2016

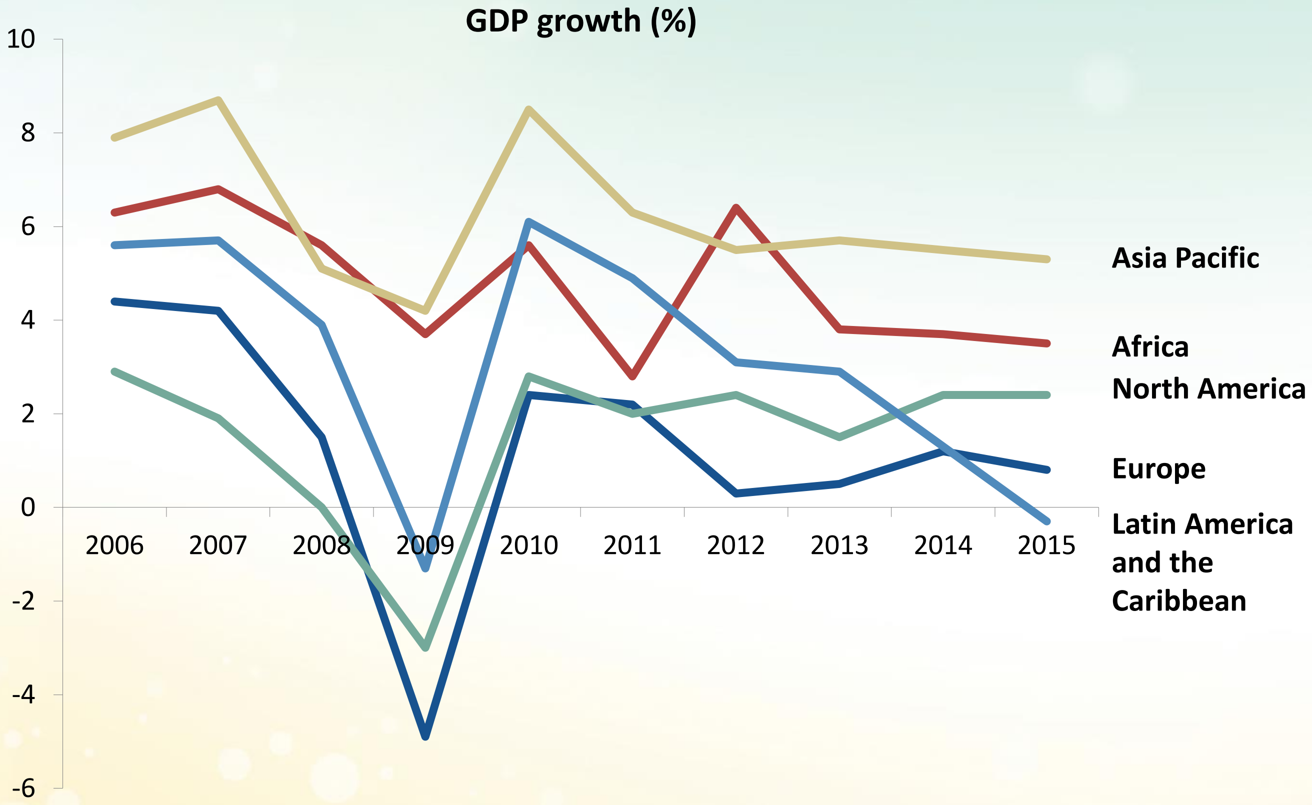
Financial Presentation

The African Development Bank Group

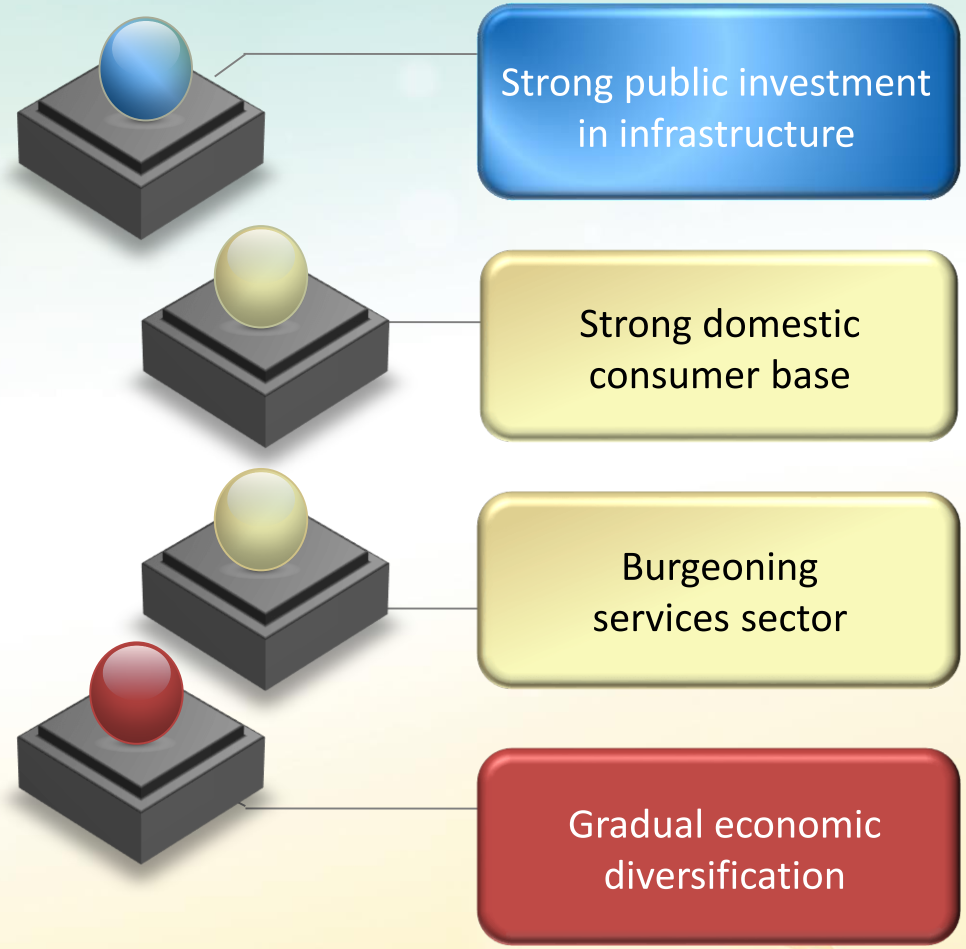
Lusaka

Economic Outlook

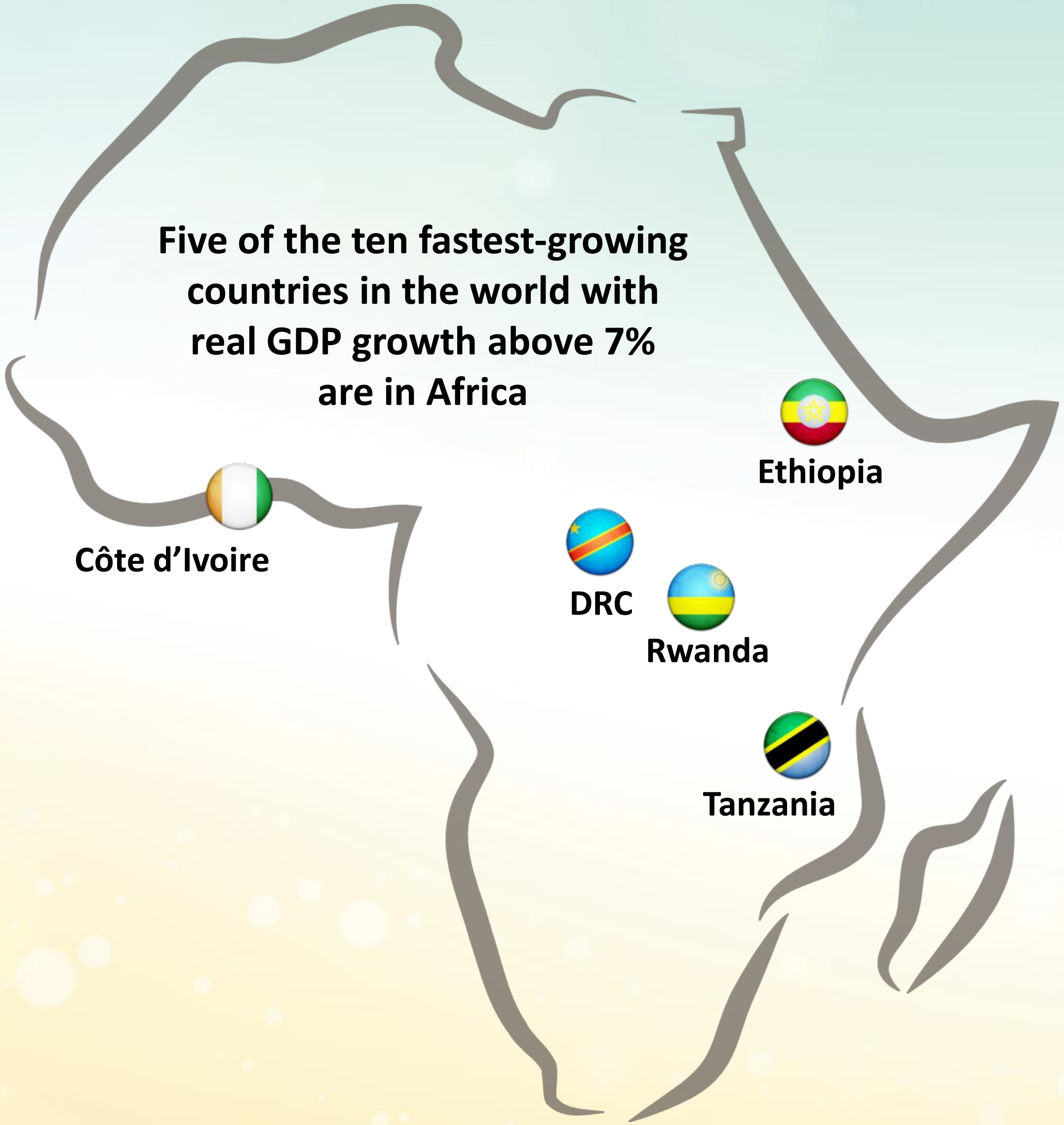
Resilient growth in the face of global and regional headwinds



Drivers of Africa's growth



Diverse country-specific factors driving growth

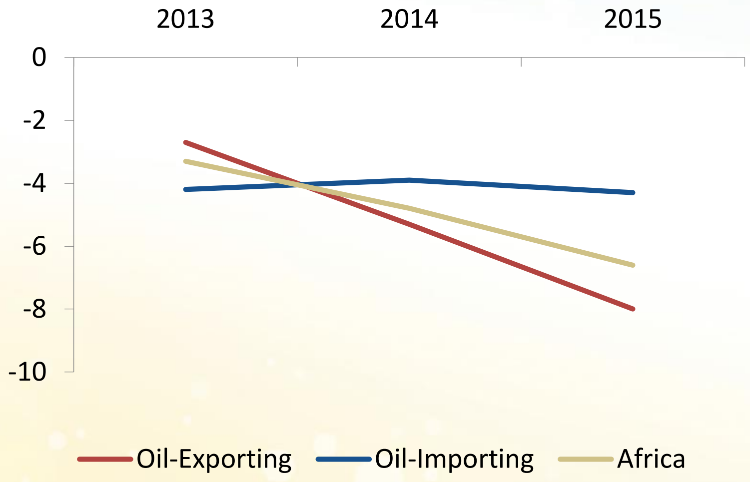


	2014	2015	
North Africa	2%	4%	Growth picked-up on the back of improvements in political and economic stability
West Africa	6%	3%	Lower growth due to depressed commodity prices as well as to the impact of the Ebola outbreak
Central Africa	6%	4%	Decline in oil and metal prices adversely affected growth in the region
East Africa	7%	6%	Political instability in Burundi and South Sudan weighed down on growth in the region
Southern Africa	3%	2%	Growth impacted by acute shortages of power, hostile weather conditions and low commodity prices

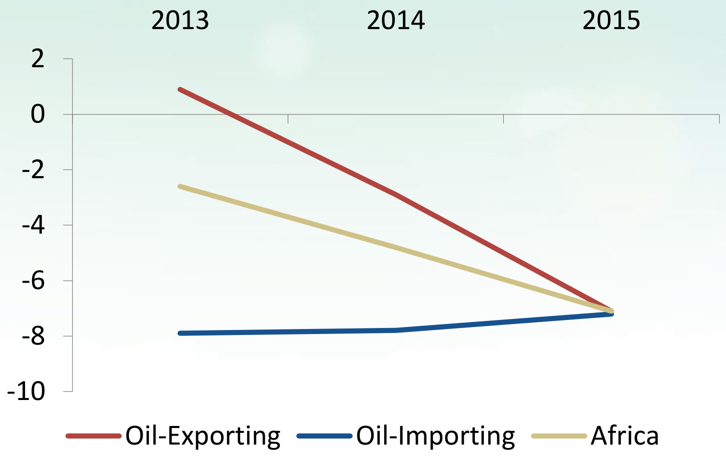
Macroeconomic environment remains relatively stable

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

Fiscal Balance excluding grants (% GDP)



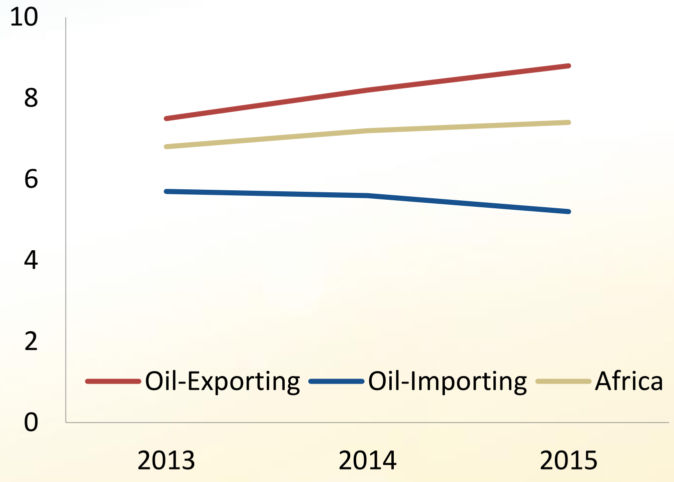
Current Account Balance (% GDP)



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

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

Inflation (%)

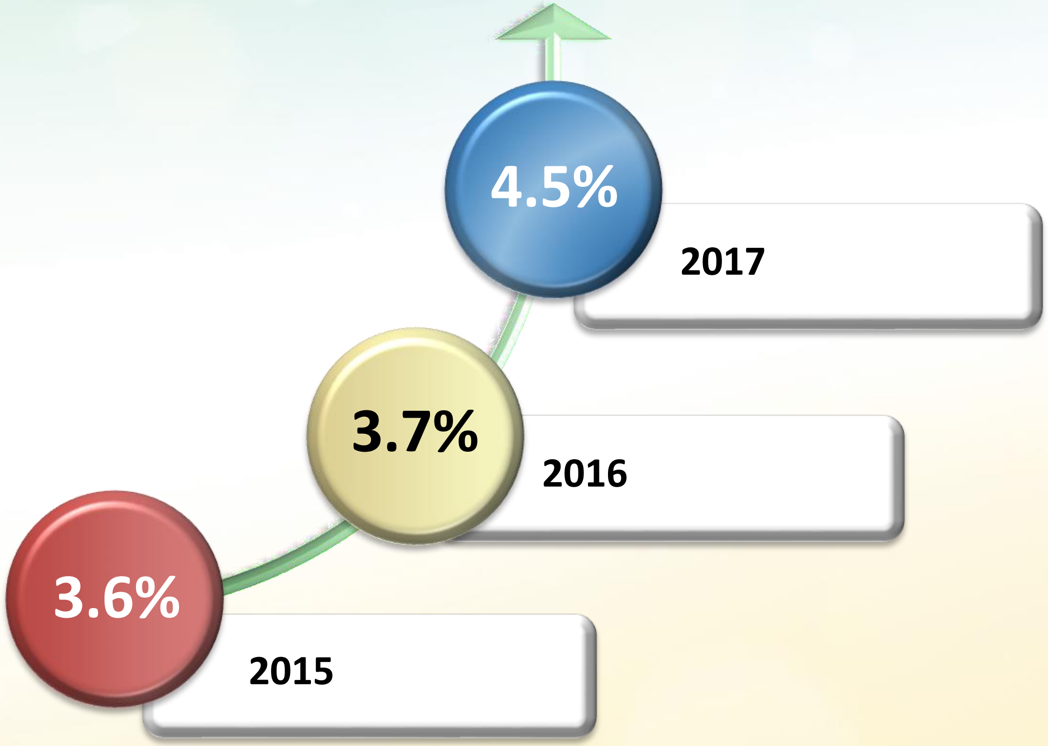


Africa's growth should remain favorable, in spite of challenges

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

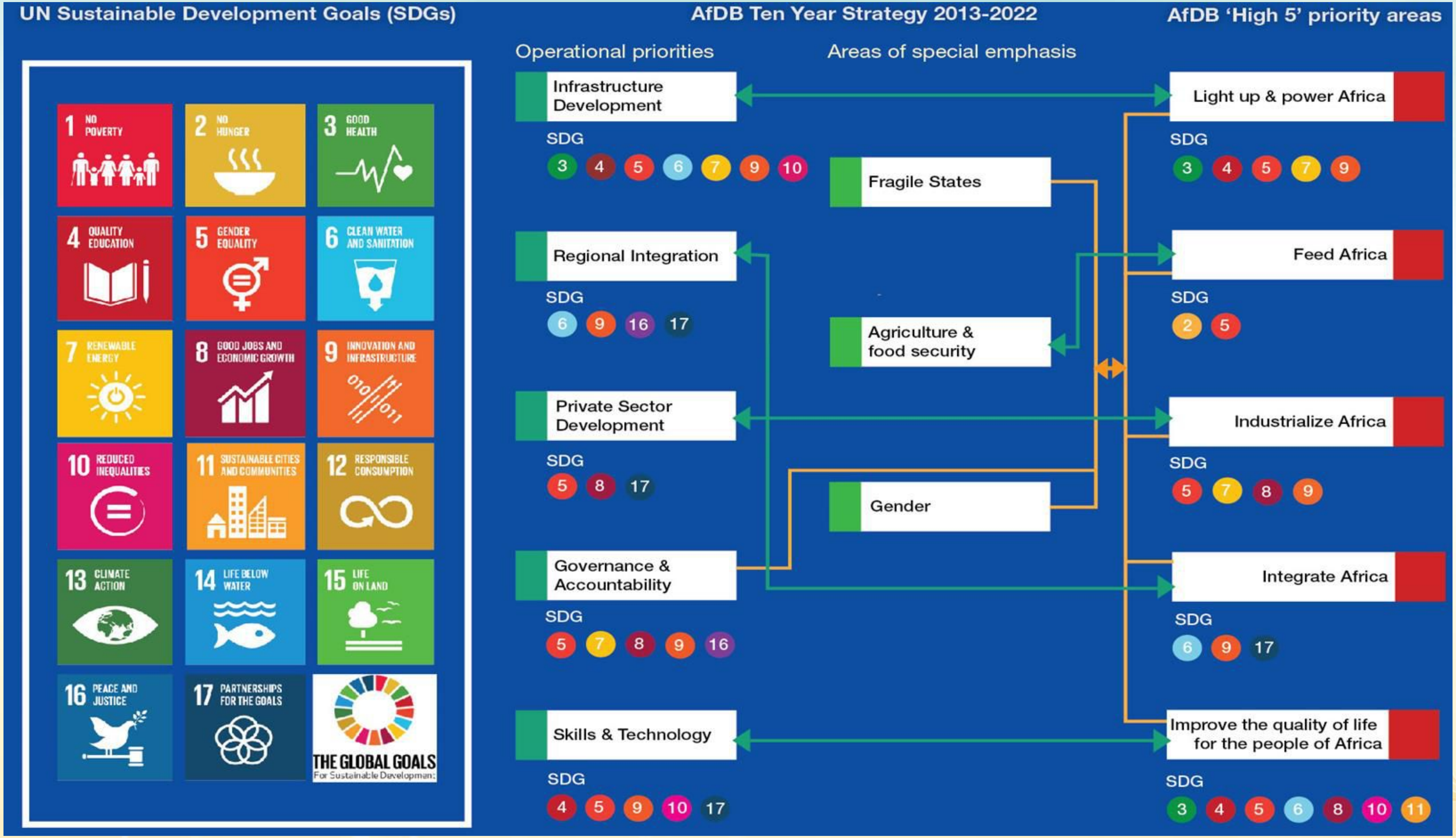
Downside risks include a continued decline in commodity prices, power shortages, adverse weather, conflict, political instability and terrorism

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



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

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

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

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

Our Goals:

- Adequately feed 150 million additional people
- Lift 100 million people out of poverty
- Restore productivity to 190 million hectares

Poor infrastructure

Inadequate mechanization

Limited access to credit, fertilizers and technology

Insecure land tenure

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:

- Create jobs
- Unlock the potential of agriculture
- Lower food prices
- Revive rural areas

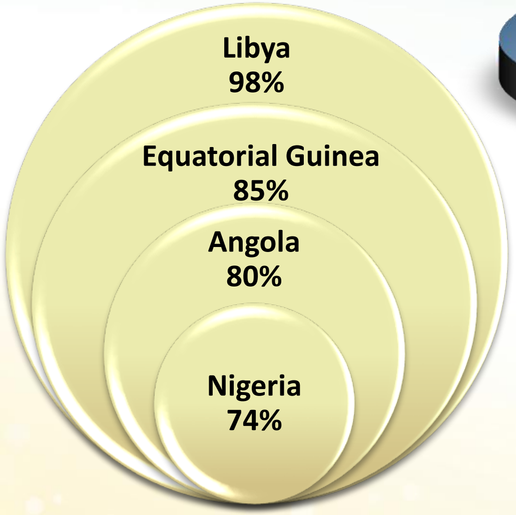
AfDB's investment to quadruple from a current annual average of USD 612 million to about USD 2.4 billion

Industrialize Africa

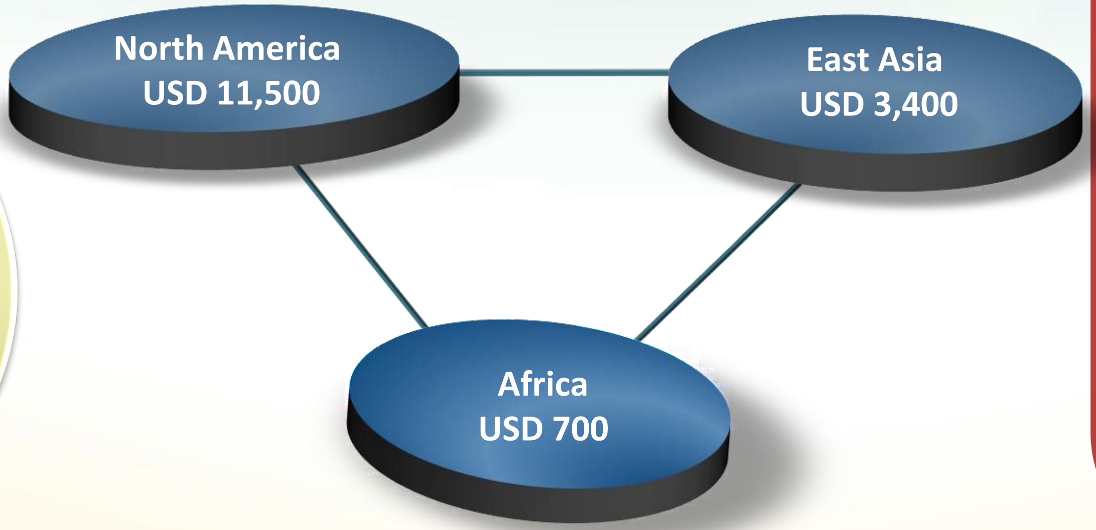
African economies are largely dependent on sectors with low added value

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

Commodity dependence (% government revenue)



Industry GDP per capita



Low value-added activities lead to low GDP/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

Policy

Regulatory

Regional integration challenges:

Institutional

Infrastructural

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

Intra-African trade at 15%, lowest globally compared to

70% in the EU

60% in Asia

54% in the North America Free Trade Area

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

Build critical skills

Improve access to water and sanitation

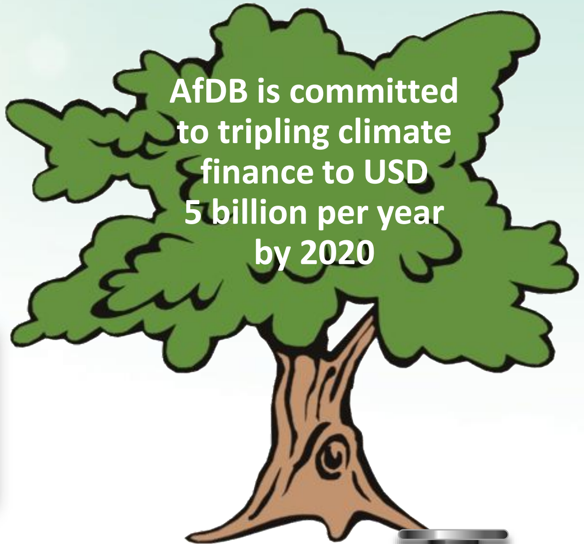
Catalytic approach will turn demographic growth into economic dividends

Strengthen health systems

Create 80 million jobs

Path to green growth

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



Climate Investment Funds
USD 973 million

Global Environment Facility
USD 252 million

Africa Climate Change Fund
USD 11 million

Sustainable Energy Fund for Africa
USD 102 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

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:

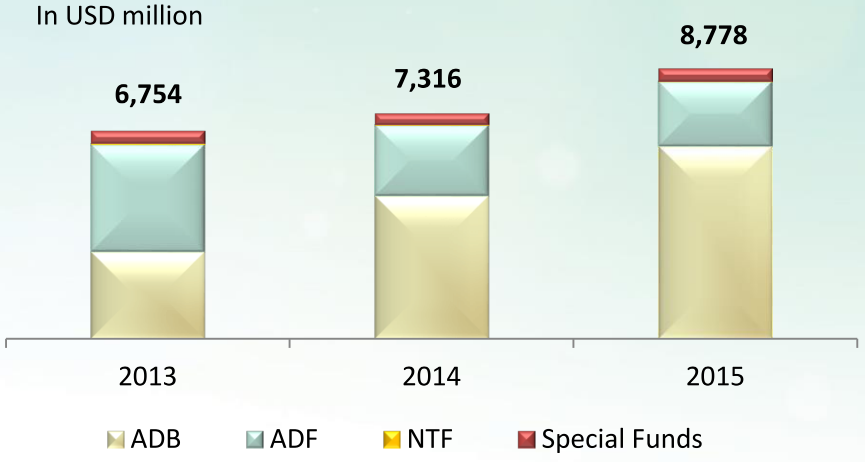
African Water Facility
Help countries achieve the objectives of the Africa Water Vision 2025

Rural Water Supply and Sanitation Initiative
Increase financing for water supply and sanitation in rural areas

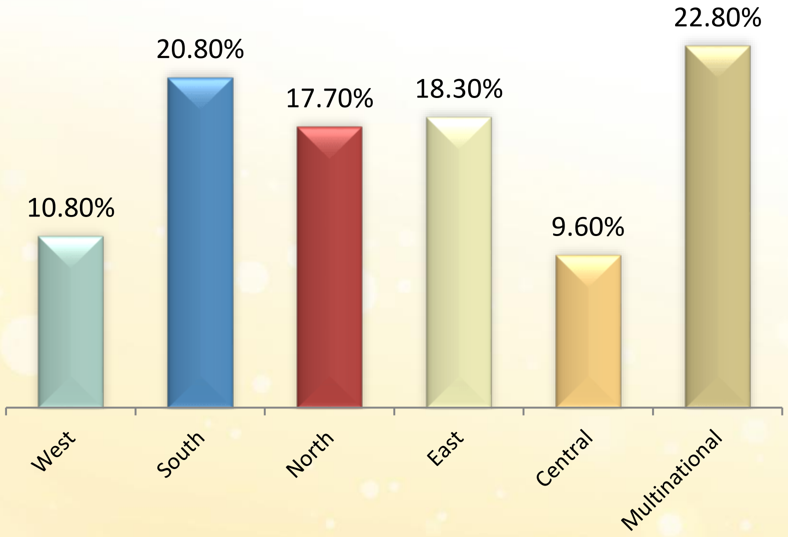
Multi-donor Water Partnership Program
Promote effective water management policies and practices

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



Approvals by region



Sectoral distribution of 2015 approvals

Industry: 0.1%

Agriculture: 8.1%

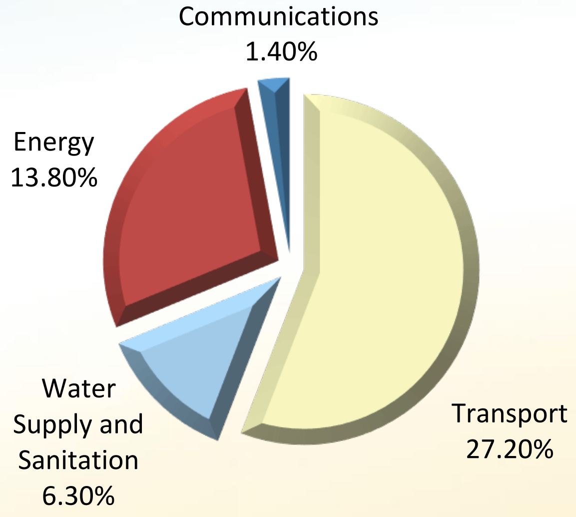
Social: 9.4%

Multi-sector*: 12.5%

Finance: 21.3%

Infrastructure: 48.6%

Breakdown of infrastructure approvals

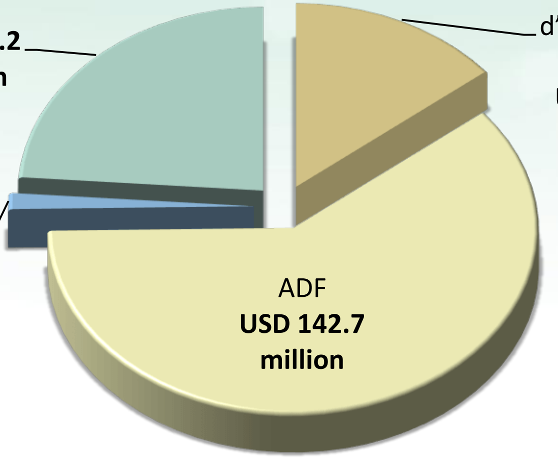


* Multi-sector includes public finance management and other governance-related operations

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.*

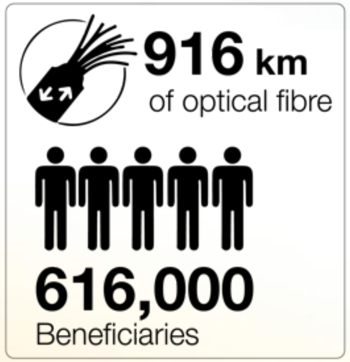
Total Cost: USD 235.8 million

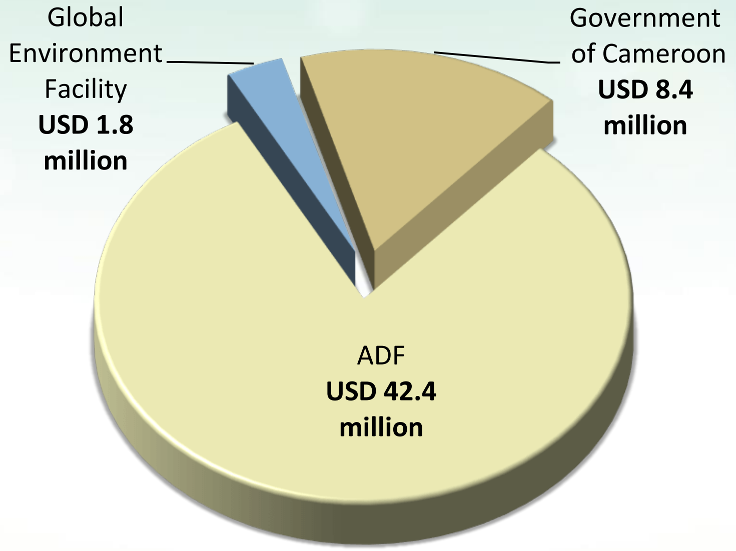
- 2015 — 26 November **Project Approval**
- 2016
- 2017 — January **Start of civil works**
- 2020 — **Completion**

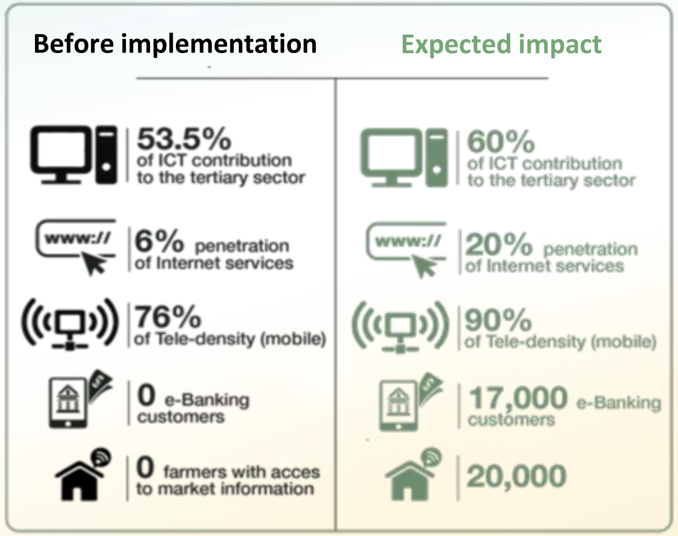
Africa Backbone Project

Contributes to the diversification of Cameroon's economy

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







Total Cost: USD 52.6 million

2015 — 3 July **Project Approval**

2016 — **Start of civil works**

2020 — June **Completion**

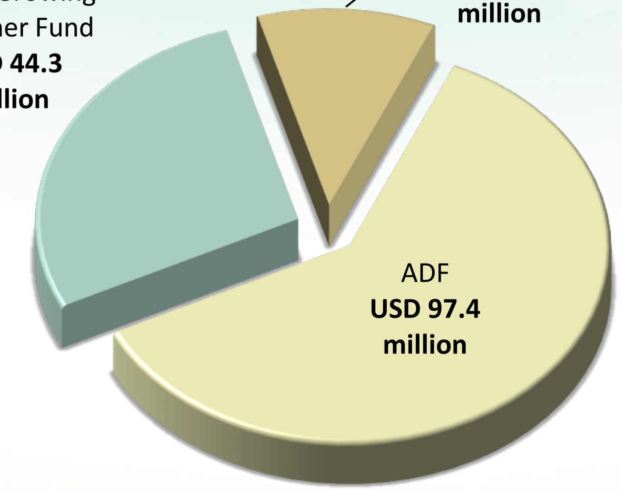
Dar Es Salaam Bus Rapid Transit System Project - Phase 2

Enhance and improve traffic flow

Positively impact businesses

Africa Growing Together Fund **USD 44.3 million**

Government of Tanzania **USD 17.6 million**



ADF **USD 97.4 million**

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	2016	2017	2019
30 September **Project Approval**	September **Start of civil works**		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

Guinea	Guinea-Bissau	Gambia	Senegal	Uganda
12%	19%	35%	57%	14%

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

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

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

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

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

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

A public international organization created and hosted by the AfDB

59 members, including 52 states and 7 international organizations

Negotiation of complex commercial transactions

Capacity building

Commercial creditor litigation

ALSF
African Legal Support Facility
Facilité africaine de soutien juridique

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

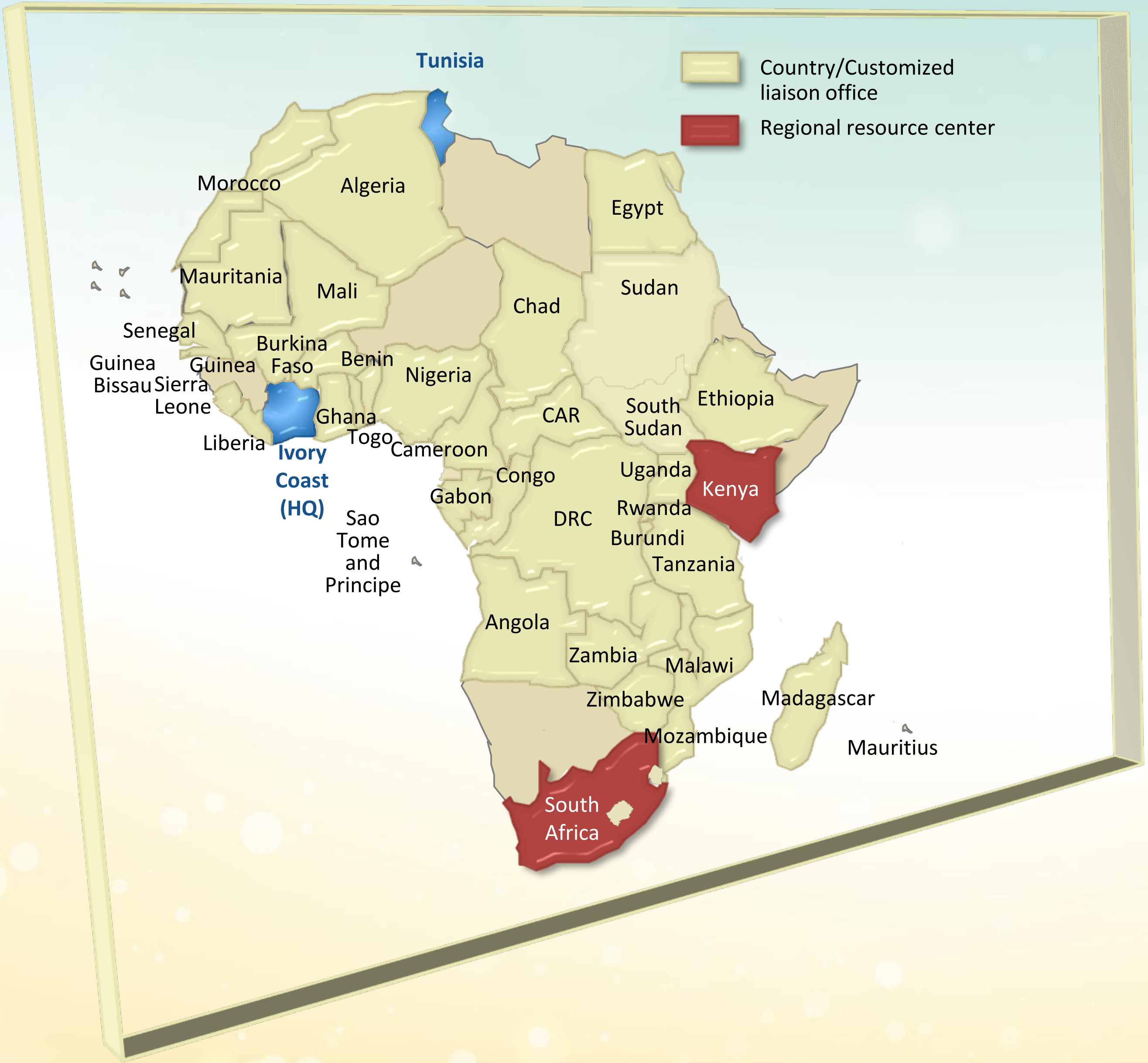
29 projects approved in 2015

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

USD 3 billion	Enhanced Private Sector Assistance for Africa (Japan)
USD 2 billion	Africa Growing Together Fund (China)
USD 830 million → USD 1 billion	Africa 50

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

Government Benefits

- Leverages country borrowing program
- Risk sharing with private sector
- Facilitates privatizations and PPPs
- Project benefits from Bank's safeguards
- No additional contingent liability to the country

Private Sector Benefits

- Mitigates some lending risks
- Improves a project's financial viability
- Project benefits from Bank's safeguards
- Reinforces government undertakings
- Provides lender confidence to invest

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…

Inability to repatriate or convert currency earned in the country	Confiscation, expropriation, nationalization and deprivation
Not honoring contractual obligations	Changes in law and force majeure risks

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

Loans denominated and disbursed in foreign currency

Clients' repayments denominated in foreign currency but indexed to local currency interest and exchange rates through an agreed formula

Limits potential increases in amounts due in local currency terms

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

JCR Japan Credit Rating Agency, Ltd.

Critical development mandate

Solid financial risk management

Robust capitalization

Diversified funding profile

Aaa/AAA/AAA

Strong levels of liquidity

Preferred creditor status

Strong support from shareholders

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

S&P

September 2015

Intrinsic financial strength bolstered by shareholders' support

Prudent management

Capital adequacy

Risk Capital Utilization Ratio

2013	2014	2015
62%	61%	61%

= Σ [[Exposure] * [Risk capital charge]]/Total risk capital

"AfDB's high level of capitalisation is one of the key factors supporting its 'AAA' rating" Fitch, September 2015

Concentration risks

Five largest country exposures

2013	2014	2015
70%	66%	47%

"Continued improvement in single-name sovereign concentrations…" S&P, September 2015

Asset coverage ratio

Asset coverage ratio

2013	2014	2015
48%	46%	47%

= (Paid-in-capital + reserves)/(Gross loans outstanding + equity participations)

"The AfDB's Asset Coverage Ratio (ACR)… exceeds the median Aaa ACR of 29.8%..." Moody's, August 2015

Operational risks

Maximize exposure to development related risks

Minimize market risks

- Liquidity
- Interest rate
- Foreign exchange
- Counter-party credit

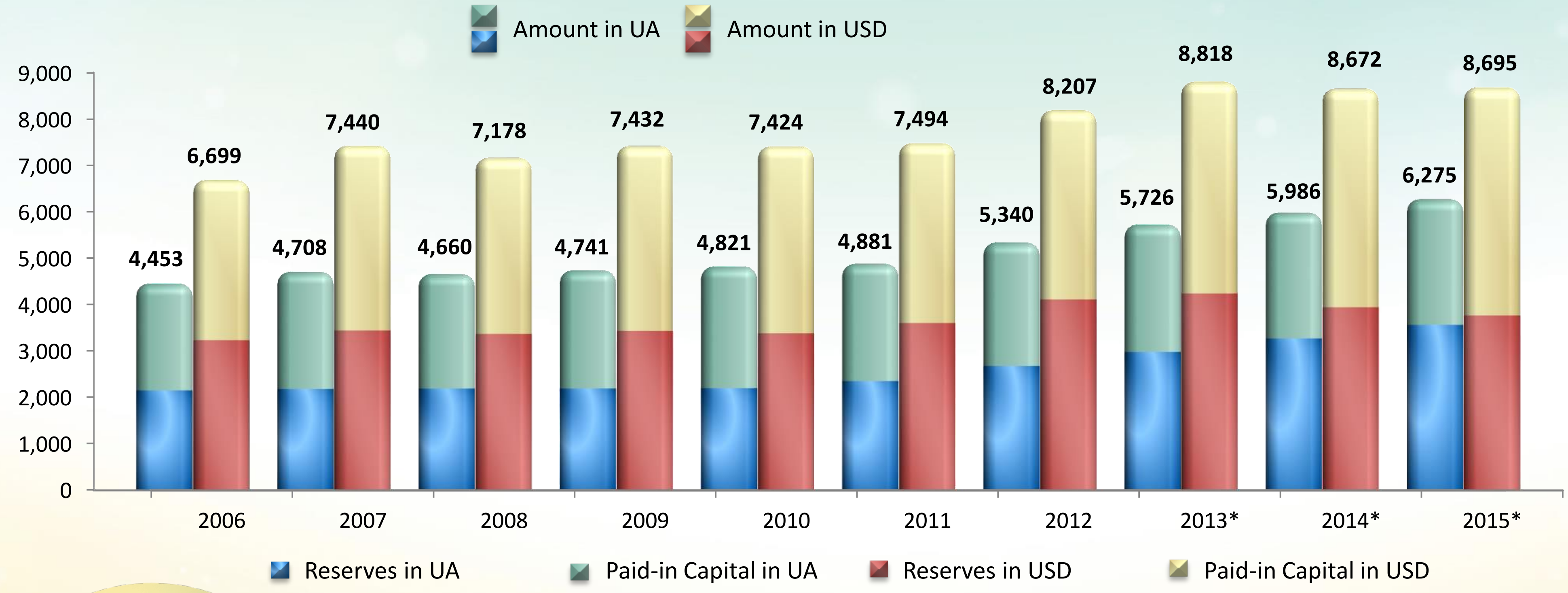
Liquidity

2013	2014	2015
27%	25%	31%

"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

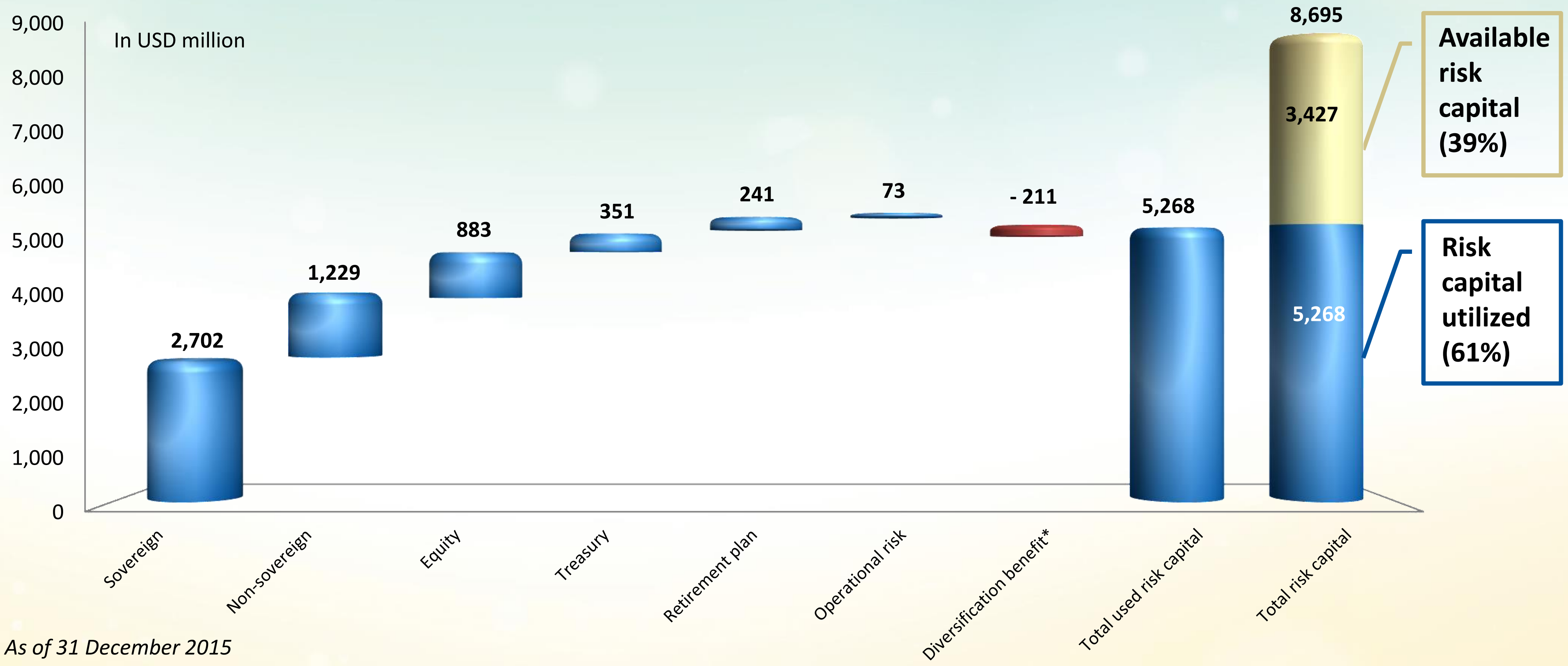
"AfDB is one of the most highly capitalized regional MDBs"
Fitch, September 2015

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



As of 31 December 2015

* 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

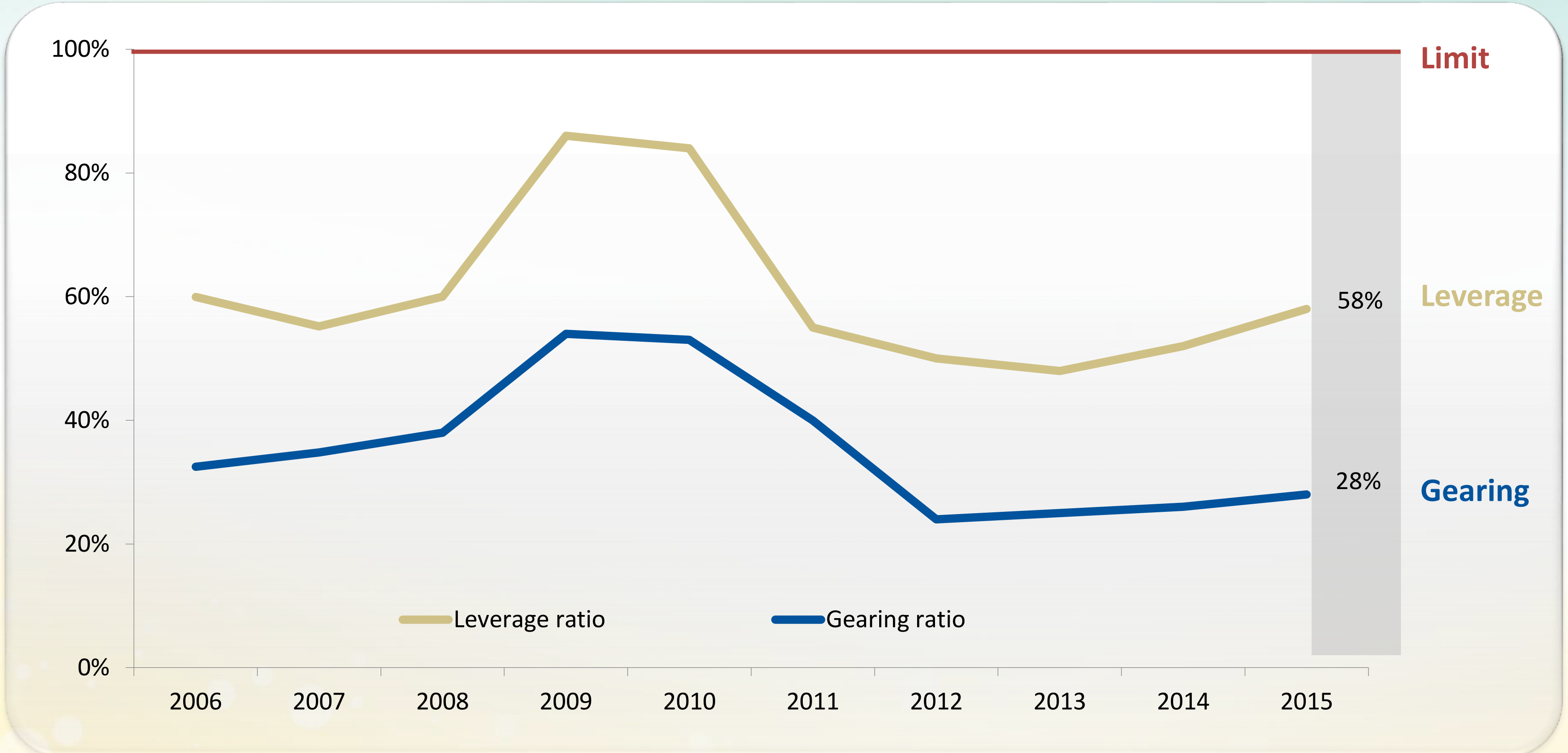
First MDB Exposure Exchange Agreement (EEA)* with World Bank and Inter-American Development Bank (IADB) to reduce sovereign concentration risk

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

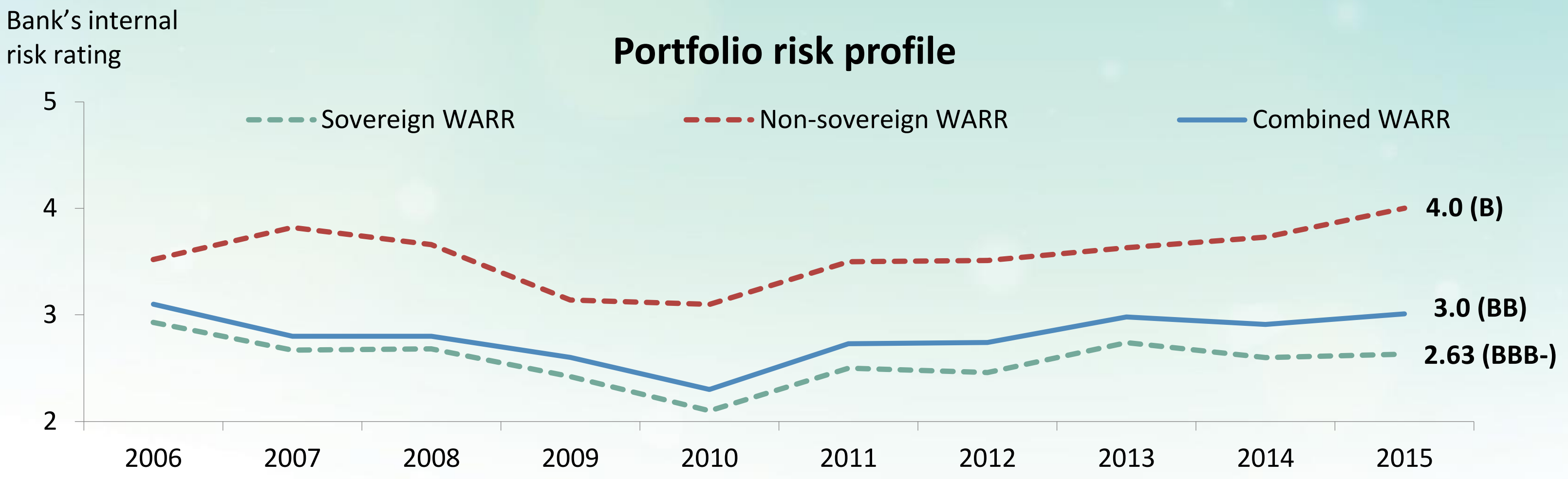
Debt / usable capital
(usable capital =
Σ paid-in capital, reserves, callable capital of non-borrowing countries rated A- and above)

Gearing

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

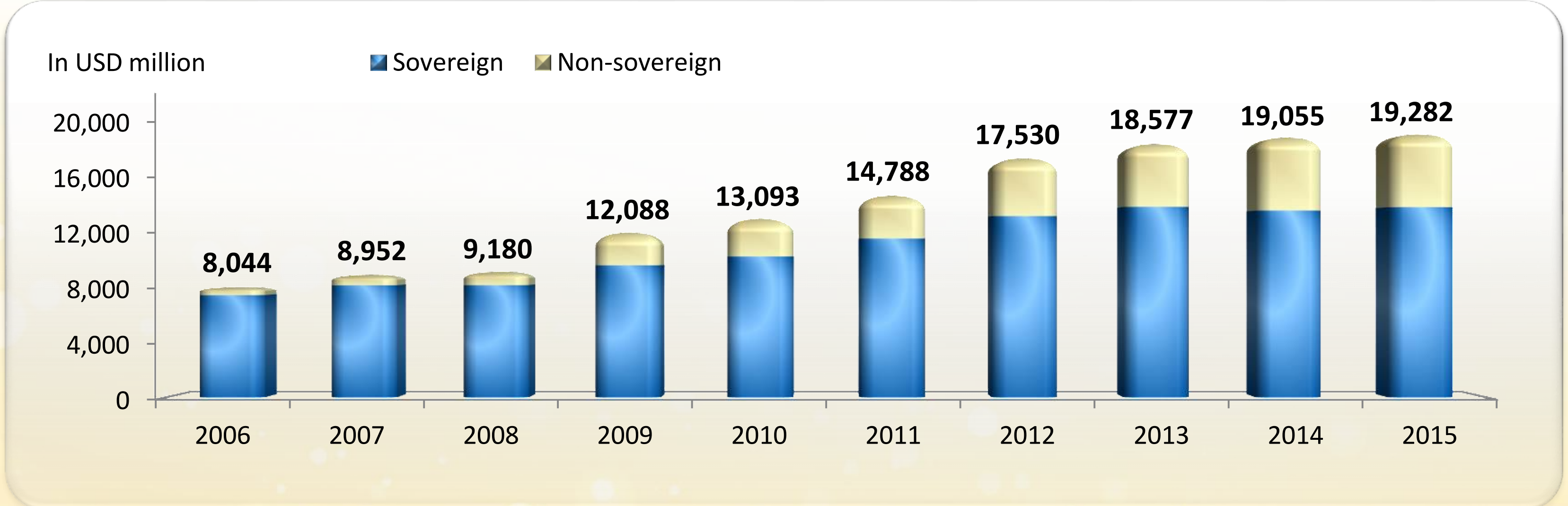
*Including undisbursed
** Unimpaired

Managing the Bank's portfolio in a challenging environment



WARR: Weighted Average Risk Rating

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



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

Allocable income at comfortable level reinforces the Bank's financial capacity

Reserves have first claim on earnings

USD 2.9 billion of allocable income since 2006

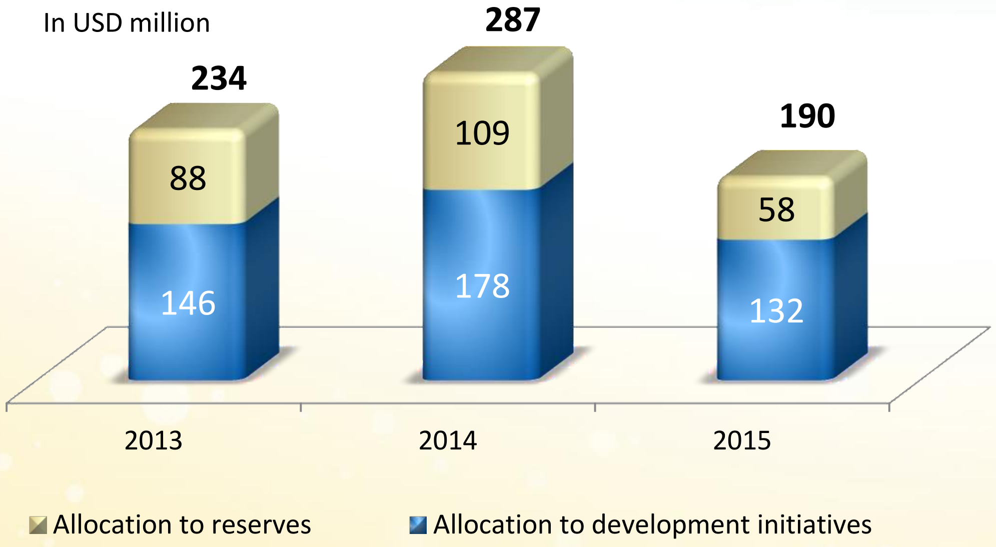
USD 1.2 billion allocated to reserves

USD 1.7 billion allocated to high development impact initiatives and surplus accounts

African Development Fund

Middle Income Country Trust Fund

Special Relief Fund



- 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-)

Conservative principles underlying our asset and liability management

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

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

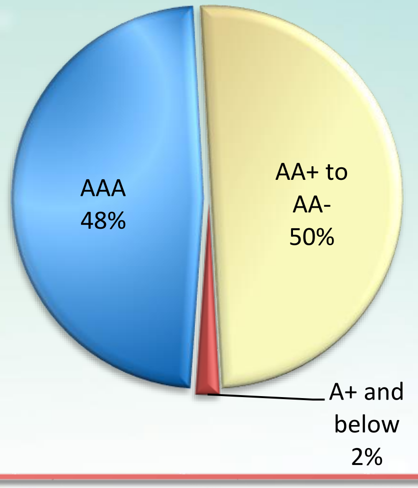
Conservative management of liquidity

USD 12 billion of treasury investments

- Trading portfolio to meet short and medium term cash flow needs
- Held at amortized cost to stabilize net interest margin

Investment objectives

- Capital preservation
- Liquidity
- Return

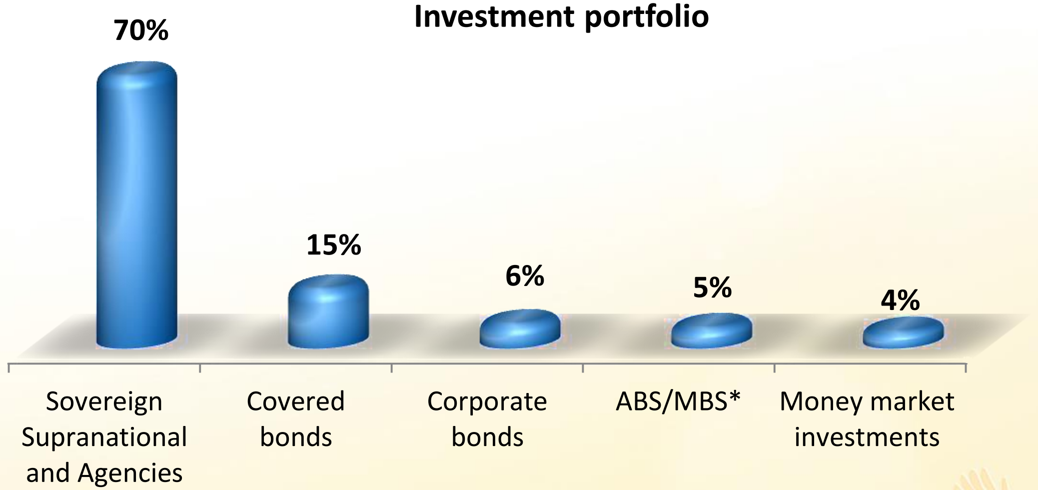


Multi-currency portfolio including:

USD EUR GBP

JPY CHF CAD ZAR

Investment portfolio

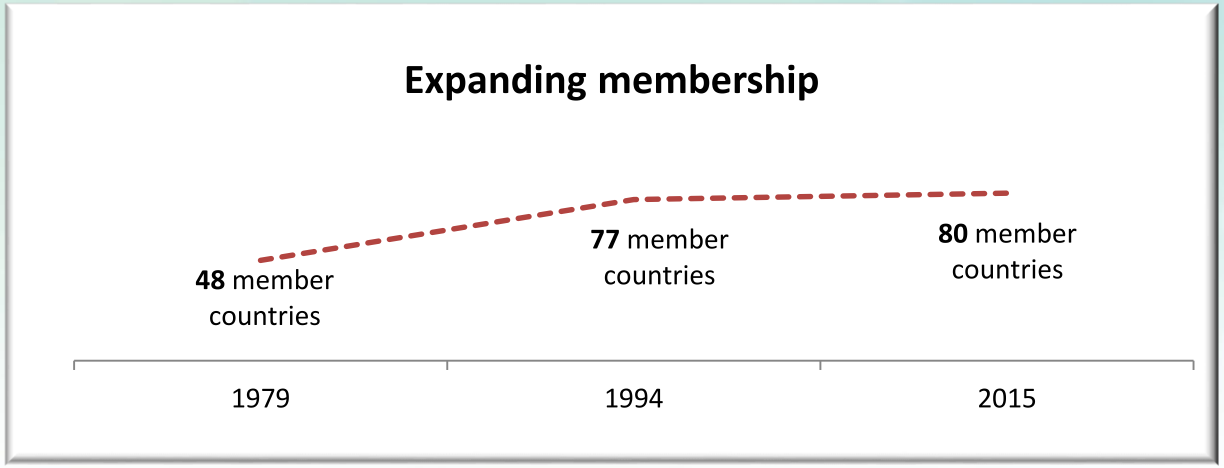


** ABS/MBS = Asset/Mortgage Backed Securities*

As of 31 December 2015

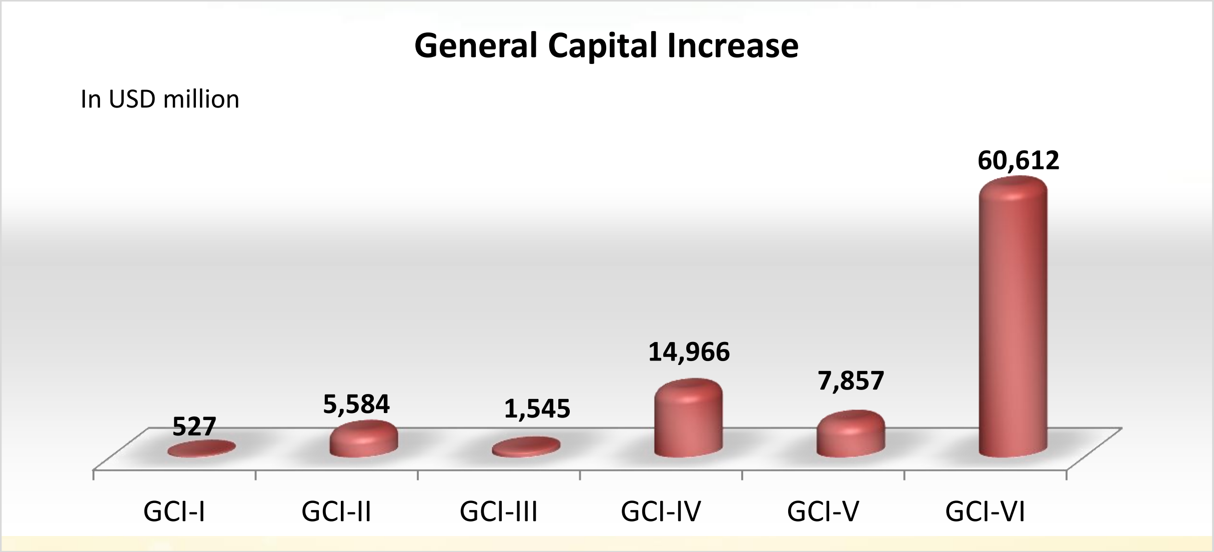
Shareholders support

Callable capital from AAA rated members fully covers net debt



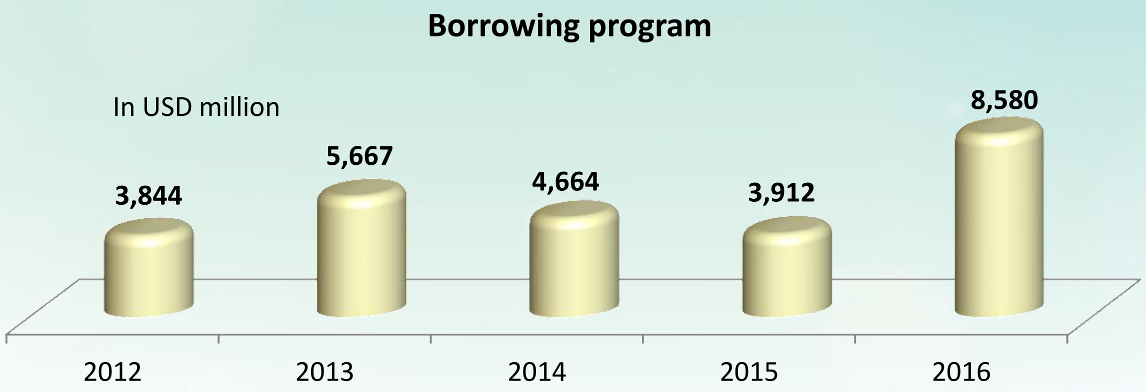
Preferred creditor treatment

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



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

Funding needs driven by development financing commitments

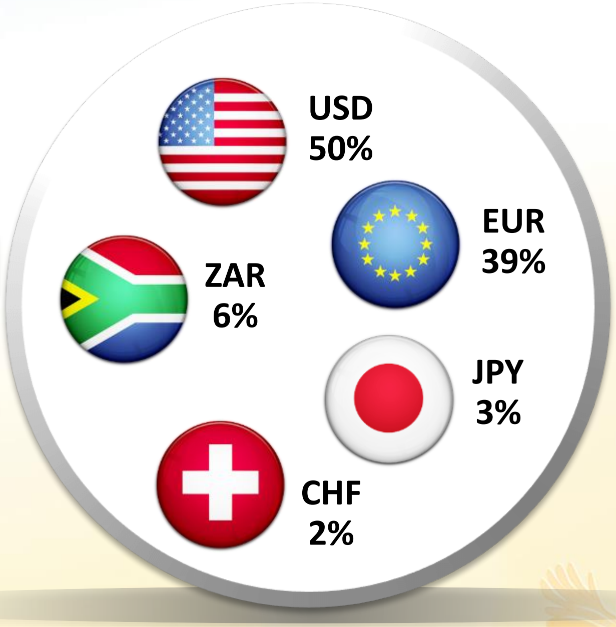


Outstanding borrowings of USD 22 billion

Issuing AAA bonds across continents…

SWAPPED INTO…

Derivatives used to protect against currency risks and interest rate risks

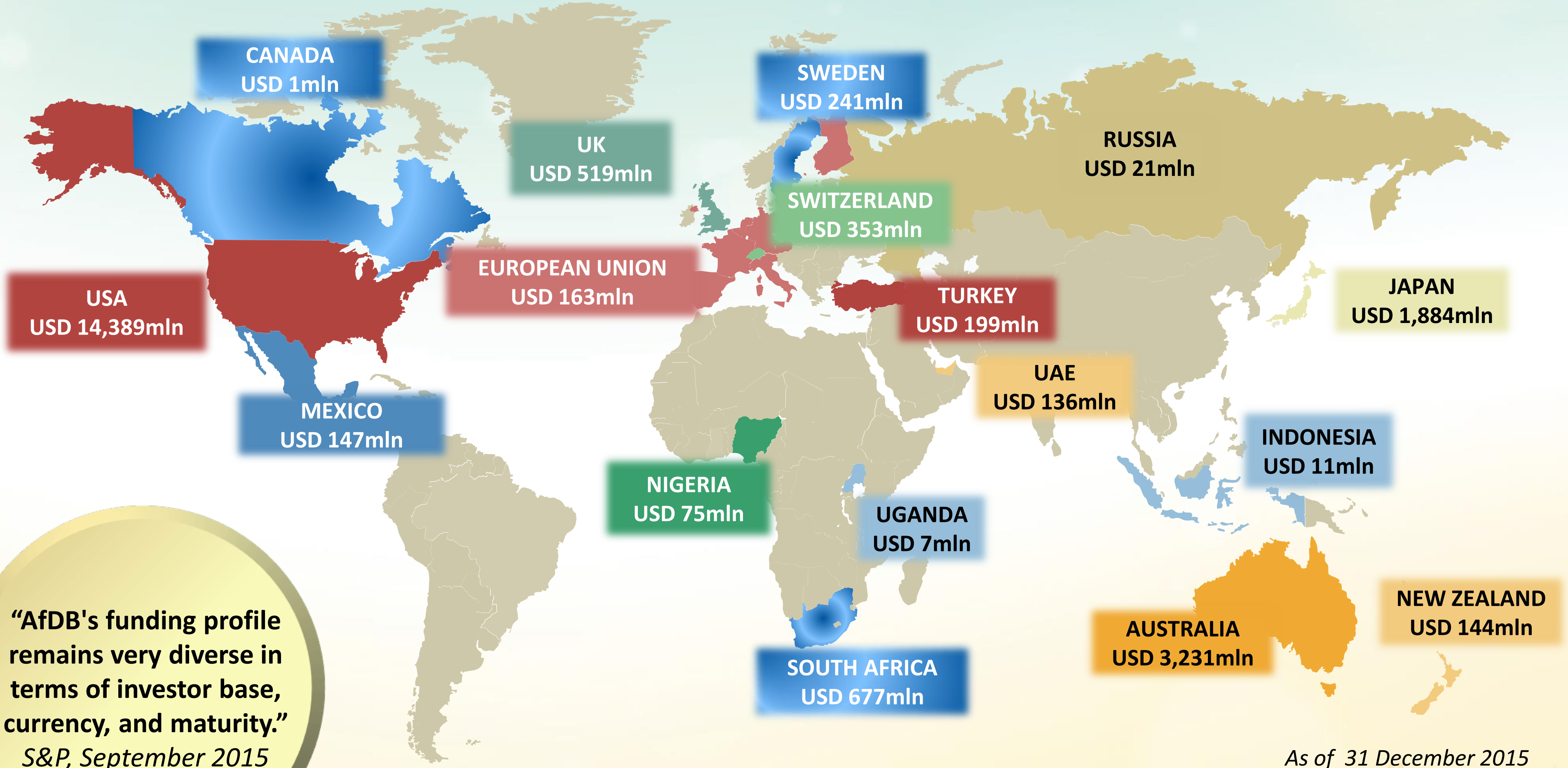


A global footprint

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



"AfDB's funding profile remains very diverse in terms of investor base, currency, and maturity."
S&P, September 2015

STANDARD & POOR'S

As of 31 December 2015

Outstanding borrowings before swaps

A very good run for AfDB global benchmarks

Feb 2015

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

Nov 2015

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

Feb 2016

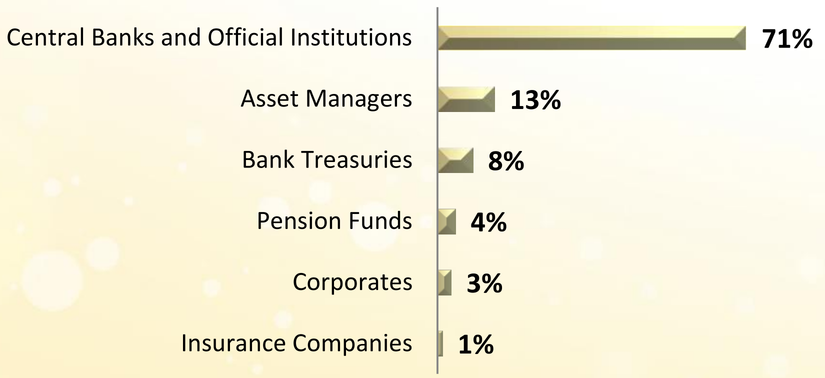
USD 1 billion
1.125% due March 2019
US Treasuries + 29.5bps
Midswaps + 29bps

Apr 2016

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

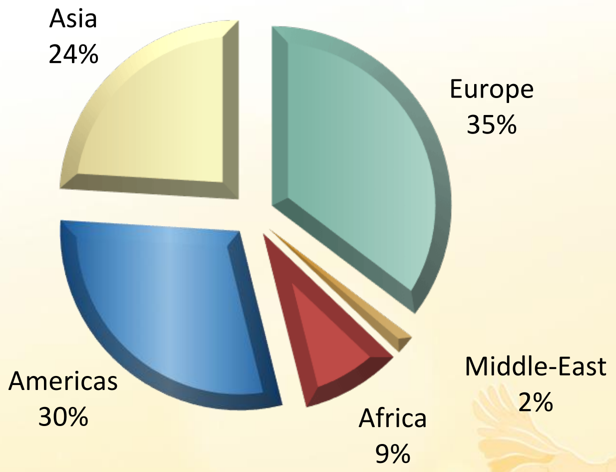
Quality and rarity continue to drive successful issuances

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

Good Environmental, Social and Governance (ESG) credentials

Corporate Responsibility Prime

rated by oekom research

°CICERO

vigeo rating

Strong name recognition in Japanese Socially Responsible Investing (SRI) markets

USD 20 million Infrastructure bond due July 2025

AUD 100 million Food Security bond due April 2020

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

2013
USD 500 mln

2014
SEK 2 bln

2015
USD 500 mln

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

DECEMBER 2015

AFRICAN DEVELOPMENT BANK

USD 500,000,000

1.375% Green Bond
Senior Unsecured Notes
Due 2018

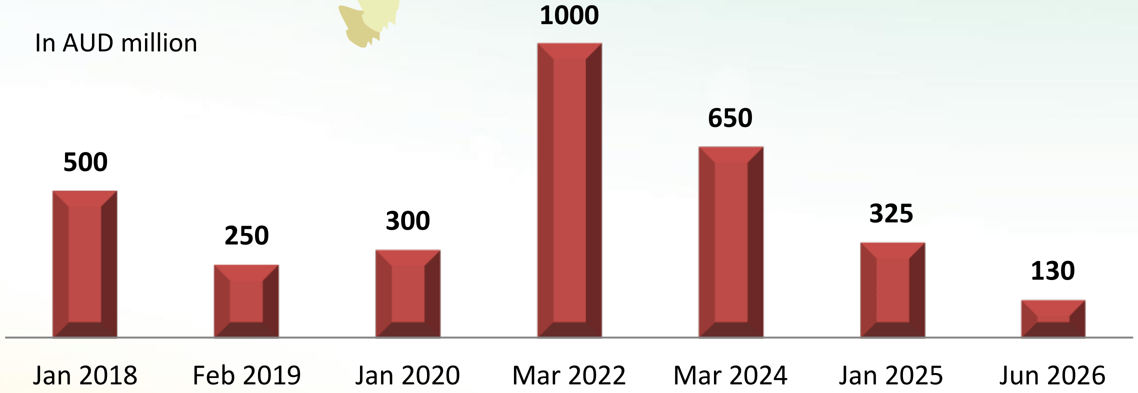
“Best Green Bond”
EMEA Finance

Helping Africa gradually transition to green growth

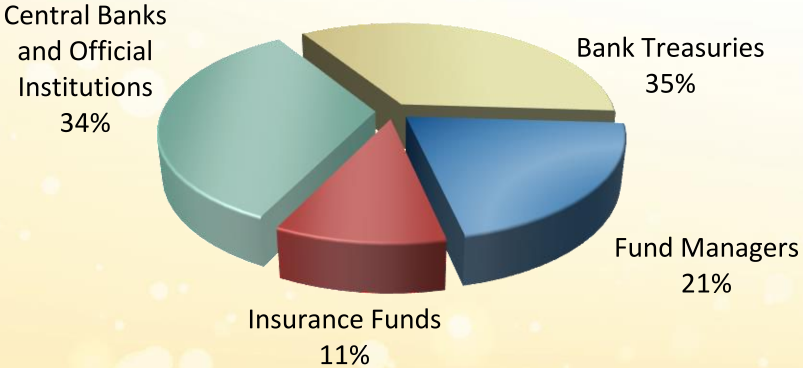
Kangaroos and Bulldogs

Building a curve in Australia…

AUD 375 million issued in 2015



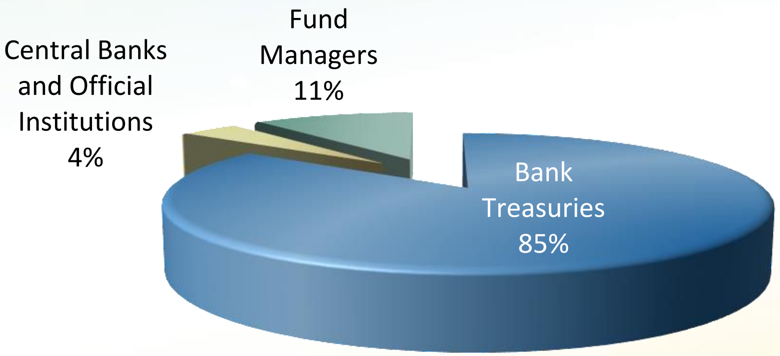
Distribution of Kangaroo trades in 2015 by investor type



Back to Sterling…

A new GBP 250 million bond due December 2018

Distribution by investor type



First issuance in Arab Emirate Dirham (AED) by AfDB

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

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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)