



African Development Bank

July 1999

Ratings and Contacts

Category	Moody's Rating	Analyst	Phone
Issuer Rating	Aaa	Fareed Mohamedi/New York	1.212.553.1653
Senior Unsecured	Aaa	Hanan Amin-Salem/New York	
Subordinate	Aa1	David H. Levey/New York	
		Joan Feldbaum-Vidra/New York	

Operating Statistics [1]

African Development Bank

Return on Earning Assets (%)	1993	1994	1995	1996	1997	1998
African Development Bank	1.01	0.68	0.83	1.23	1.42	1.37
Asian Development Bank	3.09	2.46	2.87	2.48	1.93	1.59
Inter-American Development Bank	1.35	0.98	1.53	1.04	1.15	0.99
World Bank	0.99	0.91	1.07	0.96	1.12	0.92

Interest Coverage Ratio (x)

African Development Bank	1.18	1.12	1.16	1.24	1.28	1.31
Asian Development Bank	1.71	1.60	1.70	1.66	1.56	1.39
Inter-American Development Bank	1.24	1.18	1.29	1.21	1.23	1.21
World Bank	1.19	1.18	1.22	1.20	1.24	1.20

[1] Data for fiscal years. World Bank ends 6/30, others 12/31.

Capital Adequacy [1]

African Development Bank

Risk-Asset Coverage Ratio (%) [2]	1993	1994	1995	1996	1997	1998
African Development Bank	101.3	91.7	104.7	114.2	119.2	124.0
Asian Development Bank	178.2	482.7	623.5	801.4	280.8	229.9
Inter-American Development Bank	159.6	158.5	173.8	210.8	224.2	200.8
World Bank	128.9	150.1	153.1	178.0	188.4	141.6

Usable Capital/Risk Assets (%)

African Development Bank	34.3	32.3	38.6	42.4	46.6	49.9
Asian Development Bank	66.1	150.6	162.0	186.8	69.0	54.3
Inter-American Development Bank	36.4	36.1	39.1	39.3	40.9	35.8
World Bank	26.4	33.0	34.1	39.4	40.7	30.3

[1] Data for fiscal years. World Bank ends 6/30, others 12/31. [2] Usable capital plus callable capital of Aaa/Aa-rated countries/loans to countries considered by Moody's to be below investment grade.

Balance Sheet Statistics [1]

African Development Bank

Net Loans (end of period, US\$ mil.)	1993	1994	1995	1996	1997	1998
African Development Bank	7,909	9,445	9,849	9,479	8,816	9,012
Asian Development Bank	13,705	16,465	17,492	16,070	18,789	24,698
Inter-American Development Bank	21,467	23,731	25,774	25,223	26,479	31,687
World Bank	101,301	105,697	119,759	106,906	102,595	103,336

Liquid Assets (end of prd., US\$ mil.) [2]

African Development Bank	2,497	2,238	2,400	2,076	1,784	1,985
Asian Development Bank	5,811	5,792	6,153	6,427	7,117	8,138
Inter-American Development Bank	9,324	9,536	9,505	10,293	10,269	11,060
World Bank	18,662	21,541	21,179	16,197	18,534	27,468

[1] Data for fiscal years. World Bank ends 6/30, others 12/31. [2] Liquid assets do not include restricted cash, where applicable.

Opinion

Rating Rationale

Moody's rates the long-term senior debt of the AfDB as Aaa, reflecting its solid capital structure and membership support by Aaa/Aa countries, and credible institutional reform program.

Moody's rates AfDB's long-term subordinated debt Aa1. This category of debt might continue to increase, but we believe that such debt will be fully backed by the Bank's hard-currency paid-in capital reserves, as well as by the callable capital of the bank's most creditworthy members.

In 1998, the sharp decline in commodity prices contributed to a deterioration in asset quality, after several years of improvement. Non-performing loans climbed to 14.4% of outstanding credits, up significantly from 9% at the end of 1997. The bulk of the increase in problem loans was accounted for by chronic arrears. A tighter sanctions policy against countries in arrears and improved lending and monitoring procedures should help contain non-performing loans going forward. The Bank has continued to build up loan loss

provisions in order to minimize the risk of its problem portfolio.

In evaluating the Bank's capital, Moody's compares AfDB's convertible currency paid-in capital, total reserves, and callable capital of Aaa/Aa member countries with what we regard as the bank's true risk assets — loans to non-investment grade borrowers. A large 35% capital replenishment—which begins to take effect this year—in combination with a reweighting of voting shares and the projected flat growth of the loan portfolio, should help improve this key ratio for the AfDB. Standing at 124% at the end of last year, the Bank's risk asset coverage ratio is far below that of its peers.

Rating Outlook

The rating outlook is stable despite concerns about economic prospects for the region and asset quality. The Bank's prudent financial policies and the strong support it enjoys from industrialized countries are critical factors sustaining the rating at Aaa.

Author*Fareed Mohamedi***Associate Analyst***Joan Feldbaum-Vidra***Senior Production Associate***Susan Heckman*

© Copyright 1999 by Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. All rights reserved. ALL INFORMATION CONTAINED HEREIN IS COPYRIGHTED IN THE NAME OF MOODY'S INVESTORS SERVICE, INC. ("MOODY'S"), AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling. Pursuant to Section 17(b) of the Securities Act of 1933, MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,000 to \$1,500,000.

PRINTED IN U.S.A.