

## Zenith Bank, Agence Francaise de Development Sign \$100Million Power Sector Credit Facility



Mr. Jim Ovia signing the facility agreement while Mrs Laurence Breton-Moyet looks on.



President Muhammadu Buhari of Nigeria, President François Hollande of France and other dignitaries at the signing.

Zenith Bank Plc, a foremost financial institution in Nigeria and the French Development Agency (Agence Francaise de Development (AFD), operator of France's bilateral development finance mechanism, have signed a US\$100 Million power sector credit facility. The on-lending term loan being made available to Zenith Bank is to support new investments in the CAPEX (capital expenditure) of Distribution Companies (DISCOs) in the power sector in Nigeria.

The facility signing held on the occasion of the visit to Nigeria of the French President, Mr. Francois Hollande, on Saturday, May 14, 2016 at the *Aso Rock Villa*, Abuja, during a bilateral session.

Chairman of Zenith Bank Plc, Mr. Jim Ovia led the Bank's top executives while Mrs. Laurence Breton-Moyet, Chief Operating Officer and Member of the Executive Board from the AFD Headquarters, Paris, was lead for the AFD team representatives.

Under the loan arrangement, a maximum of US\$50 million can be on-lent to any single borrower at single digit interest rate for a tenor of between seven and 12 years, with a moratorium of two to three-and-a-half years—depending on project's cash flow.

Essentially, the AFD facility is aimed at reinforcing, rehabilitating and modernizing the existing distribution networks, which is a prerequisite for the connection of new customers while ensuring the stability of the grid. The loan

arrangement also provides for technical assistance and other advisory services, both to the benefiting DISCO and the partnering bank.

Zenith Bank Plc, the largest bank in Nigeria by Tier-one capital, has remained a leading financier of investments aimed at developing the power/energy sector in the country. The bank is also a key player in many other sectors, including oil and gas, agriculture, manufacturing, communication, transportation, real estate and construction, etc. In the financial year ended December 31, 2015, Zenith Bank reported a profit after tax (PAT) of N105.66 billion—the highest in the Nigeria banking industry for the year—with total assets standing at over Four Trillion Naira.

AFD, operator for France's bilateral development finance mechanism, is a public industrial and commercial institution with the status of specialized financial institution. Its action is in line with the policy set out in France's Framework Document for Development Cooperation. It works to combat poverty and promote sustainable development by financing and supporting projects that improve living conditions for populations, promote economic growth and protect the planet.

In 2014, AFD allocated EUR 8.1Billion to finance projects, including EUR 6.35Billion in developing countries and EUR 1.55bn for overseas France.