

17 April, 2019

Daiwa Securities Group Inc.

Issuance of African Development Bank inaugural 10-year Kauri bond “Light up and Power Africa” NZD 150 million 2.85% due 7 March 2029

On Thursday 21 February, the African Development Bank (“AfDB”), rated Aaa/AAA/AAA/AAA by Moody’s/S&P/Fitch/Japan Credit Rating Agency, successfully launched a NZD 150 million 10-year Kauri benchmark “Light up and Power Africa” due 7 March 2029. The bond carries a semi-annual coupon of 2.85% and priced at a re-offer yield of 2.896%, 70 basis points (bps) over the New Zealand Government Bond NZGB 3% 20 April 2029 (NZD Mid-swaps + 43.3bps).

The deal was driven by a reverse-enquiry anchor order out of Asia. It was announced on 21 February and books opened at the beginning of the Asian afternoon on the same day, with NZD 100 million minimum deal size. Given volatile market conditions, books closed relatively quickly the same day, to ensure pricing remained within the anchor investor’s target. At Asia close, a new NZD 150 million 10-year Kauri transaction was launched, with all the demand coming from Asia.

The transaction marks AfDB’s second and largest ever Kauri issuance in this rare maturity. AfDB launched their inaugural NZD 100 million 5-year Kauri benchmark in 2014. Importantly, this transaction represents the Bank’s first Kauri issued under one of the High 5 themes, “Light up and Power Africa”. Daiwa was sole lead manager of the issue.

AfDB will direct an amount equal to the net proceeds of the issue of the Notes to lending projects which aim to “Light up and Power Africa”, subject to and in accordance with the Issuer’s lending standards, and on a best efforts basis. The proceeds of the Notes will be included in the ordinary capital resources of the Issuer and will be used for the general operations of the Issuer in accordance with the Agreement establishing the African Development Bank.

Access to energy is critical for industrialisation to take hold in Africa, creating jobs and unlocking economic potential. It is also key to improving people’s health, education and quality of life. Yet access to energy remains unacceptably low across the continent. Reliable, affordable power is urgently needed to transform Africa’s economy and achieve the UN Sustainable Development Goals (SDGs).

This new issue is in line with several of the UN SDGs:

- 【Goal 1】 : NO POVERTY
- 【Goal 3】 : GOOD HEALTH AND WELL-BEING
- 【Goal 4】 : QUALITY EDUCATION
- 【Goal 5】 : GENDER EQUALITY
- 【Goal 7】 : AFFORDABLE AND CLEAN ENERGY
- 【Goal 9】 : INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 【Goal 13】 : CLIMATE ACTION

Daiwa has proven strong initiatives on addressing social issues and contributing to future development of society through its continuous effort in product development and provision for more than the past 10 years. Last year, Daiwa has established the SDGs Promotion Committee chaired by Seiji Nakata, President and CEO of Daiwa Securities Group Inc. as a vehicle of promoting group-wide approach for achieving SDGs. Through the distribution of the Bonds, Daiwa shows its strong commitment and efforts to promote its SDGs goals and provides new investment opportunities to investors.

Summary Terms of AfDB's Kauri Bond

Issuer	African Development Bank
Market	NZD Kauri
Ranking	Senior, Unsecured, Unsubordinated
Issue Amount	NZD 150 million
Maturity	10 years (due on 7 th March 2029)
Coupon	2.850%
Lead Manager	Daiwa Capital Markets Europe Limited
Closing Date	7 th March 2019
Bond Ratings	AAA: S&P / Aaa: Moody's / AAA: Fitch

- About The African Development Bank (AfDB)

The African Development Bank (AfDB) Group is the premier development finance institution in Africa with a mandate to spur sustainable economic development and social progress on the continent, thereby contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investments in the continent and providing policy advice and technical assistance to support development efforts. The African Development Bank's authorized capital of around USD 100 billion is subscribed to by 80 member countries made up of 54 African countries and 26 non-African countries.

The African Development Bank's strategy for 2013–2022 (Ten-Year Strategy) reflects the aspirations of the entire African continent and is firmly rooted in a deep understanding and experience of how far Africa has come in the last decade, and where it wishes to go to in the next. In 2015, a new strategic operational agenda was laid out for the Bank, outlined in the “High 5s”, aimed at providing a sharp focus on the Bank Group's work as it implements the Ten-Year Strategy. The High 5s are: Light up and Power Africa; Feed Africa; Integrate Africa; Industrialize Africa; and Improve the Quality of Life for the People of Africa. These operational priorities are consistent with the Sustainable Development Goals and therefore essential in transforming the lives of the people of Africa through rapid, sustained, and inclusive growth.

- About the Daiwa Securities Group

Daiwa Securities Group Inc., founded in 1902, is one of the largest independent and comprehensive securities company in Japan. The Group contributes to the development of society and economy by providing a broad range of financial services worldwide through its global network. The Group's core business includes brokerage, investment banking, asset management, investment, and technology services. Additionally, the Group entered into banking business in 2011. Operational base of the Group spreads around the world, including Japan, the United States, Europe, and Asia-Oceania.

End