



African Development Bank

U.S.\$500,000,000
7³/₈ per cent. Bonds due 2023

Interest on the 7³/₈ per cent. Bonds due 2023 (the "Bonds") of the African Development Bank (the "Bank") will be payable annually in arrear on 6th April in each year, the first payment being due on 6th April, 1994. The Bonds will be in bearer form in denominations of U.S.\$1,000, U.S.\$10,000 and U.S.\$100,000.

The Bonds will be redeemed at their principal amount on 6th April, 2023 and may not be redeemed prior to that date.

The issue price of the Bonds is 98.56 per cent. of their principal amount.

Application has been made to list the Bonds on the Luxembourg Stock Exchange.

The Bonds will be represented initially by a temporary Global Bond without interest coupons, to be deposited on 6th April, 1993 (the "Closing Date") with a common depository for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System, and Cedel S.A. The temporary Global Bond will be exchangeable for definitive Bonds in bearer form on or after a date which is expected to be 17th May, 1993 upon certification as to non-U.S. beneficial ownership.

| | |
|--|--|
| Goldman Sachs International Limited | Lehman Brothers International |
| Salomon Brothers International Limited | Credit Suisse First Boston Limited |
| Daiwa Europe Limited | Deutsche Bank AG London |
| Kidder, Peabody International Limited | Merrill Lynch International Limited |
| J.P. Morgan Securities Ltd. | Morgan Stanley International |
| Nomura International | S.G. Warburg Securities |
| Swiss Bank Corporation | UBS Limited |

The Bank represents that it has taken all reasonable care to ensure that the information concerning the Bank contained in this Offering Circular is true and accurate in all material respects on the date of this Offering Circular and as of the date hereof that there are no other material facts in relation to the Bank the omission of which would make misleading any statement herein, whether of fact or of opinion.

No person is authorised to give any information or to make any representation not contained in this Offering Circular in connection with the offering of the Bonds. If any such information or representation is nevertheless given or made by any broker, seller or other person, it must not be relied upon as having been authorised by the Bank or by any of the Managers (as defined in "Subscription and Sale" below).

The issue of this Offering Circular and the issue, subscription, offering and sale of the Bonds are not a waiver by the Bank or by any of its members, Governors, Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Agreement Establishing the African Development Bank (as amended) (the "Agreement"), or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved. The Bank is, however, amenable to suit in respect of its obligations under the Bonds in accordance with the terms and conditions of the Bonds. The Bonds are not an obligation of any government.

The Bonds may not be offered, sold or delivered, nor may this Offering Circular or any other offering material be distributed, in any country or jurisdiction except in circumstances that will result in compliance with all applicable laws and regulations. No action has been or will be taken by the Bank or the Managers that would permit a public offering of the Bonds or the circulation or distribution of this Offering Circular, in proof or final form, or any offering material in relation to the Bank or the Bonds in any country or jurisdiction where action for that purpose is required.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 and are Bonds in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Bank or any of the Managers to subscribe for or purchase, any of the Bonds.

In this Offering Circular, references to "U.S.\$" and "U.S. dollars" are to United States dollars.

References in this Offering Circular to "UA" are to the Unit of Account which is used by the Bank as the measure of its loans and the capital subscription of its members and for accounting, statistical and financial reporting purposes. Except as otherwise specified, all amounts in this Offering Circular are expressed in Unit of Account. Since 1978 the Unit of Account has been treated as equivalent in value to one Special Drawing Right of the International Monetary Fund. The value (for illustrative purposes) of the Unit of Account in terms of U.S. dollars on 31st December, 1992 was 1 UA = U.S.\$1.375.

IN CONNECTION WITH THIS ISSUE, GOLDMAN SACHS INTERNATIONAL LIMITED MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

DOCUMENTS INCORPORATED BY REFERENCE

The Bank incorporates herein by this reference its Information Statement dated 20th November, 1992 (the "Information Statement") which shall be deemed to be a part of this Offering Circular.

Any statements contained in the Information Statement and incorporated by reference herein shall be deemed to be disclosed herein and to be modified or superseded for the purposes of this Offering Circular to the extent that the statements contained herein modify or supersede such statements. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Bank will provide, without charge, upon written request by any person to whom this document is delivered, a copy of the Information Statement. Such written request shall be directed to: Banque Paribas Luxembourg S.A., 10A Boulevard Royal, L-2093 Luxembourg.

TABLE OF CONTENTS

| | <i>Page</i> |
|---|-------------|
| Terms and Conditions of the Bonds | 4 |
| Use of Proceeds | 7 |
| Summary Information about the Bank | 8 |
| Recent Developments. | 10 |
| Capitalisation. | 11 |
| Balance Sheet | 12 |
| Statement of Income and Expenditure | 14 |
| Subscription and Sale. | 15 |
| Sales Restrictions. | 15 |
| Taxation | 15 |
| General Information. | 16 |

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (subject to amendment) will be reproduced on each definitive Bond:

1. General

The U.S.\$500,000,000 7 $\frac{3}{8}$ % per cent. Bonds due 2023 (the "Bonds") are issued with the benefit of a Fiscal and Paying Agency Agreement dated 6th April, 1993 (the "Fiscal and Paying Agency Agreement") between the African Development Bank (the "Bank") and Morgan Guaranty Trust Company of New York, London office, as fiscal agent (the "Fiscal Agent") and the Paying Agents therein mentioned. The Bonds are in bearer form in the denominations of U.S.\$1,000, U.S.\$10,000 and U.S.\$100,000 each having on issue interest coupons (the "Coupons") attached. Title to the Bonds and Coupons will pass by delivery and, except as ordered by a court of competent jurisdiction or as required by law, the Bank and the Paying Agents shall be entitled to treat the bearer of any Bonds or Coupons as the absolute owner thereof and shall not be required to obtain any proof thereof or as to the identity of the bearer. The Bonds are serially numbered. Each Bond will bear the facsimile signature of the President of the Bank with the seal of the Bank printed, lithographed, embossed or engraved thereon attested with the facsimile signature of the Secretary General of the Bank. Each Coupon will bear the facsimile signature of the President of the Bank. The holders of the Bonds (the "Bondholders") and the holders of the Coupons (the "Couponholders") are entitled to the benefit of, and are bound by and are deemed to have notice of, all the provisions of the Fiscal and Paying Agency Agreement, copies of which are available for inspection at the registered office of the Fiscal Agent and at the specified offices of the Paying Agents listed below.

2. Status, Negative Pledge and Undertaking

The obligations arising from the Bonds are direct, unsecured and general obligations of the Bank. The Bonds and Coupons will rank *pari passu* without any preference one above the other with all other unsecured obligations of the Bank, present and future, except to the extent that any such other obligations are by their terms expressed to be subordinated in right of payment. The Bonds are not the obligations of any government.

As long as any of the Bonds shall remain outstanding and unpaid but only up to the time all amounts of principal and interest due in respect of the Bonds have been paid to the Fiscal Agent, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness of a maturity of more than one year heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or other liens or charges on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Bonds shall be secured by such mortgage, pledge or other lien or charge so as to rank *pari passu* in point of security and rateably with such other bonds, notes or other evidences of indebtedness.

The Bank undertakes that, in the event of a call on the callable capital of the Bank, it will instruct its members to make payments in satisfaction of such call into an account established with the Federal Reserve Bank of New York (or its successor duly designated for the purpose) on the terms that the proceeds of any such call shall be applied in payment of, or provision for full settlement of, outstanding obligations of the Bank incurred by it in the exercise of its powers to borrow and give guarantees (other than such obligations which by their terms are expressed to be subordinated in right of payment) before any other payment shall be made with such proceeds. The Bank shall be entitled, without the consent of the Bondholders, to agree to any amendments to the agreement between the Bank and the Federal Reserve Bank of New York (or its successor duly designated for the purpose) relating to the establishment of the said account provided that such amendments are not inconsistent with the foregoing undertaking.

3. Interest

The Bonds bear interest from 6th April, 1993 at the rate of 7 $\frac{3}{8}$ % per cent. per annum payable annually in arrear on 6th April of each year, commencing in 1994.

When interest is required to be calculated for a period other than a full year, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

Interest payments on the Bonds will be made in accordance with the provisions of Condition 5.

4. Redemption and Purchase

Redemption: Unless previously redeemed pursuant to Condition 7 or purchased and cancelled, the Bank shall redeem the Bonds at their principal amount on 6th April, 2023.

Purchases: The Bank may at any time purchase Bonds and Coupons on any recognised stock exchange or otherwise. Any Bonds or Coupons so purchased shall be promptly delivered to the Fiscal Agent for cancellation.

5. Payments

- (a) Payments of principal and interest will be made against presentation and surrender of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent (subject to paragraph (b) below) by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in each case to any laws or regulations applicable thereto.
- (b) Payments of interest in respect of Bonds may only be made at the specified offices of Paying Agents outside the United States of America, except that they may be made at the specified office of a Paying Agent in New York City if (i) the Bank shall have appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment at such offices of the full amount of the interest on the Bonds in U.S. dollars when due, (ii) payment of the full amount of such interest at all specified offices of the Paying Agents outside the United States of America is illegal or effectively precluded by exchange controls or other similar restrictions, and (iii) the relevant payment is permitted by applicable U.S. law.
- (c) The initial Paying Agents (including the Fiscal Agent) and their specified offices are listed below. The Bank may at any time vary or terminate the appointment of the Fiscal Agent or any Paying Agent and appoint another Fiscal Agent or additional or other Paying Agents, provided that it will at all times maintain a Paying Agent having a specified office in Luxembourg so long as the Bonds are listed on the Luxembourg Stock Exchange. Notice of any such termination or appointment and of any changes in the specified offices of the Fiscal Agent or any Paying Agent will be given in accordance with Condition 9.
- (d) Upon the due date for redemption of any Bond, unmatured Coupons relating to such Bond (whether or not attached) shall become void and no payments shall be made in respect of them. Where any Bond is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Bank may require.
- (e) If any date for the payment of any Bond or Coupon is at any place of payment not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph (f), "business day" means any day on which banks are open for business in the relevant place of payment and (if payment is to be made by transfer to a U.S. dollar account) in New York City. If the due date for redemption of any Bond is not a due date for payment of a Coupon, interest accrued from the preceding due date for payment of a Coupon (or, if such date is prior to the date for payment of the first Coupon, interest accrued from 6th April, 1993) shall only be payable against surrender of the relevant Bond.

6. Prescription

Bonds will become void unless surrendered for payment within a period of ten years and Coupons will become void unless surrendered for payment within a period of five years, in each case from the due date.

7. Repayment in the Event of Default

Any Bondholder may deliver or cause to be delivered to the Bank at its principal office in Abidjan, Côte d'Ivoire, written notice that such holder elects to declare the principal of all Bonds held by him to be due and payable in the event that:

- (a) the Bank fails to pay the principal of or interest on any of the Bonds for a continuous period of 90 days after the same shall have become due and payable; or

- (b) the Bank fails to duly perform its obligations under Condition 2 for a continuous period of 90 days; or
- (c) any other bond, note or loan of a maturity of more than one year issued, assumed or guaranteed by the Bank either (i) is declared due and payable prior to the due date for payment thereof by reason of default by the Bank or (ii) is not repaid at maturity as extended by the period of grace, if any, applicable thereto and such default continues for 90 days,

and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Bonds and the accrued interest thereon shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

8. Replacement of Bonds and Coupons

If any Bond or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Fiscal Agent on payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank may require. Mutilated or defaced Bonds and Coupons must be surrendered before replacements will be issued.

9. Notices

Any notice to Bondholders (which shall also bind Couponholders) required to be given by these terms and conditions or the Fiscal and Paying Agency Agreement shall be given by publication in a leading newspaper in London (which is expected to be the *Financial Times*) and, so long as the Bonds are listed on the Luxembourg Stock Exchange, in a leading newspaper in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice shall be deemed to have been given on the date of such publication or, if published more than once, or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

All notices to the Bank or the Fiscal Agent hereunder shall be deemed to have been given when received in writing by the relevant party at the following address, or such other address as shall be published in accordance with the above paragraph: the Bank, African Development Bank, 01 B.P. 1387, Abidjan 01, Côte d'Ivoire (Attention: Vice President for Finance); the Fiscal Agent, Morgan Guaranty Trust Company of New York, London office, PO Box 161, 60 Victoria Embankment, London EC4Y 0JP. (Attention: Corporate Trust Administration.)

10. Further Issues

The Bank may from time to time without the consent of the Bondholders or Couponholders issue further bonds, having terms and conditions the same as those of the Bonds, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the Bonds.

11. Governing Law and Jurisdiction

The Bonds, the Coupons and the Fiscal and Paying Agency Agreement are governed by and will be construed in accordance with the laws of England.

In relation to any legal action or proceedings arising out of or in connection with the Bonds or the Coupons ("Proceedings"), the Bank hereby irrevocably submits to the jurisdiction of the competent courts of England and waives any objection to Proceedings in such courts whether on the grounds that the Proceedings have been brought in an inconvenient forum or otherwise. This submission is made for the benefit of each of the Bondholders and the Couponholders and shall not affect the right of any of them to bring Proceedings in any other court of competent jurisdiction nor shall the bringing of any Proceedings in one or more jurisdictions preclude the bringing of any Proceedings in any other jurisdiction (whether concurrently or not).

For the purpose of any Proceedings brought in England, the Bank irrevocably appoints the Director of its European office in London (or, in his absence, the person who shall at such time be in charge of such office) presently situated at 60 Moorgate, London EC2M 6TH, United Kingdom (or such other person or persons, with an address in London, as may be approved by the Fiscal Agent from time to time) as its agent to receive service of process on its behalf in any Proceedings which may be instituted in England. The Bank will procure that, so long as any of the Bonds remains outstanding, there shall be in force an appointment of such a person approved in writing by the Fiscal Agent with an office in London with authority to accept service as aforesaid. Nothing herein shall affect the right to serve process in any other manner permitted by law. If at any time the Bank shall have no London office, the Bank shall forthwith appoint another person in London to be its agent as aforesaid and, failing such

appointment within 30 days after demand by the Fiscal Agent, the Fiscal Agent shall be entitled by notice to the Bank to appoint a person in London to act as such agent.

USE OF PROCEEDS

The net proceeds to the Bank from the issue of the Bonds, which are estimated to be U.S.\$489,575,000, will be included in its ordinary capital resources and used in the ordinary operations of the Bank.

SUMMARY INFORMATION ABOUT THE BANK

*This information should be read in conjunction with the Information Statement
(All numerical data are as at 31st December, 1992, except as otherwise noted.)*

General

The African Development Bank (the "Bank") is an international institution, established in 1963, the members of which are governments. The Bank is a multilateral development bank and is similar in structure to the World Bank and other major multilateral regional development banks, such as the Inter-American Development Bank and the Asian Development Bank. The Bank's membership currently consists of 51 independent African states (the "regional members") and 25 non-African states (the "non-regional members"). The purpose of the Bank is to further the economic development and social progress of its regional members, individually and collectively. To this end, the Bank promotes the investment of public and private capital for development purposes and the orderly growth of foreign trade, primarily by providing loans and technical assistance from its resources for specific projects and programmes that contribute to the economic growth of the region.

The Bank's capital stock is owned by its member countries. When the Bank was established, membership was limited to independent states on the continent of Africa and on African islands. In 1982, non-regional countries were first admitted as members. The authorised capital stock and any increases thereof must be allocated for subscription to regional and non-regional members in such proportions so that, if fully subscribed, regional members would hold two-thirds and non-regional members one-third of the total voting power.

At 31st December, 1992, the authorised capital stock of the Bank was UA 16,200.0 million. The original authorised capital stock of UA 250.0 million has been increased on 12 occasions. The most recent of these increases became effective in June 1987 when the Board of Governors voted to raise the authorised capital from UA 5,400.0 million to its current level.

The Bank's ordinary operations are financed from its ordinary capital resources. The ordinary capital resources include subscribed capital stock, borrowings by the Bank, loan repayments, income from loans and guarantees and other funds and income received by the Bank in its ordinary operations.

The Bank's administration is composed of a Board of Governors, which consists of a Governor appointed by each member, and a Board of Directors, which is responsible for the general conduct of the Bank's operations. The Bank's headquarters is located in Abidjan, Côte d'Ivoire.

Assets

Loan Portfolio — The Bank's principal assets is its portfolio of loans. The Bank lends to governments of regional members, their agencies and political subdivisions and to public and private enterprises operating within such countries. It is the general policy of the Bank that each loan to an entity other than a government should carry the guarantee of a government which, in the case of project financing, would be the government within whose jurisdiction the financed project lies. However, the Bank has adopted a strategy for the promotion of the private sector in regional members under which loans may be granted to eligible private sector entities without a government guarantee. Such loans are required to be secured by adequate collateral. As at 31st December, 1992, total outstanding loan approvals were UA 11,530.5 million and total disbursed and outstanding loans were UA 5,120.8 million. Although the Bank regularly experiences delays in payment on some of its loans, the Bank follows a policy of not participating in debt rescheduling or renegotiations and does not permit the making of new loans to provide for the servicing or repayment of outstanding loans. The Bank has adopted a policy of placing in non-accrual status all loans made to or guaranteed by a member of the Bank if principal, interest or other charges on any loan to such member is overdue by 12 months or more. If this policy had not been in effect, loan income for the year ended 31st December, 1992 would have been UA 36.8 million higher. It is the policy of the Bank to consider recording provisions for loan losses when loan service is overdue from a borrower for two years or more and to charge such provisions against income. For the year ended 31st December, 1992 the Bank made a provision for loan losses amounting to UA 41.8 million.

Liquidity — It is the Bank's policy to hold liquid assets equivalent to twice the forthcoming year's forecasted loan disbursements. The Bank's cash and investments (net of the Special Reserve which is set aside by the Bank for meeting liabilities on its borrowings and guarantees) were 33.8 per cent. of its total undisbursed loan commitments, and its cash and investments (including the Special Reserve) were 36.4 per cent. of its total outstanding borrowings.

Liabilities and Capital and Reserves

Liabilities — The Bank borrows in the world's major capital markets and has adopted a policy of diversifying its borrowings by currency, country, source and maturity to provide maximum flexibility in funding its loan portfolio. The Bank's outstanding borrowings of UA 5,321.8 million were denominated in 11 currencies or currency units (without taking into account currency swaps).

Capital and Reserves — Of the Bank's subscribed capital of UA 15,285.3 million, an amount of UA 1,835.1 million (12.0 per cent.) was paid-up and UA 13,450.1 million (88.0 per cent.) was callable. For the shares subscribed prior to the Fourth General Capital Increase ("GCI-IV") in June 1987, paid-up capital is that portion of the subscribed capital which is to be paid by members over a prescribed period. With respect to shares comprising the GCI-IV, paid-up capital represents the amount of shares which have been subscribed to and fully paid for in the manner and according to the payment schedule established by the Board of Governors. The portion of paid-up capital for which the Bank has received payment from its members is referred to as paid-in capital (UA 1,820.5 million). Callable capital is that portion of the subscribed capital which may be called to meet obligations of the Bank for money borrowed or on any guarantees. The callable capital of the Bank's 26 non-borrowing member countries was UA 5,260.7 million, which represented 167.2 per cent. of the Bank's outstanding senior borrowings and 98.8 per cent. of its total outstanding borrowings. The callable capital of the Bank's 15 industrialised member countries that are also members of the Development Assistance Committee of the OECD (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, The Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States) was UA 4,175.7 million, representing 132.7 per cent. of its outstanding senior borrowings and 78.5 per cent. of its total outstanding borrowings.

Under Article 15 of the Agreement, "the total amount outstanding in respect of the ordinary operations of the Bank shall not at any time exceed the total amount of its unimpaired subscribed capital, reserves and surplus", less the Special Reserve. Such total amount outstanding was UA 10,490.4 million and such total capital, reserves (net of the Cumulative Exchange Adjustment on Subscriptions ("CEAS")) and the Cumulative Currency Translation Adjustment ("CCTA")) and surplus, less the Special Reserve, was UA 15,509.5 million, resulting in a ratio of 0.68 to 1. The Bank had total equity (paid-up capital net of the CEAS and reserves) of UA 2,213.6 million, resulting in a debt to equity ratio of 1 to 2.40. The ratio of disbursed and outstanding loans (including irrevocable commitments to pay undisbursed amounts) to equity was 1 to 2.34.

It is the policy of the Board of Directors of the Bank to limit the Bank's borrowings represented by senior debt, together with guarantees, to 80 per cent. of the callable capital of its non-borrowing members and to limit its total borrowings represented by both senior and subordinated debt to 80 per cent. of the total callable capital of all members.

Profitability

The Bank has earned a profit in every year since it began operations in 1966. For the years ended 31st December, 1992 and 1991, net income was UA 118.0 million and UA 112.3 million, respectively. The Bank's general policy is to retain its earnings in reserves.

Accounting Standards

The financial statements of the Bank are presented in conformity with International Accounting Standards applied on a consistent basis. The financial position of the Bank would not differ in any material respect if the financial statements were to be presented in conformity with accounting principles generally accepted in the United States.

RECENT DEVELOPMENTS

Loan Portfolio

As at 31st December, 1992, total loans approved net of cancellations were UA 11,530.5 million, of which UA 4,509.1 million was undisbursed. Loan disbursements totalled UA 1,061.8 million for the year ended 31st December, 1992, bringing cumulative disbursements to UA 6,293.7 million, representing 54.5 per cent. of net cumulative commitments. Of the total UA 1,289.7 million loan approvals for the same period, UA 325.0 million (25.2 per cent.) represented policy-based as opposed to project-related loans. Disbursements on policy-based loans amounted to UA 155.9 million, accounting for 14.7 per cent. of total disbursements for the same period. As of 31st December, 1992, arrears on loans totalled UA 254.5 million, as compared to UA 160.8 million as of 31st December, 1991. Countries with the largest arrears were Liberia (29.8 per cent.), Zaire (34.2 per cent.), Congo (16.0 per cent.) and Cameroon (9.1 per cent.) of the total of arrears. The distribution of arrears by age shows that 43.0 per cent. of the total were arrears of less than 12 months, 27.7 per cent. were arrears of 12 to 24 months, while arrears of more than 24 months accounted for 29.2 per cent. of the total.

Results of Operations

Gross income for the year ended 31st December, 1992 amounted to UA 563.4 million (as compared to UA 462.4 million for the same period in 1991). Total expenses for the year ended 31st December, 1992 were UA 445.4 million (as compared to UA 350.1 million for the same period in 1991). Net income for the year ended 31st December, 1992 was UA 118.0 million (as compared to UA 112.3 million for the same period in 1991).

Loan income for the year ended 31st December, 1992 amounted to UA 405.8 million (as compared to UA 308.3 million for the same period in 1991). In accordance with the non-accrual policy of the Bank, an amount of UA 36.8 million (as compared to UA 44.1 million for the same period in 1991) was excluded from loan income for the period. In addition, accumulated loan loss provisions totalled UA 88.7 million (as compared to UA 44.8 million for the same period in 1991), of which UA 41.8 million was a net charge against income as at 31st December, 1992 (as compared to UA 19.8 million for the same period in 1991).

Investment income for the year ended 31st December, 1992 was UA 157.6 million (as compared to UA 154.1 million for the same period in 1991), an increase of 2.3 per cent. The average return on investments for the year ended 31st December, 1992 was 8.3 per cent. whereas the average cost of borrowing was 6.7 per cent.

CAPITALISATION

The following table sets forth the outstanding borrowings, capital stock and reserves and net income of the Bank at 31st December, 1992.

| | <i>(Expressed in thousands of UA)</i> |
|---|---|
| <i>Outstanding Borrowings</i> | |
| Senior Debt | |
| Payable in: | |
| U.S. dollars | 726,545 |
| Deutsche marks | 405,006 |
| Japanese yen | 1,187,855 |
| Swiss francs | 240,825 |
| British pounds sterling | 164,945 |
| French francs | 396,226 |
| Other currencies | 24,482 |
| Total Senior Debt | 3,145,884 |
| Subordinated Debt | |
| Payable in: | |
| U.S. dollars | 938,182 |
| Deutsche marks | 225,003 |
| Japanese yen | 874,478 |
| Swiss francs | 74,925 |
| Spanish pesetas | 63,365 |
| Total Subordinated Debt | 2,175,953 |
| Total Debt | 5,321,837 |
| <i>Capital Stock and Reserves</i> | |
| Authorised capital | 16,200,000.0 |
| Subscribed capital | 15,285,270.8 |
| Less: Callable capital | (13,450,130.0) |
| Paid-up capital | 1,835,140.8 |
| Less: Amount not yet due | (0) |
| | 1,835,140.8 |
| Less: Amount due and unpaid | (14,831.9) |
| Add: Amount paid in advance | 220.4 |
| Paid-in capital | 1,820,529.4 |
| Cumulative Exchange Adjustment on Subscriptions | (238,136.3) |
| Reserves and Net Income for the period | 631,248,865 |
| Total Capital Stock and Reserves | 2,213,641.9 |

Authorised Capital

At 31st December, 1992, the authorised capital stock of the Bank was UA 16,200.0 million. The authorised capital stock and any increases thereof must be allocated for subscription to regional and non-regional members in such proportions so that, if fully subscribed, regional members would hold two-thirds and non-regional members one-third of the total voting power.

BALANCE SHEET

| ASSETS | <i>31st December, 1992</i> | <i>31st December, 1991</i> |
|--|--------------------------------|--------------------------------|
| | <i>UA</i> | <i>UA</i> |
| Due from banks | 175,585,928 | 319,474,816 |
| Demand obligations | 532,936 | 485,771 |
| Investments | | |
| Time deposits with banks | 821,540,927 | 739,710,506 |
| Other investments | 941,823,627 | 807,271,962 |
| | 1,763,364,554 | 1,546,982,468 |
| Non-negotiable instruments on account of capital | 346,944,600 | 366,927,000 |
| Accounts receivable | | |
| Accrued income on loans and investments | 213,041,754 | 177,689,294 |
| Other accounts receivable | 85,952,550 | 45,474,562 |
| | 298,994,304 | 223,163,856 |
| Loans | | |
| Approved loans less cancellations | 11,530,481,968 | 10,265,224,268 |
| Less: Unsigned loans | (727,722,277) | (876,570,000) |
| Loans signed | 10,802,759,691 | 9,388,654,268 |
| Less: Undisbursed | (4,509,071,804) | (4,156,797,931) |
| Loans disbursed | 6,293,687,887 | 5,231,856,337 |
| Less: repayments | (1,172,866,429) | 1,074,072,484 |
| | 5,120,821,458 | 4,157,783,853 |
| Equity participations (at cost) | | |
| ADF | 111,740,686 | 111,740,686 |
| Other development institutions | 21,084,871 | 13,601,554 |
| | 132,825,557 | 125,342,240 |
| Other assets | | |
| Fixed assets | 29,169,130 | 30,299,254 |
| Unamortised issuance costs of borrowings | 39,974,892 | 38,385,510 |
| | 69,144,022 | 68,684,764 |
| | 7,908,213,359 | 6,808,844,768 |
| Assets of special funds | 317,442,258 | 295,354,938 |
| Assets of Trust Funds | 11,538,880 | 13,802,739 |
| Total | 8,237,194,497 | 7,118,002,445 |

BALANCE SHEET

AS AT 31st DECEMBER, 1992 AND 1991

| | <i>1992</i> <i>UA</i> | <i>1991</i> <i>UA</i> |
|---|--------------------------|--------------------------|
| Liabilities, Reserves and Capital | | |
| Accounts payable | | |
| ADF Notes | 37,327,997 | 51,385,587 |
| Accrued financial charges | 146,647,097 | 117,514,004 |
| Other accounts payable | 83,984,143 | 142,340,410 |
| | 267,959,237 | 311,240,001 |
| Borrowings | 5,321,837,376 | 4,398,475,117 |
| Grants | 16,063,739 | 20,087,284 |
| Accumulated provision for loan losses | 88,711,074 | 44,848,786 |
| Capital & reserves | | |
| Capital (in shares of UA 10,000 each) | | |
| Authorised | 16,200,000,000 | 16,200,000,000 |
| Less: Unsubscribed | (914,729,172) | (1,089,486,000) |
| Subscribed Capital | 15,285,270,828 | 15,110,514,000 |
| Less: Callable Capital | (13,450,130,000) | (13,274,624,000) |
| Paid-up Capital | 1,835,140,828 | 1,835,890,000 |
| Less: Uncalled portion | — | (2,402,000) |
| | 1,835,140,828 | 1,833,488,000 |
| Add: Amounts paid in advance | 220,413 | 616,120 |
| | 1,835,361,241 | 1,834,104,120 |
| Less: Amounts in arrears | (14,831,862) | (90,885,958) |
| | 1,820,529,379 | 1,743,218,162 |
| Cumulative Exchange Adjustment on Subscriptions | (238,136,311) | (223,125,852) |
| | 1,582,393,068 | 1,520,092,310 |
| Reserves | | |
| Special Reserve | 168,926,224 | 145,685,073 |
| General Reserve | 539,193,722 | 447,548,804 |
| Net income for the years after appropriation to Special Reserve | 94,807,352 | 91,644,918 |
| Cumulative Currency Transition Adjustment | (171,678,433) | (170,777,525) |
| | 631,248,865 | 514,101,270 |
| | 7,908,213,359 | 6,808,844,768 |
| Special funds | 317,442,258 | 295,354,938 |
| Trust Funds | 11,538,880 | 13,802,739 |
| Total | 8,237,194,497 | 7,118,002,445 |

STATEMENT OF INCOME AND EXPENDITURE

OPERATIONAL INCOME AND EXPENSES

| | <i>31st December, 1991</i> | <i>31st December, 1992</i> |
|---|--------------------------------|--------------------------------|
| | <i>(in Units of Account)</i> | |
| Income from loans | | |
| Interest | 254,169,595 | 346,351,029 |
| Commitment charges | 33,432,401 | 36,174,547 |
| Statutory commission | 20,690,964 | 23,241,150 |
| Income from investments | 154,105,700 | 157,626,749 |
| | <hr/> | <hr/> |
| Total income from loans and investments | 462,398,660 | 563,393,475 |
| Borrowing expenses—interest | (286,394,097) | (356,406,180) |
| Provision for loan losses | (19,785,717) | (41,837,341) |
| Amortisation of issuance costs | (5,931,520) | (8,023,825) |
| | <hr/> | <hr/> |
| Net operational income | 150,287,326 | 157,126,129 |
| | <hr/> | <hr/> |
| Other (income) and expenses | | |
| Administrative expenses | 85,765,086 | 100,184,264 |
| Management fees | (54,972,514) | (63,434,970) |
| | <hr/> | <hr/> |
| | 30,792,572 | 36,749,294 |
| Other income | (2,526,320) | (3,533,904) |
| Depreciation | 4,239,480 | 5,170,346 |
| Loss (gain) on exchange | 195,712 | 275,983 |
| Other provisions | 5,250,000 | 415,908 |
| | <hr/> | <hr/> |
| Total other expenses | 37,951,444 | 39,077,627 |
| | <hr/> | <hr/> |
| Net income | 112,335,882 | 118,048,502 |
| Appropriation to Special Reserve | (20,690,964) | (23,241,150) |
| | <hr/> | <hr/> |
| Net income after appropriation to Special Reserve | <u>91,644,918</u> | <u>94,807,352</u> |

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