

# Banque Ouest Africaine de Developpement

## Key Rating Drivers

**Support Drives Rating:** Banque Ouest Africaine de Developpement's (BOAD) Long-Term Issuer Default Rating (IDR) is driven by extraordinary support from key shareholders, the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO, 47% of the capital) and Cote d'Ivoire (BB-/Stable, 6%). Fitch Ratings assesses their capacity to support at 'bbb-' based on their average credit quality.

The ability of the BCEAO to tap the fiscal resources that it manages on behalf of the regional member states to secure capital for BOAD leads to an overall support assessment of 'bbb'.

**Risk of Weaker Support:** The Negative Outlook reflects the risk of a weakening in our assessment of support. a downgrade of France's rating (AA/Negative) would affect our assessment of the credit quality of BCEAO given the role played by France in the CFA franc monetary arrangement as the guarantor of the convertibility of the currency.

**Stronger Standalone Credit Profile:** Fitch has revised BOAD's Standalone Credit Profile (SCP) to 'bb+' from 'bb' to reflect a stronger-than-expected resilience of the bank's asset quality to the Covid-19 crisis, as evident in the performance of BOAD's sovereign and non-sovereign loan book.

**Strong Capitalisation:** Fitch's two capitalisation ratios - equity/assets and the Fitch's risk-weighted capital (FRA) ratio - were both 29% at end-2020, consistent with a 'Strong' assessment. Talks on a potential new capital increase are continuing. A new capital increase that significantly strengthens our assessment of capitalisation could support stronger solvency.

**Improvement in Credit Risk:** Fitch has revised its assessment of credit risk to 'Moderate' from 'High'. The credit quality of the loan book is supported by the fairly strong economic performance of the countries in which the bank operates through the Covid-19 crisis and the bank's limited exposure to the most affected sectors (e.g. tourism). The revised assessment also reflects the resilience of loan performance in 2020 with the non-performing loans (NPLs)/total loans ratio falling to 2.7% at end-2020 from 2.97% at end-2019.

**Access to Central Bank Refinancing:** The 'a' assessment of liquidity is supported by BOAD's access to the regional central bank's refinancing window, a rare feature for a multilateral development bank (MDB). The assessment also reflects the 'Strong' coverage of short-term debt by liquid assets and a proven access to capital markets.

## Rating Sensitivities

**Support Capacity:** A weakening in the support assessment, which could stem from deterioration in the credit quality of BOAD's main shareholders, could lead to negative rating action. An improvement in the credit quality of the main shareholders could lead to positive rating action.

**Solvency Deterioration:** Deterioration in BOAD's solvency assessment, potentially stemming from a worsening of the bank's credit risk profile or weaker than-expected capitalisation in the medium term could lead to negative rating action. A material improvement in the bank's solvency assessment resulting from a combination of significant strengthening in the capitalisation and risk profiles could lead to positive rating action.

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on [www.fitchratings.com](http://www.fitchratings.com).

## Ratings

Long-Term IDR	BBB
Short-Term IDR	F2

## Outlook

Long-Term IDR	Negative
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## Financial Data

Banque Ouest Africaine de Developpement	End-2019	End-2020
Total assets (XOFbn)	3,104	3,200
Equity/assets (%)	26.5	28.5
Fitch's usable capital/risk-weighted capital (FRA, %)	26.0	28.6
Average rating of loans & guarantees	B	B
Impaired loans (% of total loans)	2.97	2.7
Five largest exposures/total exposure (%)	45.3	47.0
Share of non-sovereign exposure (%)	37.5	32.5
Net income/equity (%)	15.7	3.4
Average rating of key shareholders	BBB-	BBB-

Source: Fitch Ratings, BOAD

## Applicable Criteria

[Supranational Rating Criteria \(May 2021\)](#)

## Related Research

[Debt Suspension May Mask Pandemic Driven Deterioration in Asset Quality \(April 2021\)](#)

[Sovereign Default History: Evidence of Supranationals Preferred Creditor Status \(March 2020\)](#)

## Analysts

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## Business Environment

BOAD is a sub-regional MDB established in 1976 and based in Lomé, Togo. It provides financing to the West African Economic and Monetary Union’s (WAEMU) regional member states, Benin (B/Positive), Burkina Faso, Cote d’Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo.

The bank’s funding is primarily directed towards infrastructure projects (e.g. ports, roads, infrastructures for energy and communication), accounting for about two-third of loans, and the financial sector (12% of loans). Financing takes the form of loans to or guaranteed by the regional member states (72% of loans as of end-2020), to public corporations (8%) – often in the energy and transportation sectors – and to private entities (20%). BOAD also holds a portfolio of equity participations (5% of the banking exposure at end-2020), 80% of which is in the financial sector.

All financing is extended in the local currency, the CFA franc, and funded by debt raised on the local and international capital markets and credit lines from international development institutions, including concessional loans. BOAD also receives substantial subsidies from its member states and from the regional supranational body (WAEMU’s Commission) and BCEAO.

BOAD’s largest shareholder is the regional central bank, the BCEAO, which owns 47% of the bank’s capital. The eight regional members state each own 5.9% of the capital, or 47% altogether. The remaining 6% of the capital is owned by non-regional shareholders (France, Germany, (AAA/Stable), China, (A+/Stable), Morocco, (BB+/Stable) and the European Investment Bank, (AAA/Stable)).

Fitch assesses BOAD’s business environment as ‘High’ risk based on the following factors:

- The ‘High’ risk operating environment primarily reflects the low sovereign ratings, low income per capita and high political risk, based on World Bank governance indicators in BOAD’s countries of operations, including Togo where the bank is headquartered.
- The ‘High’ risk assessment of BOAD’s strategy reflects its robust lending growth in a high-risk environment. Exposures to non-sovereign counterparts accounted for 33% of the banking exposure as of end-2020.
- Despite its small size, the bank plays an important role in providing funding to entities in the WAEMU region, which tend to lack access to other sources of funding. This supports our assessment of BOAD’s importance of public mandate. In recent years, the bank has been the second-largest provider of funds for infrastructure in WAEMU, just behind the World Bank. At the onset of the pandemic, BOAD played a significant countercyclical role, increasing loan disbursement by 30% (or XOF300 billion, comprising XOF200 billion loans to sovereigns and XOF100 billion to non-sovereigns).
- The overall governance assessment is considered a ‘Moderate’ risk, in line with rated peers. BOAD’s supreme governing body is WAEMU’s Council of Ministers. The council appoints the president of the bank and defines its strategic orientation. The management is under the supervision of the board of directors. Non-regional and non-borrowing shareholders account for a limited share of the capital (6%).

## Solvency

Fitch has revised BOAD’s solvency to ‘bbb+’ from ‘bbb’ based on a strengthening in the agency’s assessment of capitalisation and risk over the medium term.

## Capitalisation

The overall capitalisation assessment is ‘Strong’.

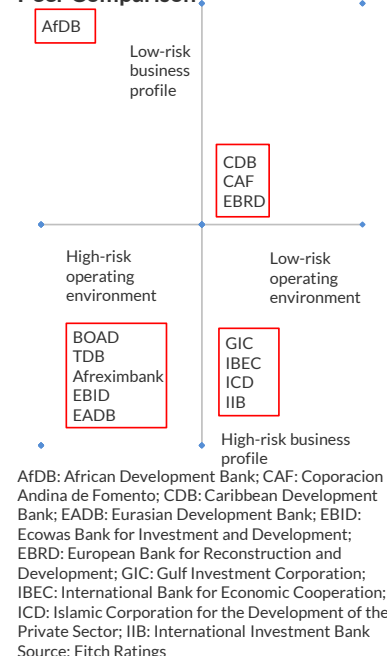
The bank’s equity/assets ratio was 28.5% in 2020 from 26.5% in 2019. The improvement reflects the increase in the bank’s own fund, driven by internal capital generation (XOF20 billion) and paid-in capital payment by shareholders (XOF14 billion) in 2020. The risk-weighted FRA ratio was 28.6% as of end-2020 from 26.0% as of end-2019. Relative to other MDBs, the FRA ratio is affected by the absence of highly rated treasury assets and the limited amount of highly rated (AAA/AA) callable capital.

## Standalone Credit Profile

Indicative value	Assessment
Solvency	bbb+
Liquidity	a
Business environment	-3 notches
Standalone Credit Profile	bb+

Source: Fitch Ratings

## Business Environment: Peer Comparison



Fitch expects the two capital ratios to gradually decline but remain consistent with a ‘Strong’ assessment. The forecasts assume regular paid-in capital payments under the current capital increase. We understand that a potential significant new capital increase that could represent a doubling of the current capital is being discussed. Our projections do not factor in such an increase. A new capital increase that significantly strengthens our assessment of the bank's capitalisation could support stronger solvency. Fitch expects internal capital generation to be lower than in previous years reflecting lingering risks from the Covid-19 crisis that could result in higher loan losses.

### Peer Comparison: Capital Ratios and Profitability

	BOAD		Afreximbank (BBB-)	TDB (BB+)	EBID (B)
	End-2020	Projection <sup>a</sup>	End-2020	End-2020	End-2020
Equity/adjusted assets (%)	28.5	23-28	16.5	21.4	42.2
Usable capital/FRA (%)	28.6	23-28	17.8	20.4	39.3
Net income/average equity	3.4	1.5-2.5	11.4	10.6	0.9

Note: TDB: Trade and Development Bank, EBID: Ecowas Bank for Investment and Development

<sup>a</sup> Medium-term projections, forecast range

Source: Fitch Ratings, BOAD

### Risks

The overall assessment of risk is revised to ‘Moderate’ from ‘High’.

The average rating of loans and guarantees was ‘B’ as of end-2020, unchanged from the previous review. Fitch now expects this will remain at ‘B’ in the medium term. The credit quality of the loan book has been supported by a fairly strong economic performance of the WAEMU region through the pandemic. In addition, the bank has limited exposure to the most affected sectors – for example, tourism only accounts for 0.7% of the total loan book or 2.6% of the non-sovereign sector loan book (4% of the private-sector loan book excluding public companies). BOAD is considering a potential synthetic transfer of credit risk to third party investors or the use of insurance against credit risk. This could support our assessment of the credit quality of the loan book.

NPLs fell to 2.7% as of end-2020 from 2.97% as of end-2019. All NPLs are to non-sovereign entities and are fully covered by provisions. While the decline in the NPL ratio reflects the increase in the loan book, NPLs only slightly increase in nominal terms. In addition, BOAD is one of the few MDBs with non-sovereign operations that have not granted suspension of debt payment to its non-sovereign borrowers in 2020. In Fitch's view, the lack of payment holidays is evidence of the resilience of BOAD's loan performance.

BOAD's Preferred Creditor Status (PCS) is considered ‘Strong’, leading to a two-notch uplift to the average rating of loans, to ‘BB-’. Sovereign loans account for 72% of total loans and the bank has a record of sovereign loan performance, even when its borrowers defaulted with other creditors, e.g. Cote d'Ivoire remained current with BOAD while it defaulted to other creditors during the 2010-2011 crisis. The bank's PCS has been sustained through the pandemic (even though seven out of eight sovereigns in WAEMU benefited from the Debt Service Suspension Initiative by the G20 and Paris Club official creditors on bilateral debt). BOAD's only sovereign default in recent decades was with Niger in 2000.

Concentration is ‘Moderate’, with the bank's five largest exposures (all sovereigns) accounting for 47% of total exposures in 2020, a proportion we expect to remain stable in the medium term. Limits are based on counterparty, sector, and country and expressed as a percentage of the bank's own funds.

Exposure to market risks is considered ‘Moderate’. Interest rate on assets and liabilities are fixed. The bank hedges against interest risk via asset/liabilities management and match-fund financing to the maximum extent possible based on interest and tenor. All BOAD's assets are denominated in CFA francs. The bank hedges its USD/XOF risk (arising from its two US dollar

### Risks Assessment

Indicative value	Risk level
Credit	Moderate
Concentration	Moderate
Equity risk	Low
Market risks	Moderate
Risk management policies	Moderate

Source: Fitch Ratings

Eurobond issuances) with cross-currency swaps: after swaps 94% of the debt is denominated in euros and 6% in CFA francs. A devaluation of the CFA franc against the euro is a ‘tail-risk’, which would markedly impact the bank, that does not hedge for this risk as the exchange rate is assumed to remain fixed as per the CFA franc monetary arrangement. In 1994, when the CFA franc was devalued by 50% against the French franc, the member states fully compensated BOAD for the additional cost on its debt repayment.

BOAD holds a portfolio of equity participations, representing 4.25% of its total banking exposure (TBE) at end-2020. The portfolio largely consists of investments in regional financial institutions (80% as of end 2020). Equity participation is limited to 20% of the bank’s own funds and no participation can exceed 15% of the entity’s capital. Negative revaluation affected the equity investment in 2020. We expect equity participation to remain about stable at about 5% of TBE by 2023.

We consider BOAD’s risk management policies a ‘Moderate’ risk. BOAD’s main capital adequacy metric is a Basel II ratio (24% as of end 2020 versus a minimum limit of 15%). In addition, Fitch’s equity/assets ratio (above 25%) is fully integrated in the capital adequacy framework. BOAD’s outstanding debt is limited to three times its equity (240% at end 2020). BOAD will soon start using its new economic capital model. BOAD’s liquidity management framework is relatively less conservative than peers, as its liquid assets must only cover nine to 12 months of net cash outflows (compared with at least 12 months for most MDBs). None of the bank’s treasury assets is rated in the ‘AAA’/‘AA’ category. At least a quarter of treasury assets must be invested at the BCEAO. The bank provisioning is based on expected loss (as per IFRS 9) and it has developed its own internal ratings model.

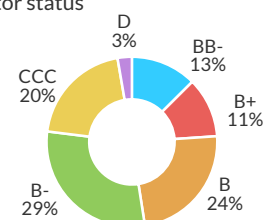
### Liquidity Assessment

Indicative value	Risk level
Liquidity buffer	Strong
Quality of treasury assets	Weak

Source: Fitch Ratings

### Loan Portfolio

Distribution by Rating, end-2020 before adjustment for preferred creditor status



Source: Fitch Ratings, BOAD

### Peer Comparison: Risks

	BOAD		Afreximbank	TDB	EBID
	End-2020	Projection <sup>a</sup>	End-2020	End-2020	End-2020
Estimated average rating of loans and guarantees	B	B	B-	B-	B-
Impaired loans/gross loans (%)	2.6	2.5-3.5	3.7	6.5	15.6
Five largest exposures/total banking exposure <sup>b</sup> (%)	47.0	45-50	25.1	47.9	33.9
Equity stakes/total banking exposure (%)	4.25	3-8	0.0%	1.9	4.7

<sup>a</sup> Medium-term projections, forecast range

<sup>b</sup> Total Banking Exposure = Loans + Equity Stakes + Guarantees

Source: Fitch Ratings, MDBs

## Liquidity

### Peer Comparison: Liquidity

	BOAD		Afreximbank	TDB	EBID
	End-2020	Projection <sup>a</sup>	End-2020	End-2020	End-2020
Liquid asset/short-term debt (%)	104	120-150	87.9	121.1	129.4
Share of treasury assets rated ‘AA-’ and above (%)	0.0	0.0	38.9	12.0	0.0

<sup>a</sup> Medium-term projections, forecast range

Source: Fitch Ratings, MDBs

Fitch assesses the bank’s liquidity at ‘a’.

### Liquidity Buffer

- BOAD has a ‘Strong’ coverage of short-term debt by liquid assets, which we expect to remain between 120% and 150% over the forecast period.

- BOAD's coverage of short-term debt by liquid assets was 104% at end-2020. The lower-than-usual coverage reflects the repayment of a USD750 million Eurobond in early May 2021. The bank issued a new Eurobond in January 2021 (EUR750 million), which has supported its liquidity buffers. As of April 2021, after the issue of the new Eurobond, liquid assets covered 15 months of net disbursement versus nine as of end-2020, based on the bank's own calculation. Fitch expects the debt coverage to be slightly below 150% by 2023, a ratio consistent with a 'Strong' assessment.
- Half the bank's treasury assets are made of deposits at the regional central bank, the remaining are regional government debt securities (a third of treasury assets) and deposits with regional banks. Fitch only retains in its liquid asset definition deposits at the central bank (60% of liquid assets) and regional sovereign securities (40% of liquid assets) to which it applies a 10% discount, reflecting the discount that the central bank would apply to refinance these assets.

### Quality of Treasury Assets:

- BOAD does not invest into highly rated ('AAA'-'AA') assets. The credit quality of deposits at the central bank (half of treasury assets) is considered to be low investment grade. The remaining treasury assets are regional sovereign debt securities, whose credit quality is considered sub-investment grade, and interbank loans and term deposits in non-rated regional banks. These latter placements ensure a high income to the bank and partly reduce the cost of carry of its market resources.

### Access to Capital Markets and Alternative Sources of Liquidity

- Unlike most rated MDBs, BOAD has access to the regional central bank's refinancing window, which considerably enhances its liquidity profile. The central bank can refinance debt securities from regional sovereigns although it has never done this. It could also refinance part of its sovereign loans. The European Investment Bank is the only other MDB benefiting from access to a central bank refinancing window.
- BOAD is a benchmark issuer on the regional capital market and had access to international capital markets in 2016 (USD750 million), 2017 (USD850 million), 2019 (USD830 million) and 2021 (EUR750 million) when it issued in euros for the first time. It is also considering a programme to access the short-term money market in France.
- BOAD has also access to credit lines from bilateral and multilateral creditors (e.g. African Development Bank, OPEC Fund for International Development, Agence Française de Développement) which could provide support in case of liquidity stress.
- As of end 2020, Eurobonds accounted for 60% of debt, 34% was owed to multilateral and bilateral institutions and 6% had been issued on the WAEMU regional capital markets.

## Shareholders' Support

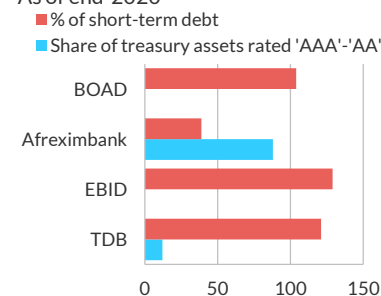
BOAD's extraordinary support from shareholders is assessed at 'bbb' and is the main driver of the bank's rating. The Negative Outlook reflects the risk of weakening support from the bank's shareholders. The Outlook on France's sovereign Long-Term IDR is Negative. Given the role played by France in the CFA franc monetary arrangement as the guarantor of the convertibility of the currency against the euro, a downgrade of France's rating would affect our assessment of the credit quality of the bank's largest shareholder, BCEAO. In turn, this would lead to a downward revision in our assessment of BOAD's shareholders' support and a downgrade of BOAD's rating.

We assess BOAD's shareholders' capacity to support at 'bbb-' taking into account the average rating of BOAD's key shareholders, BCEAO and Cote d'Ivoire. BOAD's callable capital (XOF826 billion) does not cover the bank's debt and is therefore not factored in our assessment of support.

Fitch assesses BOAD's shareholders' propensity to support as 'Exceptional'. This translates into a one-notch uplift over the capacity to support and an overall support assessment of 'bbb'. The 'exceptional' propensity to support reflects the role played by BCEAO, which manages resources on behalf of the Regional MS and can tap on these resources to secure paid in capital

### Liquidity Buffers

As of end-2020



Source: Fitch Ratings, MDBs

payments. The main resource used by the BCEAO to make paid-in capital payments on behalf of member states is the tax on financial transfers outside the monetary zone (0.6%, yielding XOF50 billion-XOF60 billion a year). The central bank could also tap on its dividend if needed. This institutional framework has ensured a high degree of predictability of paid-in capital payments relative to other MDBs.

### Peer Comparison: Shareholder Support

	BOAD		Afreximbank	TDB	EBID
	End-2020	Projection <sup>a</sup>	End-2020	End-2020	End-2020
Coverage of net debt by callable capital	NC	NC	NC	NC	NC
Average rating of key shareholders	BBB-	BB+	BB	B+	B
Propensity to support (notch adjustment)	Exceptional (+1)	Exceptional (+1)	Strong (0)	Moderate (-1)	Very weak (-3)

<sup>a</sup> Medium-term projections  
Source: Fitch Ratings, MDBs

## ESG Navigator

This Navigator report does not constitute a new rating action for this issuer. It provides a visual summary of the integrated scoring system that shows how environmental, social and governance (ESG) factors affect individual credit rating decisions. The most recent Rating Action Commentary can be found on [www.fitchratings.com](http://www.fitchratings.com).

### FitchRatings

## Banque Ouest Africaine de Developpement

### Supranational ESG Navigator

#### Credit-Relevant ESG Derivation

Banque Ouest Africaine de Developpement has 4 ESG rating drivers and 4 ESG potential rating drivers

- + Banque Ouest Africaine de Developpement has exposure to borrowers with limited access to external funding sources and/or extend concessional loans which, in combination with other factors, impacts the rating.
- Banque Ouest Africaine de Developpement has exposure to board independence and effectiveness, ownership composition which, in combination with other factors, impacts the rating.
- Banque Ouest Africaine de Developpement has exposure to lack of supervision by an external authority and is not subject to banking regulation which, in combination with other factors, impacts the rating.
- + Banque Ouest Africaine de Developpement has exposure to obligor concentration; access to central bank refinancing; effectiveness of preferred creditor status which, in combination with other factors, impacts the rating.
- Banque Ouest Africaine de Developpement has exposure to recruitment based on nationality or quotas but this has very low impact on the rating.
- Banque Ouest Africaine de Developpement has exposure to social pressure to provide support at times of crisis but this has very low impact on the rating.

Showing top 6 issues

Overall ESG Scale			
key driver	0	issues	5
driver	4	issues	4
potential driver	4	issues	3
not a rating driver	1	issues	2
	6	issues	1

#### Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management, Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events and climate change on assets and corresponding risk appetite and management	Asset Quality; Risk Management	1

#### How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

#### Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	4	Lending to borrowers with limited or no access to other external sources of finance; extension of concessional loans or grants; credit protection schemes	Importance of the Public Mandate; Credit Risk; Propensity to Support	5
Privacy & Data Security	1	n.a.	n.a.	4
Labour Relations & Practices	3	Restriction on recruitment based on nationality and quotas	Governance	3
Employee Well-being	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Counter-cyclical mandate and development role; social pressure to provide support at times of crisis	Credit Risk; NPLs; Capitalisation; Strategy	1

#### Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy (Operational Execution)	3	Lack of predictability and/or risk around the execution of strategy	Business Profile; Strategy; Governance	5
Governance Structure	4	Board independence and effectiveness, ownership composition, degree of political or external influence, control of one member state over the management of the institution	Business Profile; Strategy; Governance	4
Rule of Law, Institutional & Regulatory Quality	4	Supranationals are neither subject to bank regulation nor supervised by an external authority; all supranationals attract a score of '4'	Risk Management Policies; Governance	3
Financial Transparency	3	Quality and frequency of financial reporting and auditing processes; detail and scope of information; medium-term financial forecasts	Minimum Data Requirement	2
Policy Status and Mandate Effectiveness	4	Inherent obligor risk concentration; effectiveness of preferred creditor status; access to liquidity support from central bank	Concentration; Credit Risk; Access to Central Bank Refinancing	1

CREDIT-RELEVANT ESG SCALE	
How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Supranational ESG Navigator	Analysts	Applicable Criteria & References
Publish Date: <b>October 2021</b>	Arnaud Louis (+33 1 44 29 91 42) Khamro Ruziev (+44 20 3530 1813)	Supranationals Rating Criteria (Apr 2020)

Banque Ouest Africaine de Developpement

Balance sheet	31 Dec 20			31 Dec 19		31 Dec 18	
	Year end (USDm) Original	Year end (XOFm) Original	As % of assets Original	Year end (XOFm) Restated	As % of assets Restated	Year end (XOFm) Restated	As % of assets Restated
<b>A. Loans</b>							
1. To/guaranteed by sovereigns	2,988.1	1,597,289.0	49.91	1,378,720.0	44.42	1,212,543.0	47.34
2. To/guaranteed by public institutions	305.9	163,523.0	5.11	183,550.0	5.91	219,470.0	8.57
3. To/guaranteed by private sector	924.9	494,388.0	15.45	434,931.0	14.01	423,077.0	16.52
4. Trade financing loans (memo)	n.a.	n.a.	-	n.a.	-	n.a.	-
5. Other loans	21.9	11,701.0	0.37	56,075.0	1.81	10,751.0	0.42
6. Loan loss reserves (deducted)	165.6	88,521.0	2.77	56,886.0	1.83	53,570.0	2.09
<b>A. Loans, total</b>	<b>4,075.1</b>	<b>2,178,380.0</b>	<b>68.07</b>	<b>1,996,390.0</b>	<b>64.33</b>	<b>1,812,271.0</b>	<b>70.76</b>
<b>B. Other earning assets</b>							
1. Deposits with banks	922.2	492,987.0	15.40	615,993.0	19.85	334,353.0	13.05
2. Securities held for sale & trading	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Investment debt securities (including other investment)	640.8	342,544.0	10.70	288,496.0	9.30	261,476.0	10.21
4. Equity investments	243.1	129,960.0	4.06	138,656.0	4.47	126,559.0	4.94
5. Derivatives (including fair-value of guarantees)	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>B. Other earning assets, total</b>	<b>1,806.1</b>	<b>965,491.0</b>	<b>30.17</b>	<b>1,043,145.0</b>	<b>33.61</b>	<b>722,388.0</b>	<b>28.20</b>
<b>C. Total earning assets (A+B)</b>	<b>5,881.2</b>	<b>3,143,871.0</b>	<b>98.23</b>	<b>3,039,535.0</b>	<b>97.94</b>	<b>2,534,659.0</b>	<b>98.96</b>
<b>D. Fixed assets</b>	<b>13.0</b>	<b>6,948.0</b>	<b>0.22</b>	<b>6,309.0</b>	<b>0.20</b>	<b>7,571.0</b>	<b>0.30</b>
<b>E. Non-earning assets</b>							
1. Cash and due from banks	20.9	11,165.0	0.35	10,277.0	0.33	6,577.0	0.26
2. Other	71.8	38,399.0	1.20	47,444.0	1.53	12,502.0	0.49
<b>F. Total assets</b>	<b>5,987.0</b>	<b>3,200,383.0</b>	<b>100.00</b>	<b>3,103,565.0</b>	<b>100.00</b>	<b>2,561,309.0</b>	<b>100.00</b>
<b>G. Short-term funding</b>							
1. Bank borrowings (< 1 Year)	4.4	2,369.0	0.07	2,463.0	0.08	76,199.0	2.98
2. Securities issues (< 1 Year)	939.6	502,290.0	15.69	98,604.0	3.18	114,536.0	4.47
3. Other (incl. deposits)	313.2	167,449.0	5.23	86,083.0	2.77	n.a.	-
<b>G. Short-term funding, total</b>	<b>1,257.3</b>	<b>672,108.0</b>	<b>21.00</b>	<b>187,150.0</b>	<b>6.03</b>	<b>190,735.0</b>	<b>7.45</b>
<b>H. Other funding</b>							
1. Bank borrowings (> 1 Year)	n.a.	n.a.	-	n.a.	-	411,048.0	16.05
2. Other borrowings (incl. securities issues)	2,719.4	1,453,656.0	45.4	2,001,919.0	64.5	1,138,518.0	44.5
3. Subordinated debt	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Hybrid capital	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>H. Other funding, total</b>	<b>2,719.4</b>	<b>1,453,656.0</b>	<b>45.42</b>	<b>2,001,919.0</b>	<b>64.50</b>	<b>1,549,566.0</b>	<b>60.50</b>
<b>I. Other (non-interest bearing)</b>							
1. Derivatives (including fair value of guarantees)	119.5	63,902.0	2.00	16,868.0	0.54	23,786.0	0.93
2. Fair value portion of debt	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Other (non-interest bearing)	199.7	106,742.0	3.34	64,552.0	2.08	121,381.0	4.74
<b>I. Other (non-interest bearing), total</b>	<b>319.2</b>	<b>170,644.0</b>	<b>5.33</b>	<b>81,420.0</b>	<b>2.62</b>	<b>145,167.0</b>	<b>5.67</b>
<b>J. General provisions &amp; reserves</b>	<b>14.6</b>	<b>7,784.0</b>	<b>0.24</b>	<b>8,231.0</b>	<b>0.27</b>	<b>7,539.0</b>	<b>0.29</b>



**Banque Ouest Africaine de Developpement (Cont.)**

	31 Dec 20			31 Dec 19		31 Dec 18	
	Year end (USDm) Original	Year end (XOFm) Original	As % of assets Original	Year end (XOFm) Restated	As % of assets Restated	Year end (XOFm) Restated	As % of assets Restated
<b>Balance sheet</b>							
<b>L. Equity</b>							
1. Preference shares	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Subscribed capital	2,064.6	1,103,650.0	34.48	1,103,650.0	35.56	1,103,650.0	43.09
3. Callable capital	(1,545.6)	(826,230.0)	(25.82)	(826,230.0)	(26.62)	(826,230.0)	(32.26)
4. Arrears/advances on capital	(93.5)	(49,957.0)	(1.56)	(64,422.0)	(2.08)	(77,722.0)	(3.03)
5. Paid in capital (memo)	438.4	234,346.0	7.32	219,880.0	7.08	277,420.0	10.83
6. Reserves (including Net Income for the year)	1,251.0	668,728.0	20.90	611,847.0	19.71	468,604.0	18.30
7. Fair-value revaluation reserve	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>K. Equity, total</b>	<b>1,676.5</b>	<b>896,191.0</b>	<b>28.00</b>	<b>824,845.0</b>	<b>26.58</b>	<b>668,302.0</b>	<b>26.09</b>
<b>M. Total liabilities &amp; equity</b>	<b>5,987.0</b>	<b>3,200,383.0</b>	<b>100.00</b>	<b>3,103,565.0</b>	<b>100.00</b>	<b>2,561,309.0</b>	<b>100.00</b>
Exchange rate		USD1 = XOF534.55871 6		USD1 = XOF583.903329		USD1 = XOF572.88821	

Source: Fitch Ratings, Fitch Solutions, BOAD

Banque Ouest Africaine de Developpement

Income Statement	31 Dec 20			31 Dec 19		31 Dec 18	
	Year end (USDm) Original	Year end (XOFm) Original	As % of earning assets	Year end (XOFm) Restated	As % of earning assets	Year end (XOFm) Restated	As % of earning assets
1. Interest received	262.2	140,162.0	4.46	128,359.0	4.22	121,411.0	4.79
2. Interest paid	164.7	88,030.0	2.80	78,302.0	2.58	84,911.0	3.35
<b>3. Net interest revenue (1. - 2.)</b>	<b>97.5</b>	<b>52,132.0</b>	<b>1.66</b>	<b>50,057.0</b>	<b>1.65</b>	<b>36,500.0</b>	<b>1.44</b>
4. Other operating income	47.4	25,345.0	0.81	19,680.0	0.65	17,808.0	0.70
5. Other income	-8.1	-4,308.0	-0.1	83,109.0	2.7	-9,393.0	-0.4
6. Personnel expenses	28.0	14,991.0	0.48	15,156.0	0.50	15,730.0	0.62
7. Other non-interest expenses	2.2	1,172.0	0.04	1,389.0	0.05	1,234.0	0.05
8. Impairment charge	50.8	27,140.0	0.9	19,466.0	0.6	9,576.0	0.4
9. Other provisions	1.1	564.0	0.0	23.0	0.0	202.0	0.0
<b>10. Pre-derivative operating profit ((3. + 4. + 5.) - (6. + 7. + 8. + 9.))</b>	<b>54.8</b>	<b>29,302.0</b>	<b>0.93</b>	<b>116,812.0</b>	<b>3.84</b>	<b>18,173.0</b>	<b>0.72</b>
11. Net gains/(losses) on non-trading derivative instruments	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>12. Post-derivative operating profit (10. + 11.)</b>	<b>54.8</b>	<b>29,302.0</b>	<b>0.93</b>	<b>116,812.0</b>	<b>3.84</b>	<b>18,173.0</b>	<b>0.72</b>
13. Other income and expenses	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>14. Net income (12. + 13.)</b>	<b>54.8</b>	<b>29,302.0</b>	<b>0.93</b>	<b>116,812.0</b>	<b>3.84</b>	<b>18,173.0</b>	<b>0.72</b>
15. Fair value revaluations recognised in equity	-18.4	-9,816.0	-0.3	3,352.0	0.1	24,702.0	1.0
<b>16. Fitch's comprehensive net income (14. + 15.)</b>	<b>36.5</b>	<b>19,486.0</b>	<b>0.62</b>	<b>120,164.0</b>	<b>3.95</b>	<b>42,875.0</b>	<b>1.69</b>

Source: Fitch Ratings, Fitch Solutions, BOAD

## Banque Ouest Africaine de Developement

	31 Dec 20 Year end Original	31 Dec 19 Year end Restated	31 Dec 18 year End Restated
<b>Ratio analysis (%)</b>			
<b>I. Profitability level</b>			
1. Net income/equity (average)	3.4	15.7	2.8
2. Net income/total assets (average)	0.9	4.1	0.7
3. Cost/income ratio	20.9	23.7	31.2
4. Income from equity investment/equity investment (average)	2.4	2.9	3.5
<b>II. Capital adequacy</b>			
1. Net total banking exposure (excluding letter of credits)/subscribed capital + reserves	130.8	126.8	125.4
2. Equity/adjusted total assets	28.6	26.7	26.3
3. Equity/adjusted total assets + guarantees	28.5	26.5	26.0
4. Paid-in capital/subscribed capital	21.2	19.9	25.1
5. Usable capital/risk-weighted assets	28.6	26.0	-
<b>III. Liquidity</b>			
1. Liquid assets/short-term debt	104.0	363.9	205.0
2. Treasury assets/total assets	26.5	29.5	23.5
3. Treasury assets investment grade + eligible non-investment grade/total assets	21.8	21.9	15.3
4. Unimpaired trade financing loans/total assets	n.a.	n.a.	n.a.
5. Liquid assets/total assets	21.8	21.9	15.3
<b>IV. Asset quality</b>			
1. Impaired loans/gross loans	2.7	2.97	2.2
2. Loan loss reserves/gross loans	3.9	2.8	2.9
3. Total reserves/gross loans, equity investment & guarantees	3.7	2.6	2.7
4. Loan loss reserves/impaired loans	148.2	96.0	132.1
<b>V. Leverage</b>			
1. Debt/equity	237.2	265.4	260.4
2. Debt/subscribed capital + reserves	119.9	127.6	110.7
3. Debt/callable capital	257.3	265.0	210.6
4. Net income + interest paid/interest paid	133.3	249.2	121.4

Source: Fitch Ratings, Fitch Solutions, BOAD

## Banque Ouest Africaine de Development

Annex	31 Dec 20 XOFm Original	31 Dec 19 XOFm Restated	31 Dec 18 XOFm Restated
<b>1. Lending operations</b>			
1. Loans outstanding	2,266,901.0	2,053,276.0	1,865,841.0
Memo: Loans to sovereigns	1,597,289.0	1,378,720.0	1,212,543.0
Memo: Loans to non-sovereigns	669,612.0	674,556.0	653,298.0
<b>2. Other banking operations</b>			
1. Equity participations	129,960.0	138,656.0	126,559.0
2. Guarantees (off balance sheet)	10,000.0	40,000.0	32,206.0
Memo: Guarantees to sovereigns	0.0	0.0	0.0
Memo: Guarantees to non-sovereigns	10,000.0	40,000.0	32,206.0
<b>3. Total banking exposure (balance sheet and off balance sheet)</b>			
1. Total banking exposure (loans + equity participations + guarantees (off balance sheet))	2,406,861.0	2,231,932.0	2,024,606.0
2. Growth in total banking exposure	7.8	10.2	7.5
Memo: Non sovereign exposure	809,572.0	853,212.0	812,063.0
<b>4. Support</b>			
1. Share of 'AAA'/'AA' shareholders in callable capital	4.9	4.9	4.9
2. Share of 'A'/'BBB' shareholders in callable capital	48.1	48.2	48.2
3. Share of speculative-grade shareholders in callable capital	47.1	47.0	47.0
4. Rating of callable capital ensuring full coverage of net debt	NC	NC	NC
5. Weighted average rating of key shareholders	BBB-	BBB-	BBB-
<b>5. Breakdown of banking portfolio</b>			
1. Loans to sovereigns/total banking exposure	66.4	61.8	59.9
2. Loans to non-sovereigns/total banking exposure	27.8	30.2	32.3
3. Equity participation/total banking exposure	4.25	6.2	6.3
4. Guarantees covering sovereign risks/total banking exposure	0.0	0.0	0.0
5. Guarantees covering non-sovereign risks/total banking exposure	0.4	1.8	1.6
Memo: Non-sovereign exposure [2.+3.+5.]/total banking exposure	33.6	38.2	40.1
<b>6. Concentration measures</b>			
1. Largest exposure	285,809.0	241,000.0	224,541.0
2. Five largest exposures	1,132,267.0	997,675.0	877,842.0
3. Largest exposure/equity (%)	31.9	29.2	33.6
4. Five largest exposures/equity (%)	126.3	121.0	131.4
5. Largest exposure/total banking exposure (%)	11.9	10.8	11.1
6. Five largest exposures/total banking exposure (%)	47.0	44.7	43.4
<b>7. Credit risk</b>			
1. Average rating of loans & guarantees	B	B	B
2. Loans to investment-grade borrowers/gross loans	0.0	0.0	0.0
3. Loans to sub-investment-grade borrowers/gross loans	100.0	100.0	100.0
4. Share of treasury assets rated 'AAA'-'AA'	0.0	0.0	0.0
<b>8. Liquidity</b>			
1. Treasury assets	846,696.0	914,766.0	602,406.0
2. Treasury assets o/w investment grade + eligible non-investment grade	698,756.0	680,961.0	390,915.0
5. Liquid assets [2. + 4.]	698,756.0	680,961.0	390,915.0

Source: Fitch Ratings, Fitch Solutions, BOAD

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