DEVELOPING TO IMPROVE AFRICAN ECONOMIES

AN INTRODUCTION TO AFC
AFC is an African-led international financing institution, established in 2007, whose mission is to improve African economies by proactively developing and financing infrastructure, industrial and financial assets. AFC is involved as an investor, developer and financier of various infrastructure projects, and is gaining recognition as the benchmark institution for financing the development of infrastructure projects in Africa.
ABOUT AFRICA FINANCE CORPORATION

THE BUSINESS MODEL

AFC offers a unique value proposition as an Africa-focused multilateral financial institution covering three complementary service areas: project development, financial advisory and principal investing. In addition to these core services AFC has significant experience and expertise in project management and will ensure that the objectives of all parties involved are met through careful monitoring of the project from beginning to end.

We therefore fill key market gaps by participating across the entire project cycle and capital structure, ensuring that projects are well structured and transactions reach financial close.

THE STRATEGY

Through our hybrid structure of a multilateral institution with substantial private sector participation, AFC acts as both a leading financier and adviser to its clients. It offers project, trade finance and structured debt, greenfield equity, and buy-out capital as well as fixed income products. We complements these product offerings with advisory capabilities in areas such as: project development, project management, capital raisings and restructurings.

THE MISSION

AFC’s core mission is to address Africa’s infrastructure development needs while seeking a competitive return on capital for our shareholders.

Currently, lack of access to reliable power, poor transport networks and weak telecommunications infrastructure is limiting economic growth and restraining sector development across the continent, preventing millions of Africans from fulfilling their true potential. By providing project development expertise and risk capital, AFC is helping to fill Africa’s critical infrastructure void and ensuring that the positive economic growth momentum the region is currently experiencing is maintained and accelerated.

THE IMPACT

Since its inception, AFC has committed US$3.0 bn to funding large-scale infrastructure projects. US$2.6bn of this capital has been disbursed so far.

AFC is committed to investing in projects that will provide substantial, measurable benefit to a region or sector in the long term and will be templates for future infrastructure investment and development. However the corporation also considers the short term social and economic impact. Where possible, the projects utilize local resources and suppliers and jobs are created during both construction and operational phases.
### OUR EVOLUTION

#### 2006 - 08

**CONCEPT & START-UP**
- Technical committee set-up to produce AFC concept paper
- AFC set-up as CBN lead PPP with banks
- FGN institutes panel of inquiry into CBN investment in AFC
- Board appoints new Chief Executive to replace pioneer CEO
- Subsidiary committees of Board established
- First equity investment approved: Main One Cable
- Net Income: US$4.4mm

#### 2009

**ENQUIRY**
- Gambia, Liberia, Sierra Leone and Guinea join AFC
- First debt investment: Kosmos Ghana
- Nigeria positively concludes inquiry
- Inaugural IFRS based financial statements approved by AGM
- Bayo Ogunlesi joins Board as new Chairman
- Deal of the Year Award with HSBC and Afrexim
- Net Income: US$28.7mm

#### 2010

**TURNAROUND**
- Ratification instruments for Establishment and Headquarters Agreements signed
- AFC appointed Technical Adviser to CBN on power and aviation fund
- Net Income: US$10.9mm
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<thead>
<tr>
<th>Year</th>
<th>CONSOLIDATION</th>
<th>GROWTH</th>
<th>FURTHER GROWTH &amp; CONSOLIDATION</th>
<th>EXPANSION</th>
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<td>2011</td>
<td>US$775mm in approved investment transactions</td>
<td>Investment portfolio of:</td>
<td>Revised 5-year plan to become a US$5bn operation by 2016</td>
<td>AFC total investments now stand at US$3.2 billion across 22 African countries</td>
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<td>Ghana joins AFC and pledges US$50mm investment</td>
<td>US$974mm committed,</td>
<td>Cumulative investment in excess of US$1.2bn</td>
<td>Inaugural US$750 million 4.375% 5-year international bond issued. Bond is over six times oversubscribed</td>
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<td></td>
<td>Broad pan-african business footprint: Ghana, CIV, Zambia, Ethiopia, South</td>
<td>US$799mm disbursed,</td>
<td>Total assets of US$1.9bn</td>
<td>Accreditation as a partnering institution to the Green Climate Fund</td>
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<td>Africa, Cape Verde, Kenya</td>
<td>80% debt &amp; 20% equity,</td>
<td>Over subscribed debut international syndication of US$250m</td>
<td>Gabon, Côte d’Ivoire, Rwanda, Uganda and Kenya join AFC</td>
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<td></td>
<td>Net Income: US$34.7mm</td>
<td>Cumulative investments:</td>
<td>European DA lines of credit of US$125m</td>
<td>Cooperation agreements signed with Islamic Development Bank and East African Development Bank</td>
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<td>Dividends: US$15.0mm</td>
<td>US$1.87bn approved,</td>
<td>First investment in Chad, Cameroon, DRC &amp; Gabon</td>
<td>A3 credit rating reaffirmed by Moody’s</td>
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<td>US$1.37bn committed,</td>
<td>Cape Verde becomes a member</td>
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<td>US$1.06bn disbursed,</td>
<td>Debut international credit rating of A3 by Moody’s</td>
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<td></td>
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<td>(53% in Nigeria, 15% in W.A, 17% in E.A, 5% in SA &amp; 10% in others)</td>
<td>Net income of US$93m</td>
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<td>140 projects reviewed in</td>
<td>Third successive year of dividend payment</td>
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<td>24 countries across all 6 sectors, valued at over US$3.5bn</td>
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<td>US$200m line of credit from AdDB</td>
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<td>Membership: Chad joins Gambia ratifies</td>
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<td>Parliamentary approval for Cenpower</td>
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<td></td>
<td>Net Income: US$56.3mm</td>
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OUR GEOGRAPHICAL FOOTPRINT

AFC IS AN INTERNATIONAL ORGANIZATION WHICH IS HEADQUARTERED IN NIGERIA BUT WHICH IS INVOLVED IN FUNDING AND DEVELOPING LARGE-SCALE INFRASTRUCTURE PROJECTS ALL OVER THE CONTINENT.

The corporation has disbursed US$2.6 billion of funds in projects across 22 African countries and has 14 current members: Nigeria, Ghana, Guinea Bissau, Sierra Leone, The Gambia, Liberia, Guinea Conakry, Chad, Cape Verde, Gabon, Côte d’Ivoire, Kenya, Rwanda and Uganda. AFC has preferred creditor status in these countries and receives preferential access to foreign currency, has tax exempt status and is immune from the confiscation of its assets. This in turn reduces investment risk for the corporation and enables AFC to provide more competitive financing solutions.

The majority of African countries has an abundance of natural resources yet do not have necessary supporting infrastructure to maintain sustainable growth. AFC aims to address that imbalance and improve transport and communication networks, as well as ensure access to reliable power.

AFC funds and develops projects all over the continent, however some of our largest and most impactful projects are based in within our members’ borders. Our largest renewable energy project, the Cabeolica Wind Farm, is based in Cape Verde and provides the island with more than 20% of its total power needs. This venture was the first public private partnership wind farm in Sub-Saharan Africa and illustrates the success of combining the funds and expertise of both governments and the private sector, a key advantage of members.
AN INTRODUCTION TO AFRICA FINANCE CORPORATION
AFC PRIORITISES THOSE SECTORS WHICH SIMULTANEOUSLY OFFER A SIGNIFICANT DEVELOPMENT IMPACT AND A HIGH PROFIT POTENTIAL, SO AS TO ACHIEVE THE BEST RETURN ON INVESTMENT FOR SHAREHOLDERS.

THE CORPORATION PRINCIPALLY FUNDS AND DEVELOPS PROJECTS IN THE POWER, TRANSPORTATION AND LOGISTICS, HEAVY INDUSTRIES, NATURAL RESOURCES AND TELECOMMUNICATIONS SECTORS.
AN INTRODUCTION TO AFRICA FINANCE CORPORATION
MORE THAN 620 MILLION OF THE AFRICAN POPULATION CURRENTLY LACK ACCESS TO ELECTRICITY, AN ISSUE THAT IS SEVERELY LIMITING THE CONTINENT’S ECONOMIC DEVELOPMENT.

THE CHALLENGE
Power generation and distribution infrastructure across Africa is often inadequate, unreliable and costly, and this has constrained wider economic growth and development across the continent. As it stands:

The combined power generation capacity of the 48 countries of Sub-Saharan Africa (SSA) is roughly that of Spain

On current trends fewer than four out of every ten African countries will achieve universal access to electricity by 2050

Owing to outdated facilities and plants and a lack of maintenance, power supply in Sub-Saharan Africa is notoriously unreliable and power outages are frequent. This is of particular concern given emergency power is expensive and represents a considerable proportion of GDP in some countries.

A SOLUTION
Solving Africa’s energy crisis is critical to unlocking the full potential of the continent’s natural, economic and human resources. Harnessing renewable energy has made inroads, as has the U.S. presidential Power Africa initiative. This scheme intends to add more than 10,000 megawatts (MW) of new, cleaner electricity to the grid and increase access to electricity for at least 20 million households. So far Power Africa has leveraged more than $20 billion from the private sector for new on and off-grid projects in Sub-Saharan Africa. With our total investments of $269 million and mobilized third party investments of $1.2 billion, we were the first of the initiative’s private sector partners to hit our targets.

THE ROLE OF AFC
AFC has sought to address the wider infrastructure divide by originating, structuring and executing projects in the African power sector. Lack of project structuring expertise and available risk capital has hugely restricted the success of large-scale infrastructure projects in Africa in the past and AFC seeks to address this problem by bringing to bear its project development expertise, financial advisory skills and investment, often in the form of equity. In the past six years, AFC has financed five power projects comprised of generation and distribution assets. These generation assets have a combined output of circa 800MW and the projects utilise both renewable and non-renewable sources of energy.
AFC’s power projects include:

- Cenpower Kpone IPP in Ghana
- Cabeolica Wind Farm in Cape Verde
- 450MW IPP in Benin
- 450MW IPP in Ghana
- 300MW IPP in Mozambique
- Technical Adviser to the Central Bank of Nigeria on its US$2 billion Power and Aviation Intervention Fund (PAIF)
SECTOR FOCUS
TRANSPORT AND LOGISTICS

IMPROVING THE TRANSPORT INFRASTRUCTURE AND CONNECTIVITY OF THE WORLD’S FASTEST GROWING CONTINENT COULD REAP GREAT REWARDS AND THIS SECTOR IS IN NEED OF INVESTMENT.

THE CHALLENGE
The diversity within the 54 nation states of Africa is mirrored within the continent’s transport sector. There is huge variation in the quality and maturity of existing transport networks and in infrastructure investment, translating into low connectivity between the countries and creating problems for supply chains.

It is also worth considering:

- In many nations the cost of infrastructure improvements required dwarfs current GDP
- Inadequate transport can stall growth in economies by failing to keep pace with resource potential
- Africa’s terrain is extremely varied, from desert to savannah and rainforest: it becomes more challenging under these conditions to build road and rail networks, bridges and tunnels
- It is often unclear who will pay for and run the new infrastructure required across the continent: private companies are starting to make major investments but the investment gap remains high and lots more needs to be done

THE OPPORTUNITY
Over 70% of the world’s biggest consumer goods companies are already operating in Africa, and a number of large multinationals are investing in the region, providing a key opportunity for the transport and logistics sector.

THE ROLE OF AFC
Recognising the pivotal importance of developing better quality infrastructure in this sector, AFC has invested in a number of projects that are designed to improve transport and logistics links throughout Africa.
AFC’s transport and logistics projects include:

- Henri Konan Bedie Bridge in Côte d’Ivoire
- Ethiopian Airlines Expansion
- Bakwena Toll Road in South Africa
- Ghana Airports Company

THE CHALLENGE
The telecommunications sector is crucial for economic growth and development and is often viewed as a supporting factor in developing the transport and logistics sectors.

THE OPPORTUNITY
Improved economic conditions and rapid combined GDP growth over the last five years have seen Africa experiencing fast growth in this sector, which has transformed fundamental aspects of social and business life. Mobile phone usage is growing faster in Africa than in any other region and at a phenomenal rate; whereas only 6% of African citizens owned a mobile phone in 2004, now there are more than 82 million mobile users on the continent, a rise in part due to the escalating popularity of social media sites and mobile banking. On current trends Sub-Saharan Africa’s telecommunication market is set to top $65 billion by 2018.

The mobile phone industry plays an important role in Africa’s telecommunications sector. A lack of landline-based infrastructure has led to mobile devices becoming the most popular way to communicate or access the internet.

Investment in the sector is increasing and Sub-Saharan Africa’s telecommunication market is set to top $65 billion by 2018.

THE ROLE OF AFC
AFC’s most significant investment in the telecommunications sector has been the Main One Cable System, an undersea fibre optic cable system that links countries on the west coast of Africa to Europe and other parts of the world. This system, which was completed on time and on budget in 2010, delivers on an open access model with a bandwidth that is approximately 20 times the available satellite capacity across Sub-Saharan Africa.
AFC’s telecommunications projects include:

Main One Cable System
SUB SAHARAN AFRICA’S GROWING POPULATION, ALREADY EXCEEDING ONE BILLION AND GROWING AT 2.2% EACH YEAR, HAS PROMPTED A SPURT OF URBAN GROWTH ACROSS THE REGION.

THE CHALLENGE
Despite Africa’s wealth of natural and mineral resources, the continent has yet to see sustainable growth in the heavy industries sector. Raw materials are normally exported with little or no value added and manufacturing contributes relatively little to Sub-Saharan Africa’s GDP – according to the World Bank, only 13% in 2012. Several challenges limiting the development of the industry include:

- Poor quality supporting infrastructure – inadequate power supply and weak transport networks
- Low availability of industrial project sponsors and limited project management capacity for large-scale projects
- Financing requirements – large capital investment is normally needed to fund heavy industry projects

THE OPPORTUNITY
Africa’s large population provides companies looking to invest in the sector with an ever-expanding consumer base and a large labour force. The region’s human capital, combined with the abundance of natural resources, is making SSA an attractive investment option for both local and international heavy industry and manufacturing firms.

THE ROLE OF AFC
So far, AFC has financed major projects relating to cement, ammonia/urea and phosphates. These projects are located in East Africa, South Africa, Nigeria and the DRC. Over the next few years the corporation plans to focus on industrial project development and mobilising financing in partnership with other institutions. The current project pipeline includes pulp and paper manufacturing, potash, glass manufacturing, small-scale steel plants and refinery operations, as well as continued investment in ammonia/urea production.
AFC’s heavy industries projects include:

ARM Cement (formerly Athi River Mining Ltd)
THE CHALLENGE
As is the case all over the world, a rich supply of natural resources unfortunately signals a degree of economic inequality within that region or country. There is also a high risk of corruption amongst large-scale commercial players and of exploitation of the local population, who often benefit little from the resources themselves.

Few African countries process their own raw materials. The real value is therefore added elsewhere, causing much of the profits from natural resources to leave the continent entirely in the hands of foreign-owned companies which pay low rates of tax.

THE OPPORTUNITY
In addition to significant mineral deposits the region has the largest arable land mass in the world, as well as vast timber resources. The continent is gradually seeking to make the most of this abundance by not just exporting raw materials but by building up industries such as downstream processing and manufacturing. This development of course requires adequate supporting infrastructure.

THE ROLE OF AFC
AFC acts as an adviser and financier to a number of leading sponsors seeking to undertake important transactions in the mining and oil and gas industries and associated infrastructure.

There is, for example, high demand for a wide variety of specialized rigs and vessels for both swamp and offshore areas of operations in the midstream sector of the oil and gas industry. In addition, a lack of essential pipeline infrastructure is slowing transportation from field to market. With its wealth of experience in sector development, AFC is strategically positioned to actively participate and lead indigenous companies in this critical space.

AFRICA HAS 12% OF THE WORLD’S OIL RESERVES, 40% OF ITS GOLD, AND BETWEEN 80% AND 90% OF ALL ITS CHROMIUM AND PLATINUM.
AFC’s key natural resources projects include:

- Seven Energy
- Megadrill Services Limited
- Société Nationale des Pétroles du Congo
- Bonny Gas Transport Shalina Resources Ltd
- Glencore/Société des Hydrocarbures du Tchad
OUR CORE STRUCTURE

AFC IS PRIVATE SECTOR MAJORITY OWNED AND MANAGED

AFC shareholders include: the Central Bank of Nigeria, various African financial institutions, and other industrial/corporate organisations.

As a single institution, the Central Bank of Nigeria provided the anchor capital for the corporation’s start-up in 2007 and has helped solidify partnerships with AFC’s host government. It holds considerable shareholding in trust for other African investors.

African industrials and corporations integrate local corporate experience and strengthen support from leading local sponsors.
**The Central Bank of Nigeria’s shareholding may be lessened in favour of African sovereign investors**

**SHAREHOLDER ROLES**

- **The role of African Financial Institutions:**
  - Promotes synergy between African banks
  - Strengthens local support and partnership
  - Ensures proximity to projects/transaction flows

- **The role of the Central Bank of Nigeria**: Anchor capital for start-up
  - Solidifies partnership with host government

- **The role of African Industrials and Corporations:**
  - Integrates local corporate experience
  - Strengthens support from leading local sponsors
  - Facilitates connections with Asian project partners

*The Central Bank of Nigeria’s shareholding may be lessened in favour of African sovereign investors*
To execute its mandate, AFC has established partnerships regionally, with other institutions such as the African Development Bank, African Export-Import Bank, PTA Bank, Islamic Development Bank, Banque Ouest Africaine de Development, the Nigerian Sovereign Investment Authority and internationally with the China Africa Fund, the Infrastructure Development Finance Company of India, the Dutch development bank FMO and the US Government through USAID and the US Presidential “Power Africa Initiative”. Government through USAID and the US Presidential “Power Africa Initiative”.

**Co-investing in projects**
- International Finance Corporation, World Bank Group
- China-Africa Development Fund
- The Blackstone Group
- African Export-Import Bank
- Emerging Capital Partners
- Macquarie Group
- Netherlands Development Finance Company
- Sumito Corporation
- Barclays Africa Group Ltd
- Cordiant

**Project Sponsors**
- Global Telecom Holding S.A.E
- China Harbour Engineering Company
- Cenpower
- Cosmos Energy
- Ghana National Petroleum Corporation
- Main One Cable Company
- Finnfund
- InfraCo
- Ethiopian Airlines
- Bouygues Group
- State Grid Corporation of China

**Deal Origination**
- Pan African Infrastructure Development Fund
- German Investment Corporation
- International Finance Corporation, World Bank Group
- African Development Bank Group

**Project Development**
- Netherlands Development Finance Company
- German Investment Corporation
- Proparco-French Development Agency
- InfraCo Ltd
- Roughton International Lonrho

**Lenders / Partner Banks to AFC**
- Standard Chartered
- HSBC
- African Development Bank Group
- Standard Bank Group
- JP Morgan
- BNP Paribas
- Citigroup
- Rand Merchant Bank
As at 31 December 2014, the board comprised 14 directors, made up of 10 non-executive directors and 4 executive directors.

- **Central Bank of Nigeria**
  - Dr. Sarah Alade
  - Mr. Tunde Lemo
  - Mr. Lamido Yuguda

- **United Bank of Africa**
  - Mr. Tony Elumelu

- **First Bank Nigeria**
  - Mr. Bisi Onasanya

- **Access Bank**
  - Mr. Aigbojie Aig-Imoukhuede

- **Zenith Bank**
  - Mr. Ebenezer Onyeagwu

- **Wempco Group**
  - Mr. Lewis Tung
  - Mr. Robert Tung

- **Ecobank**
  - Mr. Jibril Aku

- **Major Shareholder & Board of Directors**
  - 42.5%
  - 10.2%
  - 10.7%
  - 9.2%
  - 4.6%
  - 4.6%
  - 4.6%
  - 4.6%
  - 9.2%
  - 4.4%
OUR CORE STRUCTURE

MANAGEMENT
AFC is managed by a team of professionals with decades of experience in African banking, infrastructure financing and development.

ANDREW ALLI
Andrew Alli is Chief Executive Officer and responsible for the overall strategy and operations of the Corporation. Under his leadership the corporation’s executive management has undertaken over US$1.2 billion in investments across Africa to finance high impact projects.

Prior to joining AFC Andrew co-founded Travant Capital, a West Africa focused private equity fund, and before that served as Country Head for Southern Africa at the International Finance Corporation (IFC), the private sector financing arm of the World Bank. At IFC Andrew worked first in the oil, gas and mining department and then later in the telecommunications department, affording him excellent insight into both sectors, which he has carried through to his work with AFC.

DR ADESEGUN AKIN-OLUGBADE
Dr Adesegun Akin-Olugbade, is Executive Director (Chief Operating Officer) and General Counsel of the Corporation, with oversight responsibility for corporate governance, legal, administration, corporate communications and country membership functions.

He led the legal team in the creation of assets worth over US$2.4 billion in debts and equity investments across various sectors on the African continent and raised more than US$1 billion from development finance institutions, commercial banks and other financing partners. He has over 30 years’ experience in the legal profession and financial services, in both the public and private sector.
OLIVER ANDREWS

Oliver Andrews was appointed AFC’s Executive Director and Chief Investment Officer in September 2014. Until his appointment, he was the Corporation’s Director and Chief Coverage Officer, responsible for the origination and coverage division, and prior to that was the CEO of Africa Infrastructure. In his current capacity, Oliver is responsible for creating the corporation’s deal pipeline, leading end-to-end deal execution and managing the Corporation’s investment portfolio. As an entrepreneurial engineer and transport economist with extensive background in engineering transport and project finance, Oliver has over 30 years’ experience in the various infrastructure sectors and 20 years as an infrastructure project developer financier and strategic adviser. Formerly CEO of TCI Infrastructure Limited (TCII) and the Gambia Ports Authority, he has successfully directed numerous infrastructure deals in Africa leading project development teams providing strategic, policy, program and commercial advice on infrastructure development issues to development financial institutions, international corporations, and Governments both in Africa and Europe.

SANJEEV GUPTA

Sanjeev was recently appointed Executive Director, Financial Services. He is responsible for Treasury, Syndication and Advisory lines of business for AFC. Sanjeev has over 25 years’ experience in Investment Management, Private Equity and Corporate Advisory Services and his forte has been to blend together divergent corporates, investors and governments to develop sustainable business and development models. Prior to joining AFC, he was the Managing Partner in charge of Emerging Markets M&A at Ernst Young Transaction Advisory Services.

Sanjeev was also the Chief Executive Officer of Sanlam Investment Management, responsible for Emerging Markets as well as Founder and Managing Partner of Emerging Opportunity Consulting. He has a bachelor’s degree from the University of Calcutta, India and is also an alumnus of the Said Business School, University of Oxford, England. He is a fellow of the institute of chartered accountants of India (FCA), and a member of the Institute of Investment Analysts of South Africa.
HOW AFC IS FUNDED

Shareholding base private sector majority owned (57%)

Shareholder funds of US$1.37 billion including paid-in capital of US$1.1 billion

2014 balance sheet US$2.4 billion, up 27% from US$1.9 billion in 2013

2014 total comprehensive income US$114 million, up 31% from US$87.3 million in 2013

AFC’s external borrowings total more than US$1 billion.
AFC has completed several bilateral borrowings from development finance institutions and international commercial banks, including:

- US$200 million funding facility from the African Development Bank
- US$60 million facility from the German Development Finance Institution (DEG) and the Netherlands Development Finance Company (FMO)
- EUR€50 million facility from provided jointly by the Society for the Promotion and Participation for Economic Cooperation (PROPARCO) and European Financing Partners S.A (EFP) led by the European Investment Bank (EIB)
- US$50 million from the Islamic Development Bank (IDB) for financing projects that are structured in compliance with Islamic finance

In 2015 AFC concluded its debut US$750 million 4.375% 5-year international bond. The final order book was more than six times oversubscribed at over US$4.7 billion from a total of 315 investors.

INVESTMENT GRADE

In 2014 AFC received its first international credit rating from Moody’s Investors Service, with an A3 (long term)/P2 (short term) foreign currency debt rating. AFC is the third highest investment grade rated multilateral financial institution on the African continent. This credit rating was reaffirmed in April 2015.
What is the rationale behind having both public and private shareholders?

The public sector shareholding gives AFC important access to government, which is critical in Africa for sustainable investments in infrastructure. However, capital and expertise from the private sector is becoming increasingly crucial to funding and developing the necessary large-scale projects.

AFC is private sector majority owned and led. Shareholders include the Central Bank of Nigeria, various African financial institutions and other industrial and corporate shareholders. The Chairman of our Board of Directors, Dr. Sarah Alade, is currently Deputy Governor of Economic Policy at the Central Bank of Nigeria and brings with her a wealth of experience in relevant areas. In addition, the anchor capital for the start-up of the corporation came from the Central Bank of Nigeria, whose current shareholding of just over 42 percent will drop over time as other African shareholders come on board. African financial institutions currently make up 48 percent of our shareholders, with African industrials and corporations holding close to 10 percent. Each of these groups contributes significantly to the makeup and operations of the institution.

The public sector shareholding gives AFC important access to government, which is critical in Africa for sustainable investments in infrastructure. Having African financial institutions so actively involved promotes synergy between African banks, broadens our reach and strengthens local support and partnership. The African industrials and corporations on our board help integrate local corporate experience, and strengthen support from leading local sponsors.

What was Moody’s rationale for awarding AFC an A3 (long term) / P2 (short term) foreign currency debt rating?

Moody’s rationale for its investment grade rating was based on a sound capital adequacy position, high asset quality and strong prudential framework that supports a high degree of liquidity, supported by an excellent profit margin and profit retention. Additionally, the Corporation’s strong liquidity framework and position, which is in excess of the requirements of Basel III Capital Accord on liquidity risk management, will mitigate against external economic shocks, and help support planned growth. The outlook on the rating is stable.

What impact does the Moody’s rating have on AFC’s business?

Attaining an investment grade international credit rating only six years after inception was a tremendous achievement and a major milestone in the Corporation’s history. This rating, together with AFC’s strong capital position and the quality of its portfolio, is enabling AFC to grow its balance sheet, broaden its asset base and expand its geographical footprint. It is a further endorsement of the Corporation’s rigorous investment process, innovative approach to infrastructure investment on the continent, world-class corporate governance and solid shareholder support. The Corporation is now well positioned to assist in further driving economic growth and industrial development in Africa.
What are AFC's strategic priorities by geography?

AFC is currently strategically focused on sub-Saharan Africa, even though by Charter, the corporation is empowered to invest everywhere in Africa (and has indeed made selective investment participations in North Africa). AFC is currently looking at projects in more than 22 sub-Saharan African countries, including the largest economies in West, East, Central and Southern Africa. With its partners, the corporation is working on live transactions and putative projects in Ghana, Côte d’Ivoire, Guinea, Senegal, Cameroon, Congo, Angola, Namibia, Zambia, Malawi, Mozambique, Tanzania, Kenya, Ethiopia and South Africa to mention a few. Nigeria of course will remain a major focus for AFC given its long-term growth prospects, and the organisation is fully committed to replicating our successes from Nigeria elsewhere in Africa, and vice-versa.

What are AFC's strategic priorities by project type?

Regarding projects, the focus is on private sector-led investments by credible local and international sponsors in target sectors. AFC selectively works with government-owned enterprises and agencies, so long as such projects are structured on a bankable, private sector basis. The projects may be greenfield developments, brownfield expansions, early stage capital, acquisitions, refinancing or working capital. AFC is therefore able to finance across the entire capital structure of a company or project.

How many new projects does AFC intend to invest in over the medium term?

AFC aims to deploy US$1.0 billion of its own balance sheet annually, as it did last year, for the next two years, and mobilize a similar amount from third-party financing partners and project sponsors. In aggregate, the corporation anticipates that this will result in up to 60 new investments across debt, equity and project development over the three year period.

What are the major risks to AFC’s business?

AFC faces risks similar to all infrastructure financiers globally, including sovereign and project specific risks. These risks are across a broad spectrum of areas but range from issues relating to sponsor quality, product off-take, commodity prices, feedstock supply, operations and maintenance, construction completion, reputational, environmental, health, safety, and regulatory stability.

How are these risks mitigated?

In all its projects, AFC employs a robust risk management framework that aims to identify, quantify and mitigate or manage all risks associated to each project. The organisation operates based on international standards of private equity and project finance, and all members of our teams from origination through execution and transaction monitoring are highly trained and equally focused on managing risks in transactions that we work on.
**What is AFC’s CSR and Environmental Sustainability strategy?**

AFC is currently in the process of developing a full CSR strategy. In the meantime, the corporation has an approved Environmental and Social Risk Management Policy to ensure that it carries out its lending, investment and advisory services to its clients and counterparties in a manner that is environmentally sound and ensures sustainable development.

Environmental sustainability is crucial in AFC’s investment selection criteria. It saves money over the investment’s lifespan and increases the probability of the project succeeding. For instance, taking water conservation into consideration in the design of a solar energy farm is not only environmentally positive but also results in substantial savings during the operational life of the plant.

In addition, ensuring that an infrastructure development has no adverse effect on a sensitive ecosystem and that it protects the animals and their habitats means that there is the potential for a tourism industry to thrive, bringing economic prosperity to a region.

In the event that impact on the environment is unavoidable, or the successful conclusion of projects will affect local communities through displacement or other significant impact, the AFC will ensure that such impact is reduced, mitigated or that appropriate compensation is provided. In particular AFC is committed to ensuring that the cost of economic development does not fall disproportionately on those least able to bear it, that the environment is not degraded in the process and that natural resources are managed efficiently and in a sustainable manner. AFC believes that regular engagement with local communities about matters that directly affect them plays an important role in avoiding or reducing harm to people and the environment.

Therefore the AFC is committed to ensuring that the investments it makes are:

- Socially and environmentally sustainable
- Respectful of the right of affected communities
- Structured and operating in compliance with the relevant regulatory requirements and with the best international practice

The AFC recognises that the inability or unwillingness to identify and manage environmental and social risks represents a serious threat to AFC’s reputation and its business. Thus, adherence to its policy represents a fundamental objective for the AFC in order to minimize reputation risk and the risk of damage to the business. Adherence also provides significant benefits to AFC, its clients and all stakeholders.
What is the overall economic impact of AFC’s activities?

According to a recent report by PricewaterhouseCoopers, infrastructure spending in Africa is projected to grow from US$70 billion in 2014 to US$180 billion per annum by 2025. AFC’s funding and project development expertise have clearly never been more important or needed.

As an African-led international institution, the corporation combines the best of both worlds, adopting a pioneering approach to the funding and development of their projects. The projects detailed above have proved to have a lasting effect on the local economy but more than that, they also have the potential to act as a template for further developments in the sector; AFC intends to remain at the forefront of the sector going forward.
## AWARDS

**African Banker:** Deal of the year 2009 – Main One

**Infrastructure Journal:** Trade Finance Award 2009 – Arik Air

**Africa Energy:** Renewable Energy Award 2011 – Cabeolica

**Africa Investor:** Leadership in Sustainable Investment in Africa 2011 – Cabeolica

**Africa Investor Infrastructure Investment Award:** PPP Investor of the year 2012 – Africa Finance Corporation

**Euromoney Project Finance Deals of the Year 2012:** African Transport Deal of the year 2012 – Henri Konan Bedie Bridge, Côte d’Ivoire

**EMEA Finance Project Finance Awards 2012:** Best infrastructure deal in EMEA – Henri Konan Bedie Bridge, Côte d’Ivoire

**International Finance Corporation (IFC):** Emerging Partnerships top ten Public Private Partnerships (PPPs) in Sub-Saharan Africa 2012: Cabeolica, Cape Verde, Henri Konan Bedie Bridge, Côte d’Ivoire

**Private Equity Africa:** Development Impact Award 2012 – Main One

**African Banker:** African Banker of the Year 2012 – Shortlist – Andrew Alli President & CEO Africa Finance Corporation

### African Banker Icon Award 2014: AFC/Andrew Alli, President and Chief Executive Officer, Africa Finance Corporation (AFC), with the Icon Award, 2014

(The ‘Icon’ category is awarded to an individual or institution for their outstanding contribution in the field of business, banking and finance. They are chosen by the African Banker awards selection committee, who noted excellence in AFC’s area of expertise – Infrastructure financing, its role in helping to change the perception of Africa, and, its contribution to the establishment of best global practice in the continent. This is a significant milestone achievement for AFC under the leadership of Andrew Alli and his management team.)

**Finance Monthly:** Deal Maker of the Year Awards 2014 – Glencore transaction; Financing the purchase of crude oil from the Republic of Chad’s Société des Hydrocarbures du Tchad

**The Banker:** Deals of the Year 2014 – Highly Commended – African Infrastructure and Project Finance

**EMEA Finance Project Finance Awards 2014:** Best Power Deal of the Year – Cenpower Kpone IPP

**PFI Awards 2014:** African Power Deal of the Year – Cenpower Kpone IPP

**EMEA Finance Achievement Awards 2014:** Best Syndicated Loan

**Global Trade Review Best Deals of 2014:** Deal of the Year. Port Autonome d’Abidjan, Côte d’Ivoire, the EUR€250 million syndicated bridge loan facility arranged by African Export Import Bank (Afreximbank), in which AFC provided a EUR€50 million facility to Port Autonome d’Abidjan, Côte d’Ivoire

**Africa Investor:** Energy Project Developer of the Year, 2015 Cenpower

**Africa Investor:** Co-Developer of the Year, 2015 – Africa Finance Corporation

**Africa Investor Infrastructure Investment Awards 2015:** Power Deal of the Year – Cenpower Kpone IPP
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