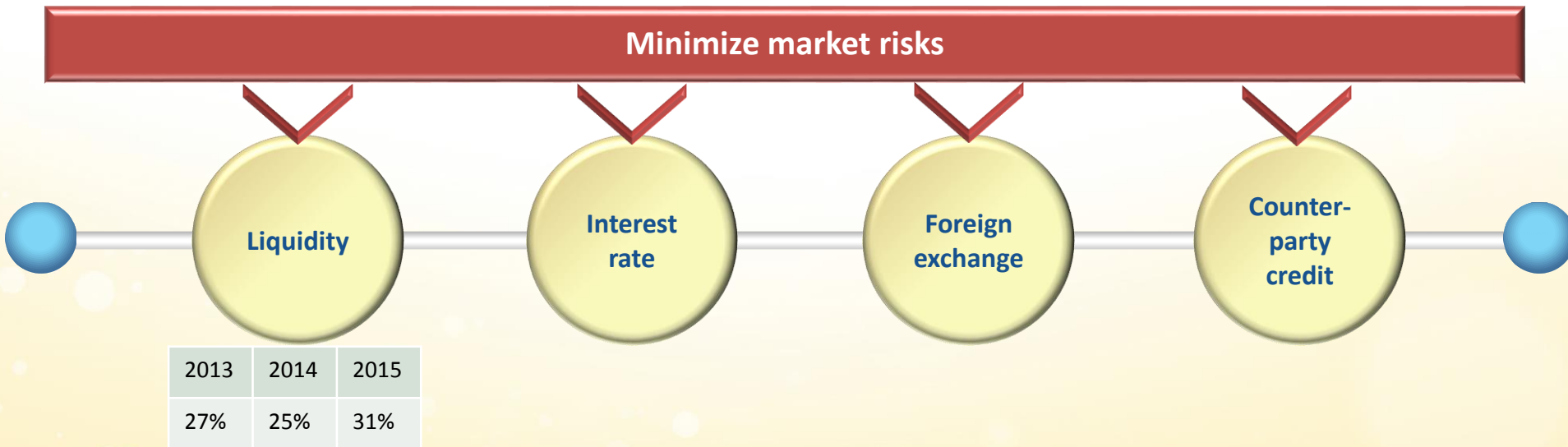
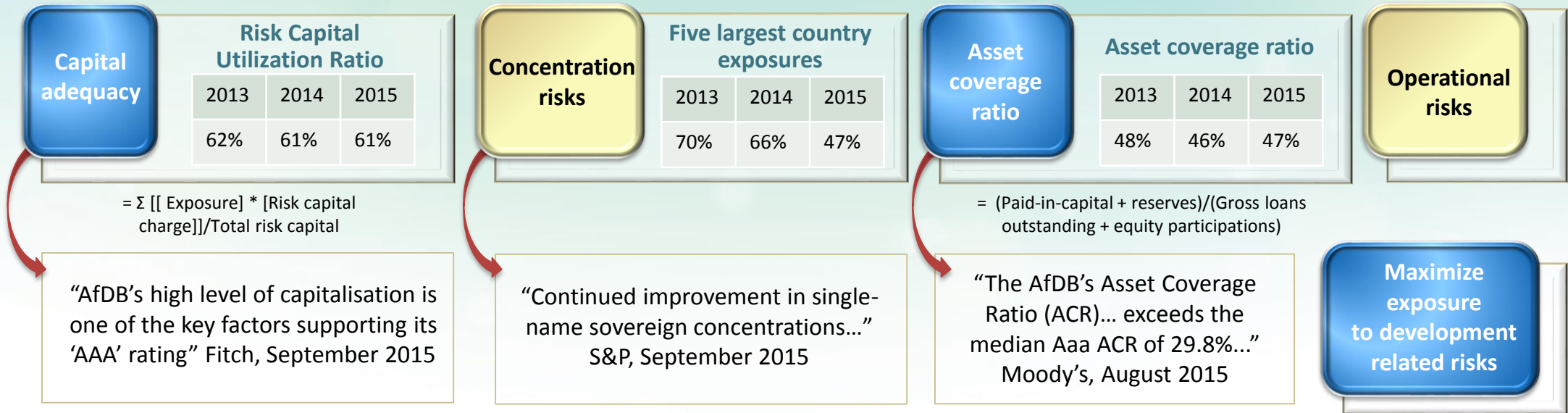
Preferred
creditor status

Strong support
from shareholders

Intrinsic financial strength bolstered by shareholders' support



Prudent management

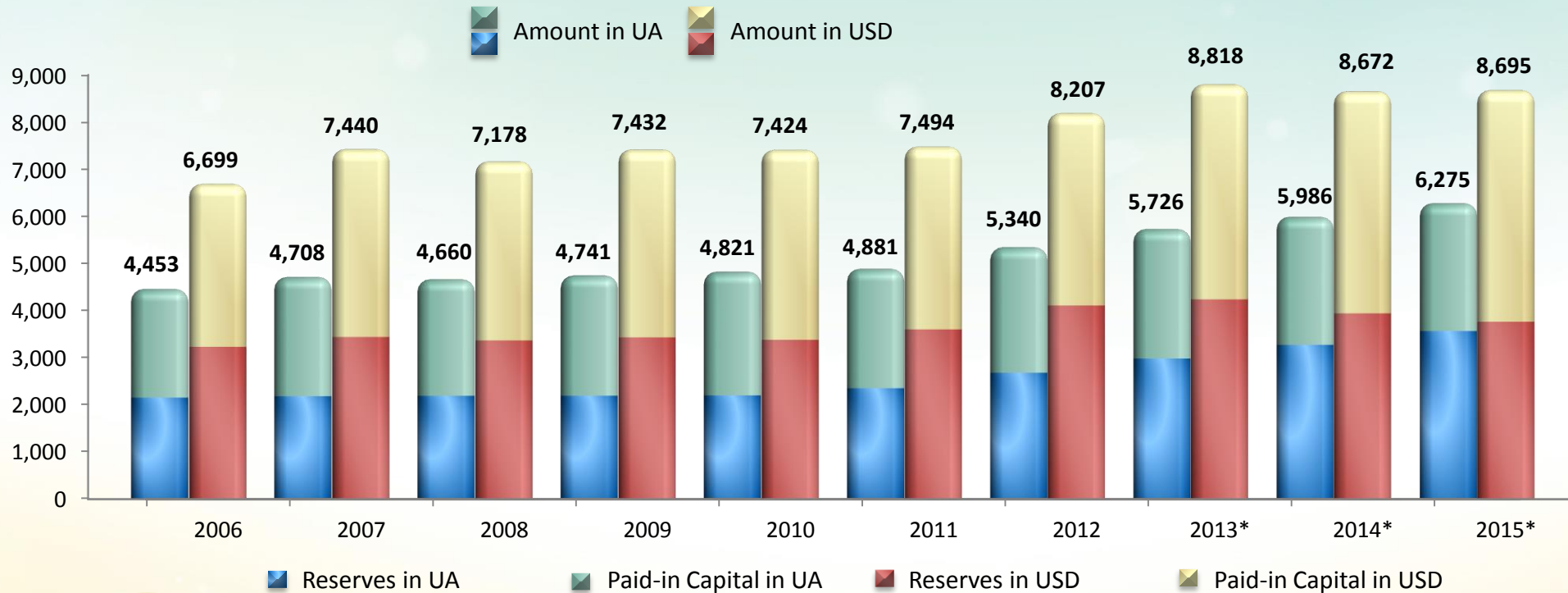


“AfDB’s liquidity is excellent” Fitch, September 2015



Strong risk bearing capacity to support business growth

Risk capital increased by USD 2 billion since 2006



Adequate portion of earnings incorporated into reserves

Reinforced capital base bolstered by payments received under the sixth general capital increase approved in 2010

* In 2013, AfDB adopted the economic capital framework and as a result, in computing risk capital, reserves were reduced after taking into account adjustments for valuations of equity investments and borrowings through other comprehensive income

"AfDB is one of the most highly capitalized regional MDBs"
Fitch,
September 2015

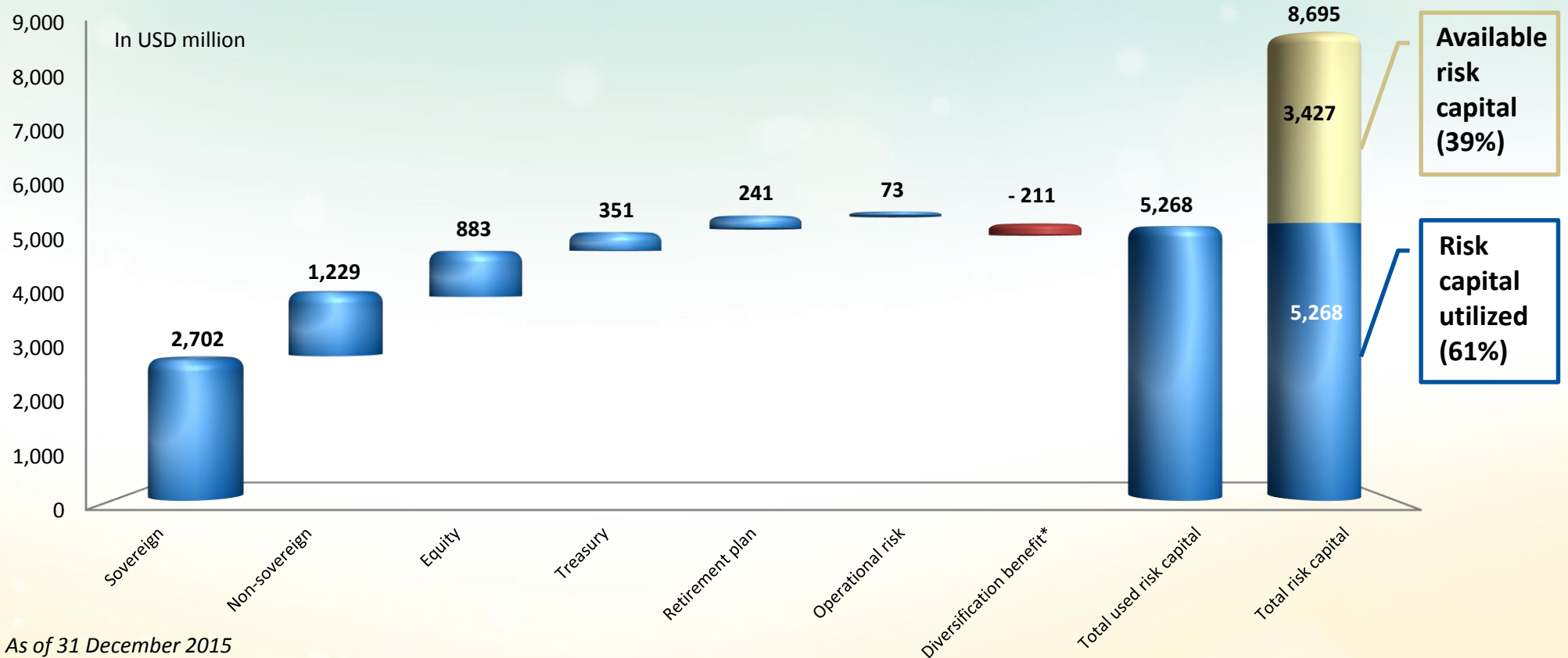
USD 1.8 billion of additional paid-in capital expected from 2016 to 2026



A comfortable cushion for risk bearing activities

Measuring and monitoring capital requirements for credit, counterparty, market and operational risks

AfDB risk capital supports a USD 19 billion portfolio of sovereign, commercial and equity financing as well as a USD 12 billion treasury portfolio



* Diversification benefit stems from correlation between risks

Capital utilization driven by the volume and quality of the Bank's various risk exposures



Building resilience and relevance

Limits set to protect against concentration risks

- ❑ **Sovereign limit:** 45% of risk capital
- ❑ **Non-sovereign limit:** 45% of risk capital
- ❑ **Non-core risk limits (e.g. market and operational):** 10% of risk capital
- ❑ **Country limit:** 15% of risk capital
- ❑ **Equity limit:** 15% of risk capital
- ❑ **Single name limit:** 6% of the non-sovereign risk capital
- ❑ **Sector limit:** 25% of the non-sovereign risk capital (for financial sector 35%)

Similar to other regional Multilateral Development Banks (MDBs), AfDB's credit rating is affected by concentration risks

First MDB Exposure Exchange Agreement (EEA)* with World Bank and Inter-American Development Bank (IADB) to reduce sovereign concentration risk

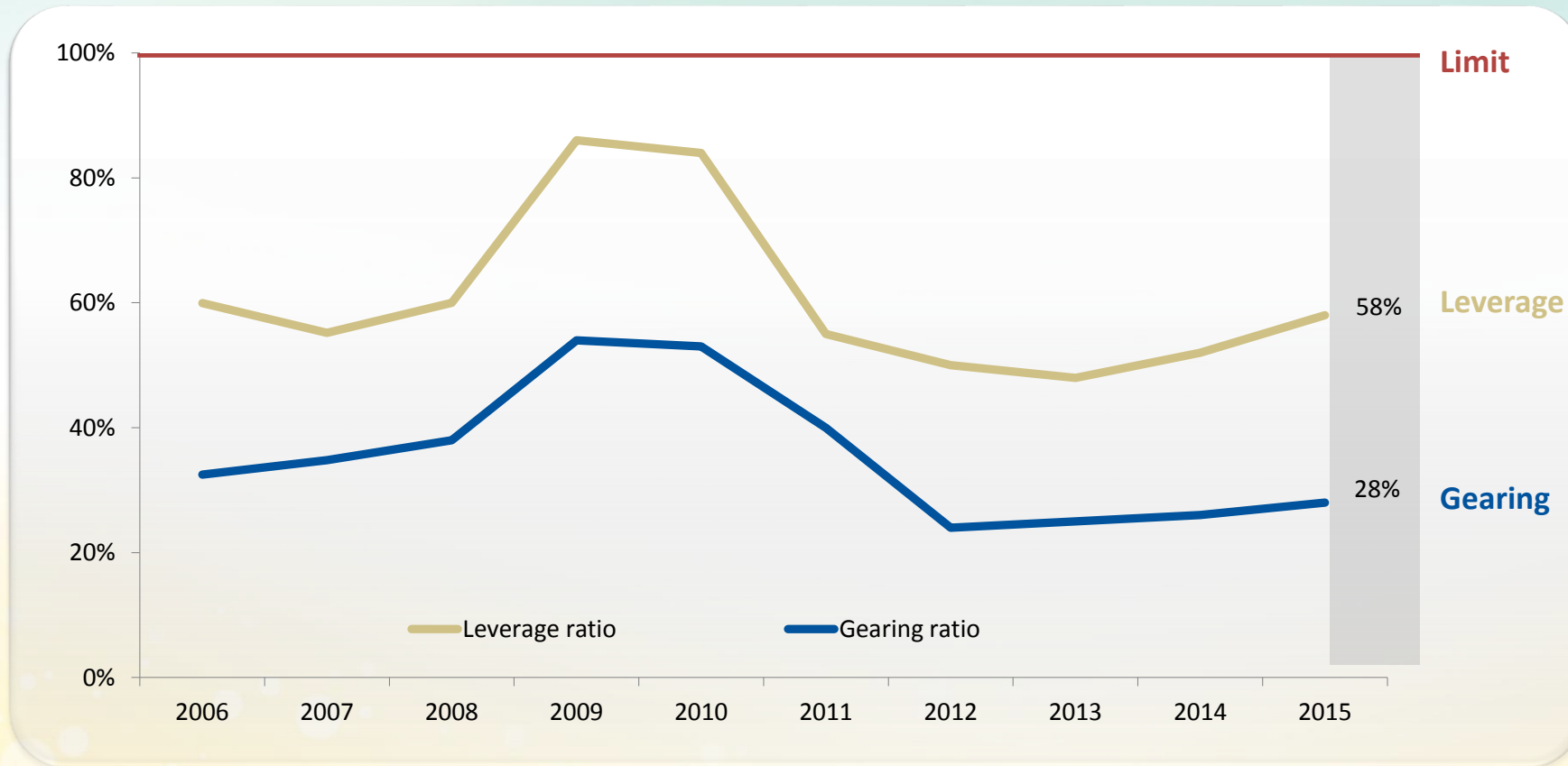
EEA has substantially improved both lending capacity and capital adequacy ratios

* The EEA involves a simultaneous exchange of equivalent credit risk on defined sovereign credit exposure with each participating MDB retaining a minimum of 50% of the total exposure to each country that is part of the EEA. Under the EEA, the MDB that originates the sovereign loans continues to be the lender of record.



Safeguarding stakeholders' interests

Key prudential ratios well within statutory limits



Leverage

Debt / usable capital
(usable capital =
 Σ paid-in capital, reserves,
callable capital of non-
borrowing countries rated
A- and above)

Gearing

**Loans* + equity
investments +
guarantees / subscribed
capital** + surplus +
reserves**

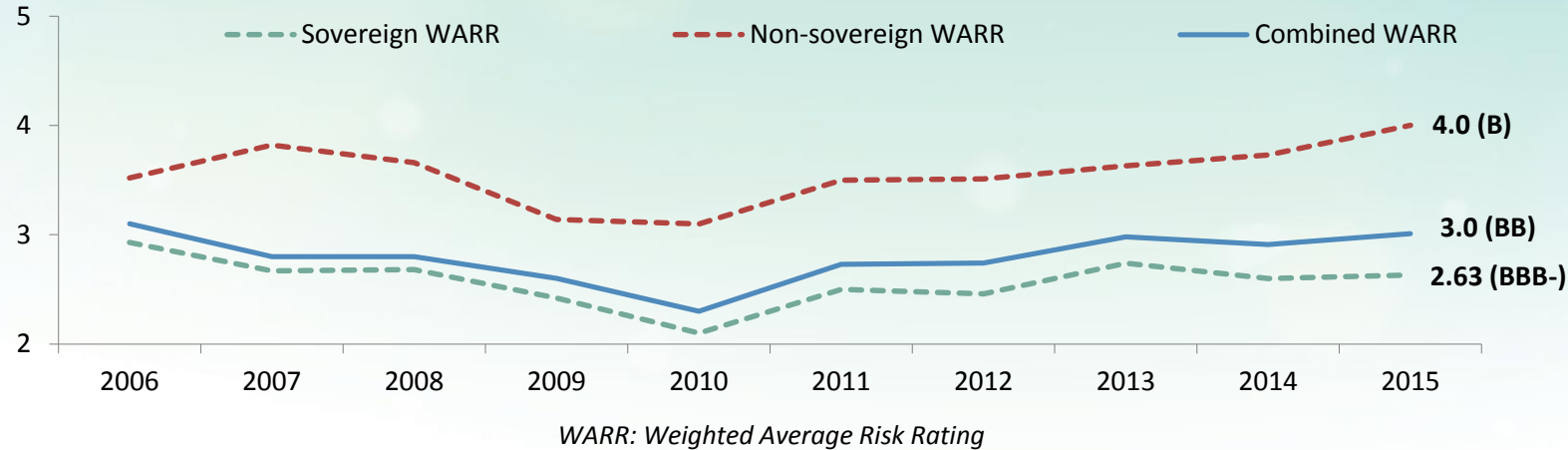
*Including undisbursed
** Unimpaired



Managing the Bank's portfolio in a challenging environment

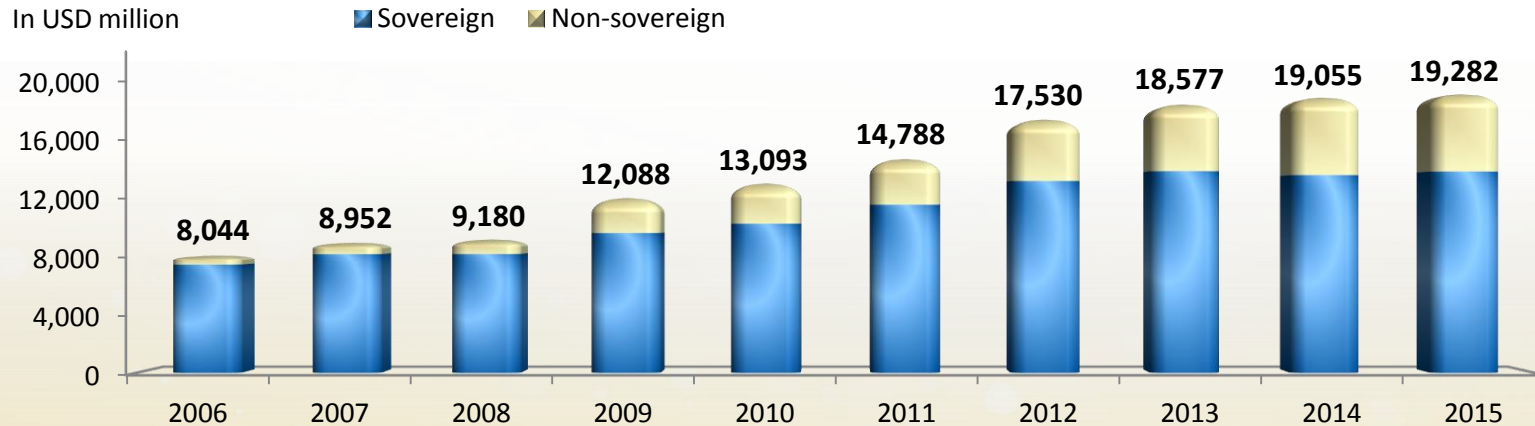
Bank's internal risk rating

Portfolio risk profile



A defined risk appetite for the lending portfolio: BB+ to B- (i.e. 3 to 4)

In USD million



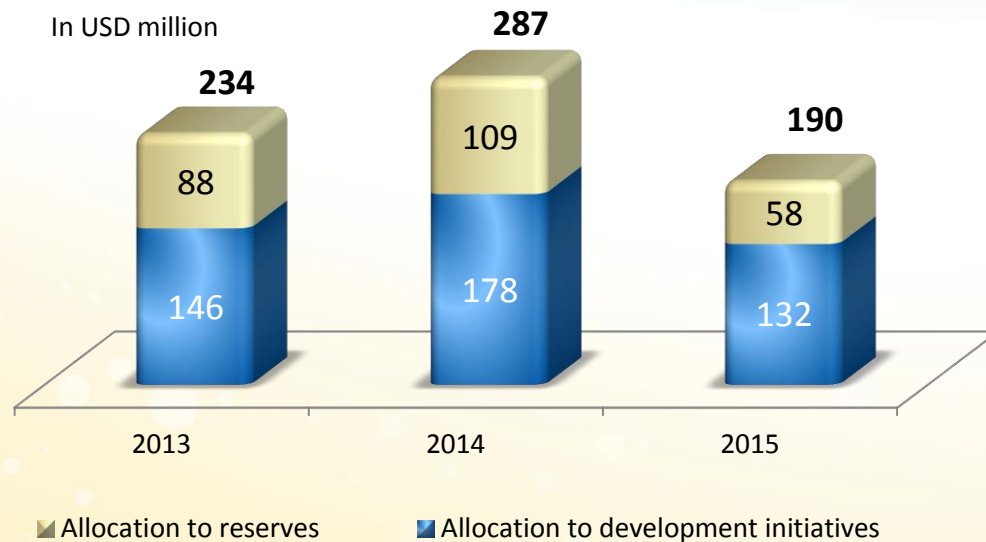
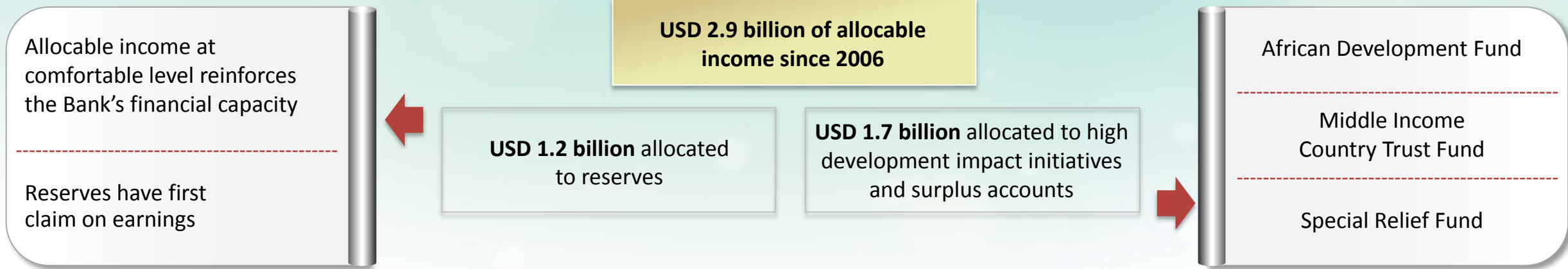
Falling commodity prices have negatively impacted resource based non-sovereign projects

notwithstanding....

combined WARR at the stronger end of the targeted risk appetite



Positive income in a negative operating environment



- Non-sovereign operations generated a proportionally larger share of revenue but higher profit margins were counterbalanced by slightly higher provision rates
- Increase in non-sovereign operations provisioning resulted from unfavorable operating context
- Low interest rate environment

AfDB cost-to-income ratio continues to be the lowest among peers



Managing market risks

Mitigating interest rate risk

- Minimized by matching interest rate characteristics of assets and liabilities
- Stabilize net interest margin

Minimize credit risk exposure with credit and derivative counterparties

- Minimum credit ratings established for investments (A)
- Minimum ratings for derivative counterparties (A-)

Prohibited from taking foreign exchange rate risk

- Liabilities in any currency matched with assets in the same currency
- Currency composition of net assets aligned with the SDR* currency basket

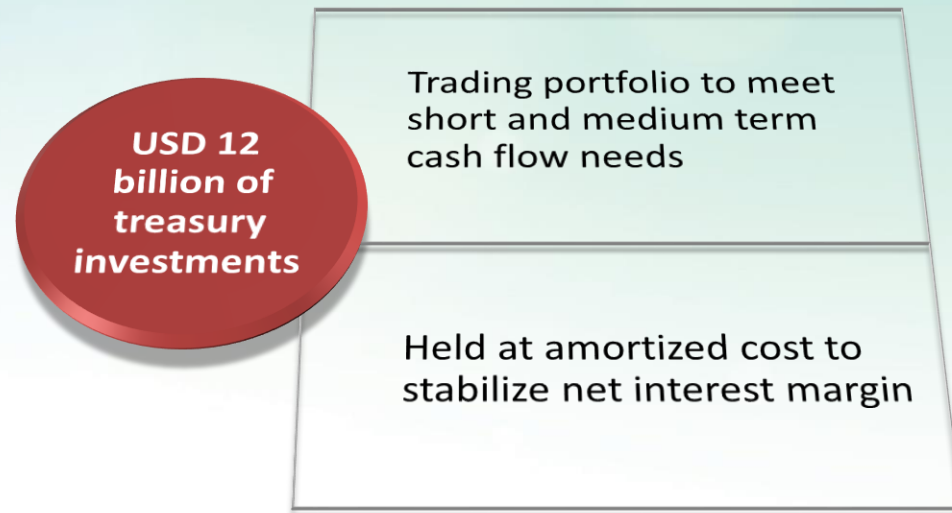
Conservative principles underlying our asset and liability management

Relying on our own resources in the face of shocks before shareholders' support materializes

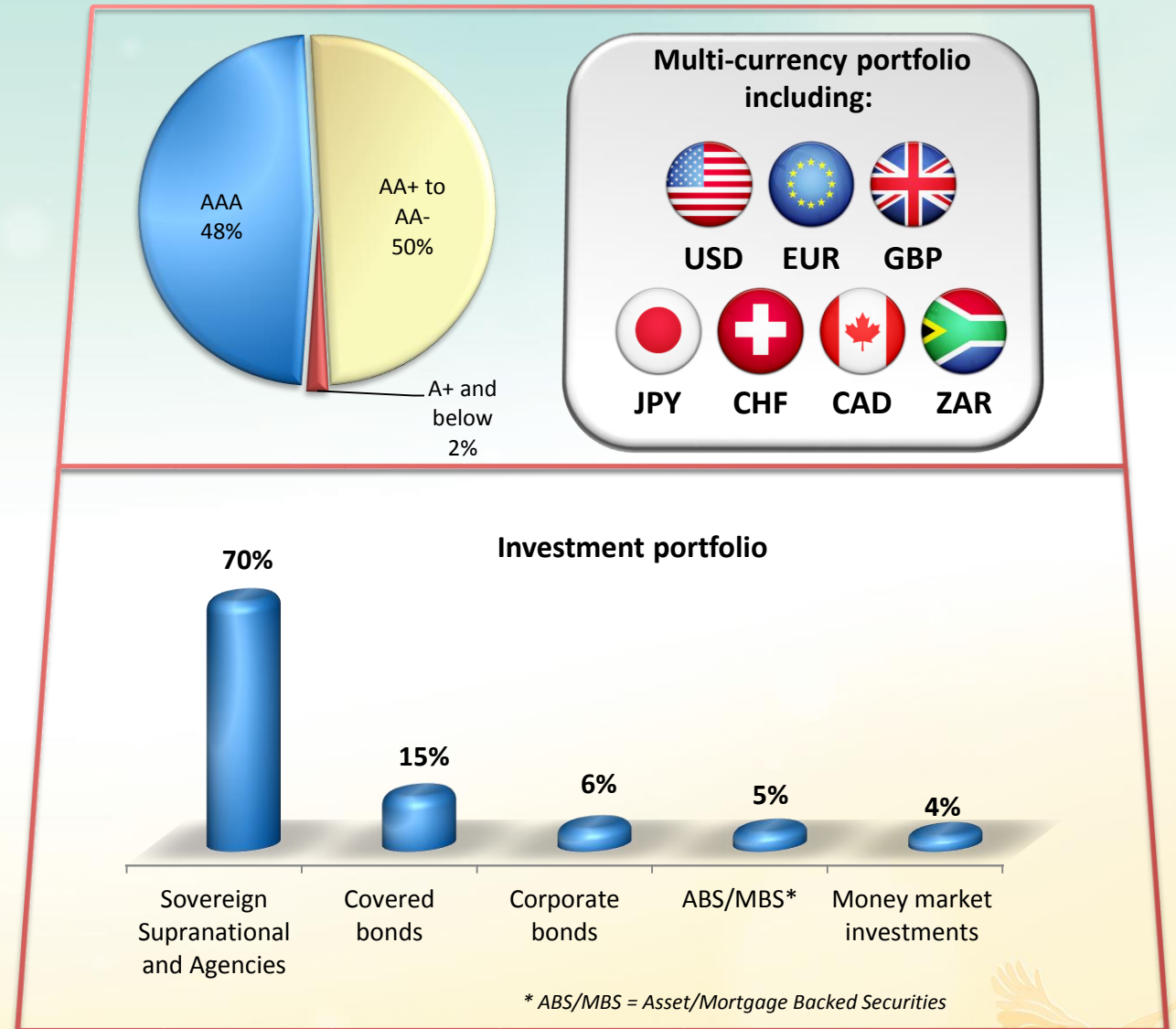
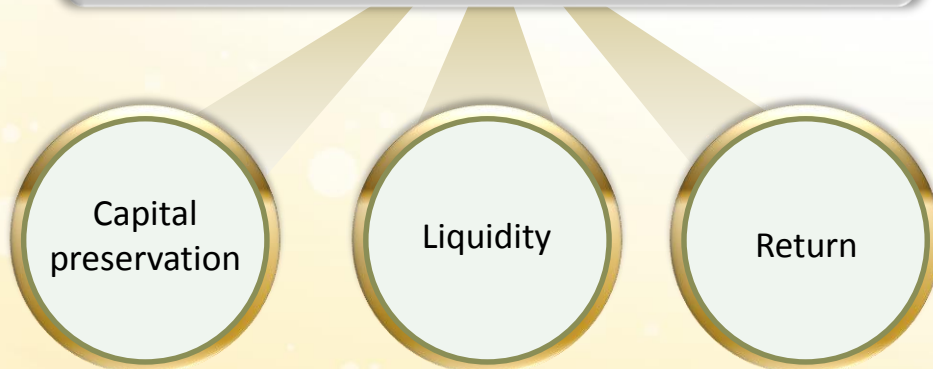
- Ability to meet net cash flow requirements including debt redemption and loan disbursements for 1-year without access to additional resources

*SDR: Special Drawing Rights

Conservative management of liquidity



Investment objectives



As of 31 December 2015

Shareholders support

Callable capital from AAA rated members fully covers net debt

Expanding membership

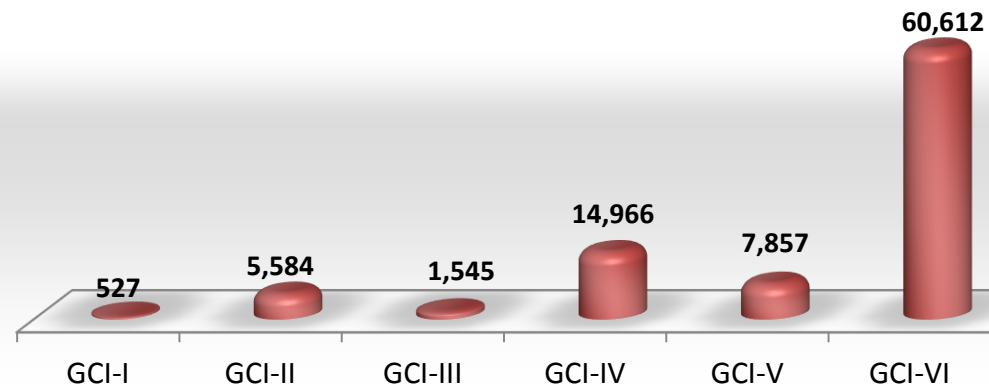


Preferred creditor treatment

History of consistent support for capital increases demonstrates strength and stability of relationship with shareholders

General Capital Increase

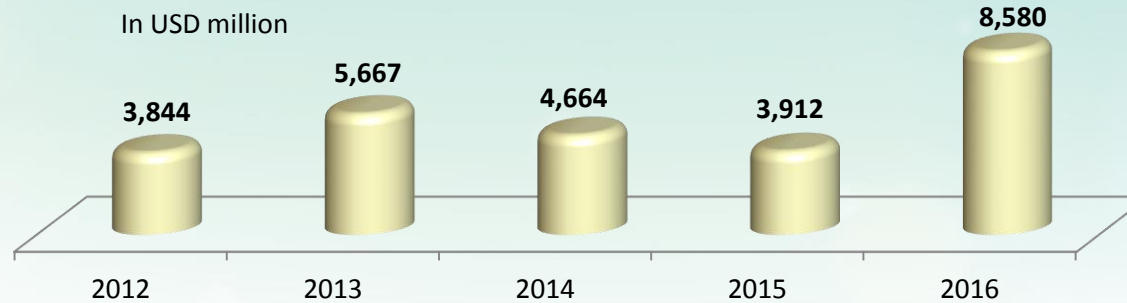
In USD million



Convening power allows the Bank to mobilize and align stakeholders around shared development outcomes

Funding needs driven by development financing commitments

Borrowing program



Outstanding
borrowings of
USD 22 billion

Issuing AAA bonds across continents...



A global footprint

Sourcing funding opportunities for the Bank and its clients while catering to investor demand

Diversified funding...

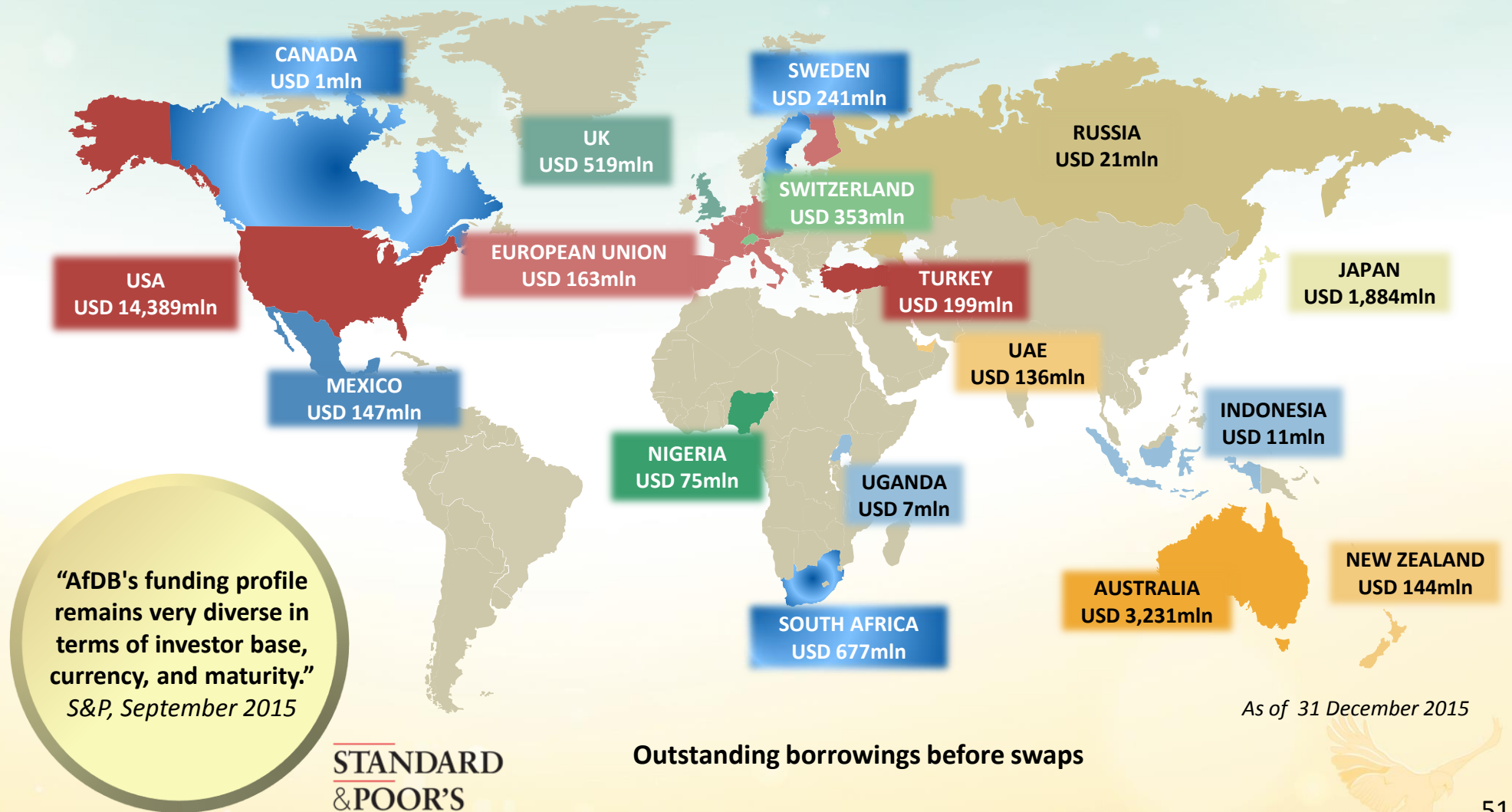
Public domestic issues

Private placements

Loans

Global benchmarks

Euro commercial paper



A very good run for AfDB global benchmarks



Feb 2015

Nov 2015

Feb 2016

Apr 2016

USD 1 billion
1.375% due February 2020
 US Treasuries + 17.6bps
 Midswaps flat

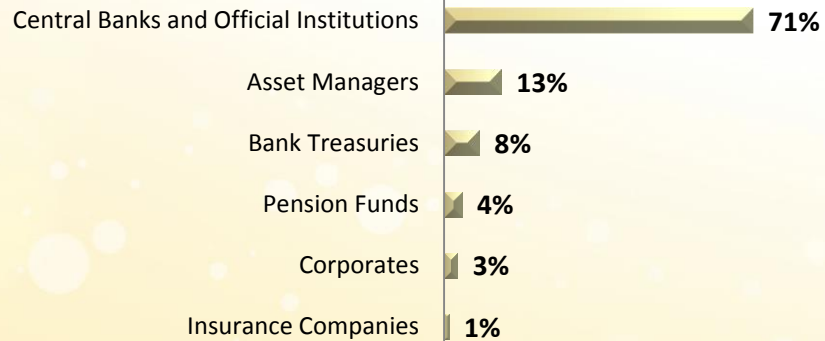
USD 1 billion
0.75% due November 2017
 US Treasuries + 20.95bps
 Midswaps + 9bps

USD 1 billion
1.125% due March 2019
 US Treasuries + 29.5bps
 Midswaps + 29bps

USD 1 billion
1.000% due May 2019
 US Treasuries + 20.3bps
 Midswaps + 13bps

Quality and rarity continue to drive successful issuances

Attracting strong investor interest...



Pristine AAA rating and fundamentals

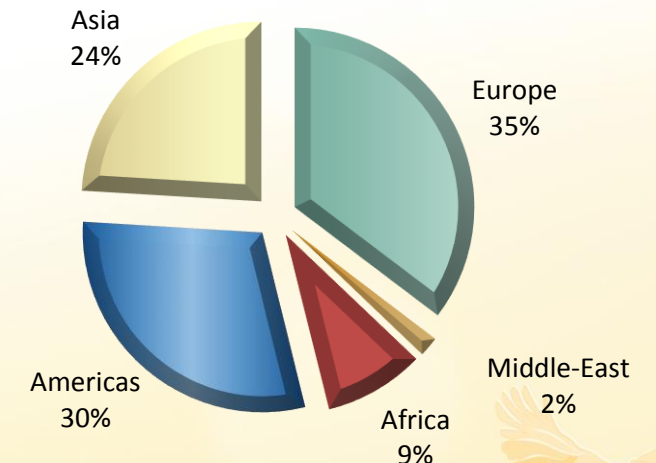
Solid reputation

High quality of execution

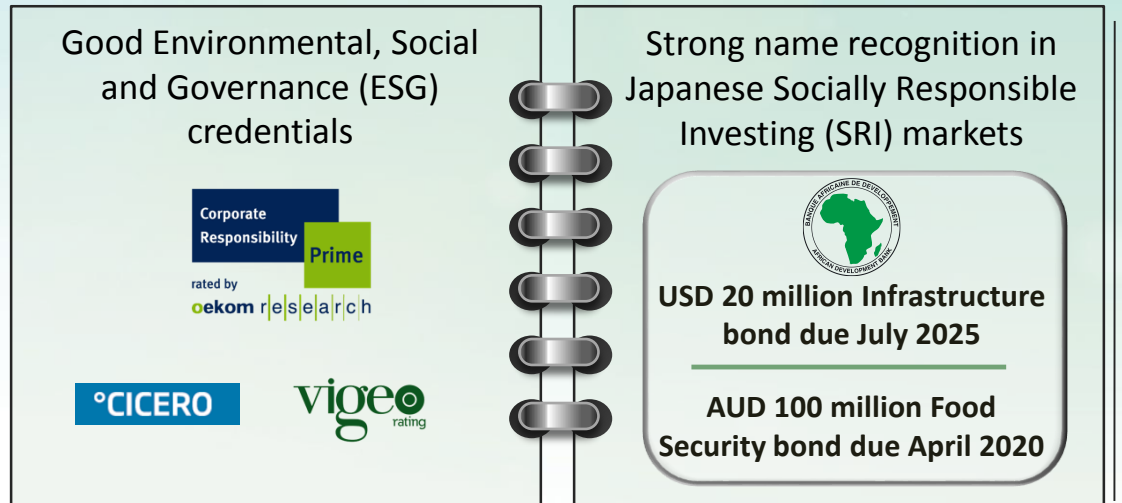
Performance in the secondary market

A very strong development mandate
and business profile

Across the globe...



Socially responsible issuer tapping sustainable markets



A strong and transparent Green Bond Framework underpinned by transformative climate adaptation and mitigation projects

South Africa - Xina Solar One Concentrated Solar Power Plant

Nigeria - Urban Water Sector Reform and Port Harcourt Water Supply and Sanitation

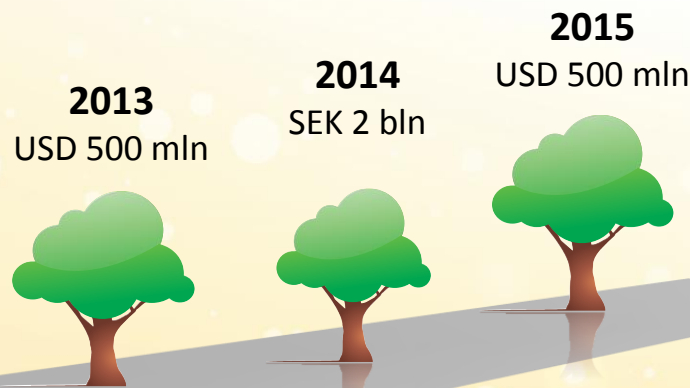
Kenya - Lake Turkana Wind Farm

Zambia - Ithezi-Tezhi Hydropower Plant

Morocco - Power Transmission and Distribution Development

AfDB adheres to the Green Bond Principles

AfDB Green bonds



Dedicated AfDB green investors

Blackrock, California State Teachers Retirement System (CalSTRS), Calvert Investment Management, Inc., Nordea Investment Management, Pictet Asset Management, Praxis Intermediate Income Fund, Raiffeisen Capital Management, State Street Global advisors, Second, Third and Fourth Swedish National Pension Funds, Teachers Insurance and Annuity Association (TIAA) Asset Management, Trillium Asset Management, LLC, Zürcher Kantonalbank Asset Management

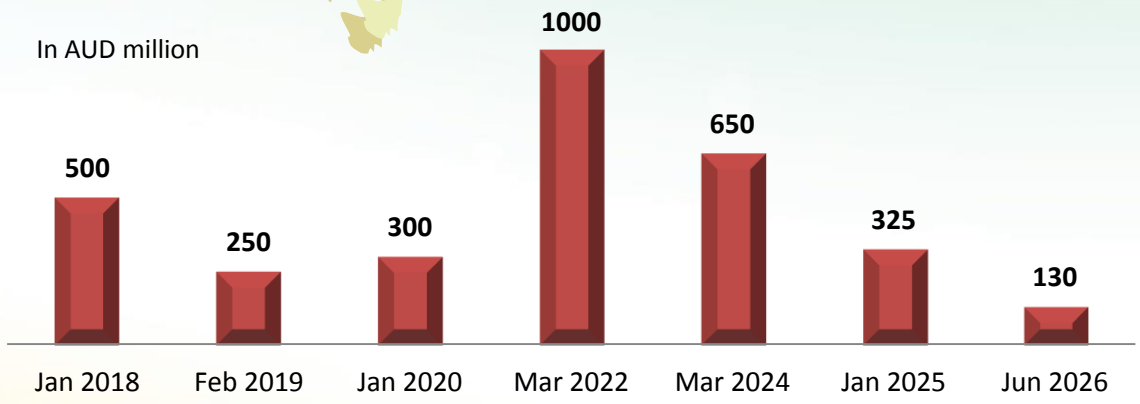


"Best Green Bond"
EMEA Finance

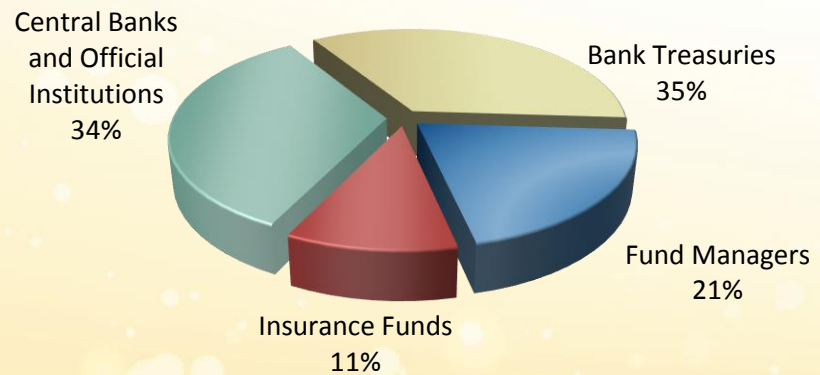


Helping Africa gradually transition to green growth

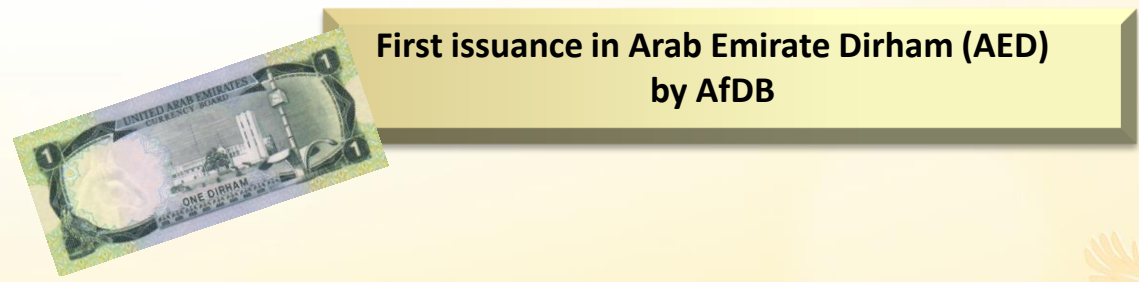
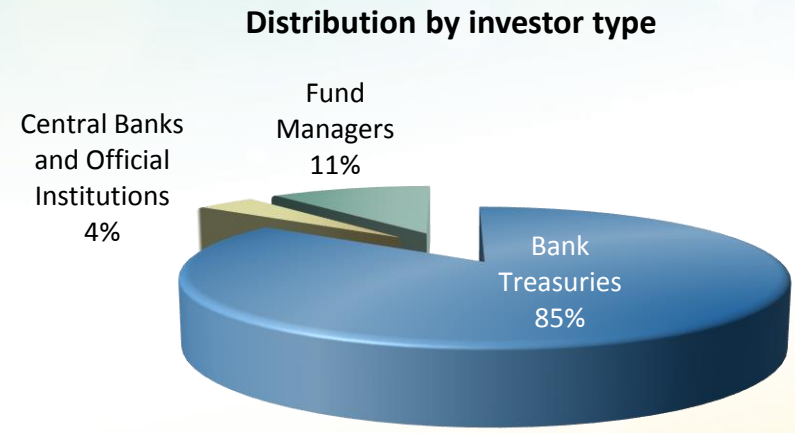
Kangaroos and Bulldogs



Distribution of Kangaroo trades in 2015 by investor type



A new GBP 250 million bond due December 2018



Note: Bulldogs and Kangaroos are bonds issued in the UK and Australia, respectively, by a foreign borrower



For more information



Financial and operational analysis

Documentation for debt programs

Rating agency reports

Financial products for borrowers

Annual report



afdb_acc

**African
Development
Bank Group**

AfDB_Group



www.afdb.org



**Investor Contact:
FundingDesk@afdb.org**



**(225) 20 26 39 00
(225) 20 26 19 33**



Appendix



AfDB Income Statement (UA million)

Year ended 31 December	2015	2014	2013	2012	2011
Operational Income and Expenses					
Income from Loans	350.20	342.13	335.01	351.16	314.92
Income from Investments and related derivatives	122.21	132.41	131.24	199.35	168.85
Income from Other Securities	3.73	3.85	3.95	4.83	5.41
Total income from Loans and Investments	491.20	484.73	470.20	555.34	489.18
Interest and amortized issuance costs	(346.13)	(375.96)	(302.99)	(356.41)	(316.82)
Net interest on borrowing-related derivatives	180.22	221.21	111.85	139.16	112.16
Unrealized losses on borrowings, related derivatives and others	(49.51)	(29.83)	34.11	(10.17)	(3.04)
Provision for Impairment on Loan Principal and Charges Receivable	(65.43)	(18.02)	(41.14)	(29.69)	(17.68)
Provision for Impairment on Equity Investments	0.43	0.75	0.76	(0.05)	(0.15)
Provision for Impairment on Investments	-	-	9.19	0.29	6.39
Translation Gains/(Losses)	14.60	(4.07)	13.33	(2.27)	(27.95)
Other Income	4.27	3.39	3.02	15.29	4.46
Net Operational Income	229.66	282.20	302.98	309.79	246.55
Administrative Expenses	(122.00)	(123.16)	(110.97)	(107.55)	(79.50)
Depreciation – Property, Equipment and Intangible Assets	(9.05)	(7.61)	(6.70)	(4.59)	(4.47)
Sundry (Expenses)/Income	(5.44)	0.26	(4.98)	(1.94)	1.93
Total Other Expenses	(136.49)	(130.50)	(122.65)	(114.07)	(82.04)
Income before Distributions Approved by the Board of Governors	93.16	151.69	180.33	195.71	164.51
Distributions of Income Approved by the Board of Governors	(124.00)	(120.00)	(107.50)	(110.00)	(113.00)
Net Income for the Year	(30.84)	31.69	72.83	85.71	51.51

1 UA = 1 SDR = 1.53527 USD (2011) = 1.53692 USD (2012) = 1.54000 (2013) = 1.44881 (2014) = 1.38573 (2015)



AfDB Balance Sheet Highlights (UA million)

Year ended 31 December	2015	2014	2013	2012	2011
Assets					
Due from Banks	1,214.61	406.71	954.13	881.45	344.16
Demand Obligations	3.80	3.80	3.80	3.80	3.80
Treasury Investments	8,392.26	7,341.62	6,058.45	6,487.51	7,590.47
Derivative Assets	1,454.62	1,143.68	985.96	1,558.33	1,696.68
Non-Negotiable Instruments on Account of Capital	0.27	0.74	1.20	1.97	3.04
Accounts Receivable	489.54	640.16	843.86	762.67	914.85
Outstanding Loans	12,868.55	12,496.52	11,440.70	10,885.80	9,373.52
Hedged Loans – Fair Value Adjustment	79.84	112.70	32.49	86.85	49.87
Equity Participations	703.27	596.82	525.01	438.56	309.76
Other Securities	46.42	94.11	82.90	76.54	79.99
Other Assets	93.56	79.46	41.22	31.06	13.34
Total Assets	25,346.74	22,950.83	20,996.72	21,214.55	20,261.45
Liabilities, Capital and Reserves					
Accounts Payable	1,332.39	1,211.81	1,246.11	2,083.07	1,974.68
Derivative Liabilities	1,084.99	853.74	971.85	512.60	502.29
Borrowings	16,449.26	14,375.95	12,947.44	13,278.80	12,902.96
Capital Subscriptions Paid	3,727.69	3,438.23	3,147.08	2,839.48	2,505.97
Reserves	2,921.25	2,815.32	2,856.88	2,667.44	2,536.18
Total Liabilities, Capital and Reserves	25,346.74	22,950.83	20,996.72	21,214.55	20,261.45

1 UA = 1 SDR = 1.53527 USD (2011) = 1.53692 USD (2012) = 1.54000 (2013) = 1.44881 (2014) = 1.38573 (2015)

