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West African Development Bank (BOAD)

Statutory Auditor's report on the Audit of the Financial Statements

For the year ended 31 December 2020
West African Development Bank (BOAD)
68, avenue de la libération
BP 1172 Lomé (Togo)
This report contains 7 pages
Appendices contain 60 pages

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To the Board of Ministers of the West African Monetary Union (WAMU)
68, avenue de la libération, BP 1172 Lomé, Togo

Statutory Auditor's report on the Audit of the Financial Statements of the West African Development Bank (BOAD)

For year ended 31 December 2020

1. Opinion

We have audited the financial statements of the West African Development Bank (BOAD), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

2. Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that we bring to your attention the following key audit matters which are matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3.1. Credit risk identification and assessment

3.1.1. Identified risks

BOAD is exposed to a credit and counterparty risk.

These risks are defined as the probability that a debtor will be unable to meet the repayment of the granted loan. Counterparty default can have a significant impact on BOAD's net income.

BOAD books impairment on his exposures to mitigate these risks.

Impairment / provisions on healthy and doubtful receivables are based on an expected loss model, considering, in addition to the outstanding amounts, the commitments approved by the Board of Directors, the remaining disbursement on the corresponding loan through conversion factors. This method is based on a model for calculating expected losses according to changes appeared since the origin of the credit risk and according to a model integrating the various parameters (Probability of default, Loss given default, Exposure at default, notation).

We considered that the assessment of the credit risk and the measurement of the impairments / provisions represent a significant accounting estimate area, due to the significant use of judgment by the Management in determining the assumptions and the exposures classification.

As at December 31, 2020, the gross amount of customers receivables amounted to XOF 2,265 billion and were subject to a provision for impairment for a total amount of XOF 89 billion, including 28 billion of impairment recorded during the current year as detailed in appendix 5 and 17 to the financial statements.

Due to the magnitude of the carrying value of loans to customers and the significant use of judgment in determining the provision for loan losses, this area represents a key audit matter.

3.1.2. Audit procedures performed

To assess the reasonableness of the impairments / provisions made, we have:

- ✓ acknowledged the provision assessment process and the relative internal control system;
- ✓ reviewed the provision/impairment governance process;
- ✓ verified the consistency of data issued from the risk management systems with accounting data;
- ✓ performed an independent calculation of expected credit losses on a selection of financial instruments as at December 31, 2020;
- ✓ assessed the consistency of the variation of provisions, receivables and cost of risk;
- ✓ verified the consistency of the parameters applied in the calculation system in accordance with approved methodological principles;
- ✓ verified that the rules for downgrading and impairment of doubtful debts have not been modified compared to the previous financial year and are correctly applied during the current financial year.

3.2. Valuation of hedging instruments

3.2.1. Identified risks

As at December 31, 2020, the Bank's outstanding borrowings include investment securities amounting to XOF 1,426 billion as specified in appendix 9 to the financial statements. This amount includes XOF 1,290 billion Eurobond issued in 2016, 2017 and 2019, covered by swaps and forward contracts.

The audit of the valuation of hedging instruments in connection with borrowings was considered as a key audit matter due to:

- ✓ the significant impact of the complex valuation method on the Bank's net income;
- ✓ their materiality in the Bank's accounts.

3.2.2. Audit procedures performed

In this context, the works performed have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of valuation parameters;
- ✓ make a detailed analysis of the Bank's hedging contracts;
- ✓ test the correct application of the valuation method on a selection of hedging instruments;
- ✓ Examine the disclosures relating to the valuation of financial instruments published in the notes to the financial statements.

3.3. Valuation of financial assets

3.3.1. Identified risks

BOAD records financial assets at fair value for XOF 130 billion as detailed in note 6 of the appendix to the financial statements. Changes in the fair value from one closing to another are recorded either in profit and loss or in equity in compliance with the adopted classification under IFRS 9.

Due to the restricted availability of market data, the valuation of level 2 and 3 financial instruments requires the use of judgment by the management in determining the valuation method and the parameters to be used.

We have considered the financial assets valuation at fair value (level 2 and 3) as key audit matter because of:

- ✓ the significant impact of the choice of valuation method on the Bank's net income;
- ✓ the sensitivity of the parameters used for management's assumptions;
- ✓ their materiality.

3.3.2. Audit procedures performed

In this context, our works on financial assets (portfolio of equity instruments) have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of the valuation method used;
- ✓ test the correct application of the valuation method on a selection of equity securities;
- ✓ conciliate the value of the selected instruments with external documentation;
- ✓ verify the accounting and management data's reconciliation;
- ✓ verify the appropriateness of the accounting methods used by the Bank and their correct application.

4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5. Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibilities for the audit of the Financial Statements are further described in Appendix 1 of our report.

Lomé, March 22, 2021

Statutory Auditor

KPMG Togo

Franck FANOU
Partner

Appendix 1:

Statutory Auditor's responsibilities for the audit of the Financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appendix 2:

Financial statements for the year ended 31 December 2020

BOAD'S FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2020

MARCH 2021

SUMMARY

STATEMENT OF FINANCIAL POSITION

ASSETS		Note	31 December 2020	31 December 2019
Cash and cash equivalents		4	**469,350**	**576,151**
Loans and receivables at amortized cost		5	**2,562,608**	**2,341,887**
	- Loans and advances to banks		34,802	50,119
	- Loans and advances to customers		2,166,679	1,985,427
	- Loans and advances to staff		11,701	10,963
	- Debt Securities portfolio		342,544	288,496
	- Receivables from shareholders		6,882	6,882
Equity investments		6	**129,960**	**138,656**
	- Equity investments designated at fair value through P&L		10,659	10,436
	- Equity investments designated at fair value through OCI non-recyclable		119,301	128,220
Adjustment accounts and other assets		7	**35,463**	**44,470**
	- Derivative assets		20,001	35,286
	- Accruals assets		3,718	1,778
	- Other adjustement accounts		11,744	7,406
Tangible assets		8	**6,223**	**5,897**
Investment properties		8	**691**	**728**
Intangible assets		8	**725**	**412**
Non-current assets held for sale		8	**2,245**	**2,245**
TOTAL ASSETS			**3,207,265**	**3,110,447**

LIABILITIES		Note	31 December 2020	31 December 2019
Liabilities at amortized cost		9	**2,125,764**	**2,189,070**
	- Deposits from banks		2,369	2,463
	- Debt securities issued		1,448,907	1,668,868
	- Other debts		674,488	517,738
Earmarked funds		10	**97,250**	**42,739**
Adjustments accounts and other liabilities		11	**73,393**	**38,680**
	- Derivative liabilities		63,902	16,868
	- Accruals liabilities		7,638	18,380
	- Other adjustement accounts		1,853	3,432
Provisions		12	**7,784**	**8,231**
Total liabilities			***2,304,191***	***2,278,720***
Capital			**234,346**	**219,881**
	- Subscribed capital		1,103,650	1,103,650
	- Callable capital		-826,230	-826,230
	- Unpaid Capital		-42,063	-55,740
	- Cost related to deferred paying-up of capital		-1,012	-1,800
Share premium			**2,622**	**2,622**
Reserves			**666,106**	**609,224**
	- Reserves allocated to development activities		76,050	76,050
	- Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable		34,225	44,041
	- Cashflow hedging reserves		20,424	-20,546
	- Other reserves		26	26
	- Retained earnings		505,443	392,007
	- Remeasurements of defined benefit liability		636	834
	- Net income for the period		29,302	116,812
Total equity		13	***903,074***	***831,727***
TOTAL LIABILITIES AND EQUITY			**3,207,265**	**3,110,447**

COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT		Note	2020	2019
Interests and related income			140,161	128,359
Interests and related charges			-88,030	-78,302
Net interest income			*52,131*	*50,057*
Fees and commissions (income)			2,756	3,903
Fees and commissions (charges)			-1,206	-1,144
Net interest and fee income		14	*53,682*	*52,816*
Exchange gains			124,027	58
Exchange losses			-396	-9,704
Gains/ losses on hedging instruments			-103,288	22,255
Gains/ Losses on foreign exchange		***15***	***20,342***	***12,610***
Margin on interests, fees and foreign exchange			*74,024*	*65,426*
Gains/ losses on financial assets designated at fair value through profit and loss (IFRS 9)			224	421
Dividends received (income from equity investments)		16	3,228	3,891
Net banking income			***77,476***	***69,739***
Cost of risk		17	***-27,703***	***-19,489***
Endowment from member states			3,200	3,200
Other operating income			509	90,457
Charges related to development activities			-2,162	-2,682
General operating expenditures			-21,944	-24,046
	- Staff overheads		-14,991	-15,156
	- Amortizations and depreciations - Property, equipment and intangible assets		-1,172	-1,389
	- Other operating costs		-5,782	-7,501
Other operating charges			-73	-367
Other net operating income		**18**	***-20,470***	***66,562***
Net income for the period		19	**29,302**	**116,812**
Other comprehensive income				
Items that will be reclassified to profit or loss			**40,969**	**18,883**
Cashflow hedges (CFH)			40,969	18,883
Items that will not be reclassified to profit or loss			**-10,015**	**2,941**
Net gains on financial assets at fair value through “other comprehensive income”			-9,816	3,352
Remeasurements of defined benefit liability			-198	-410
Total other comprehensive income			***30,955***	***21,824***
Total comprehensive income for the period			**60,257**	**138,636**

CHANGES IN EQUITY

	Capital					Reserves						
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)	Share premium	Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value through other comprehensive income	Cash flow hedges reserves	Retained earnings	Total
Equity as at 1st January 2019	1 103 650	-826 230	-67 975	-2 865	2 622	76 050	26	1 245	40 689	-39 429	387 402	675 184
												0
Increase in capital												
Unpaid capital												
Modifications of the first application of IFRS 9												
Net income as at 31 December 2019 before allocation											116 812	116 812
Other comprehensive income	**0**	**0**	**12 235**	**0**	**0**	**0**	**0**	**-410**	**3 352**	**18 883**	**7 605**	**41 665**
Capital paid up in 2019	0	0	12 235									12 235
Adjustments on retained earnings											6 702	6 702
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									3 352		903	4 255
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-410				-410
Cash flow hedges										18 883		18 883
Others changes				**1 066**								**1 066**
Allocation of 2018 income											**-3 000**	**-3 000**
Transfers												0
Contributions et distributions												
Total transactions with the owners of the Bank												
Equity as at 31 december 2019 and as at 1st january 2020	**1 103 650**	**-826 230**	**-55 740**	**-1 800**	**2 622**	**76 050**	**26**	**834**	**44 041**	**-20 546**	**508 819**	***831 727***
Increase in capital	0											0
Net income as at 31 december 2020											29 302	29 302
Others changes				787								787
Allocation of 2019 income											-3 000	-3 000
Other comprehensive income												
Capital paid-up in 2020			13 677									13 677
Adjustments on retained earnings											-3 879	-3 879
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									-9 816		3 504	-6 313
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-198				-198
Cash flow hedges										40 969		40 969
Sub-total other comprehensive income	**0**	**0**	**13 677**	**0**	**0**	**0**	**0**	**-198**	**-9 816**	**40 969**	**-376**	**44 257**
Transfers												0
Contributions et distributions												
Total transactions with the owners of the Bank												
Balance as at 31 december 2020	**1 103 650**	**-826 230**	**-42 063**	**-1 012**	**2 622**	**76 050**	**26**	**636**	**34 225**	**20 424**	**534 745**	**903 074**

CASHFLOW STATEMENT

Designations	Notes	2020	2019
Cashflow from operational activities		**31/12/2020**	**31/12/2019**
Income for the period		**29,302**	**116,812**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-19,991	-12,704
Exchange gains		-748	-58
Exchange losses		396	153
Amortization		1,172	1,389
Depreciation		0	0
Cost of risk		27,703	19,489
Gains/ losses on financial assets designated at fair value through profit and loss		-224	-421
Other items		-3,817	-2,952
		4,492	**4,895**
Changes in assets and liabilities from operations			
Loans and advances to banks		15,317	20,025
Loans disbursements		-493,095	-396,226
Repayments of loans		374,667	290,899
Other receivables from customers		-97,327	-91,107
Loans and advances to staff		-737	-212
Securities portfolio		-54,611	-27,043
Other assets		-2,778	-210
Deposits from banks		-94	-4,162
Other debts		88,030	78,099
Other liabilities		39,190	-59,831
		-131,438	**-189,768**
Cashflow from operations activities (a)		**-97,644**	**-68,061**
Cashflow from investment activities		**2020**	**2019**
Acquisitions of tangible assets		-1,420	-772
Sales of tangible assets		36	13
Acquisitions of intangible assets		-395	-353
Sales of intangible assets		0	0
Acquisitions of shares		-3,973	-8,971
Sales of shares		6,662	1,496
Cashflow from investment activities (b)		**910**	**-8,587**
Cashflow from financing activities		**2020**	**2019**
Resources from capital paying-up		17,895	16,731
Redemption of shares		0	0
Debt issuance		251,491	599,749
Repayment/debts represented by a security		-174,769	-148,937
Repayment/other loans		-104,683	-85,530
Cashflow from financing activities (c)		***-10,067***	***382,013***
Net increase/(decrease) of cash and cash equivalents (a+b+c)		**-106,801**	**305,365**
Cash and cash equivalents at opening	4	**576,151**	**270,786**
Cash and cash equivalents at closing	4	**469,350**	**576,151**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interest paid		90,687	74,033
Interest received		117,704	108,229
Dividends received		3,228	3,891

NOTE 1. ACTIVITY OF BOAD

The West African Development Bank (BOAD) is the common development finance institution of the member countries of the West African Economic and Monetary Union (WAEMU), established by an Agreement signed on 14 November 1973.
BOAD became operational in 1976.
As an international public institution, BOAD has its headquarters in Lomé (Togo), located at 68, avenue de la Liberation, and Resident Missions in each of the capital cities of the other seven WAEMU member countries.
The Bank's shareholders include WAEMU member countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo) and the West African Central Bank (BCEAO), three European countries (Germany, France and Belgium), as well as African Development Bank (AfDB) and European Investment Bank, People's Republic of China, Eximbank of India and the Kingdom of Morocco.
As provided under article 2 of its Articles of Association, BOAD seeks to "promote balanced development of member countries and foster the achievement of economic integration within West Africa" by financing priority development projects. The Bank provides financing for projects in the following areas: rural development, basic infrastructure, modern infrastructure, telecommunications, energy, industry, agro-industry, transport, tourism and other services.
In order to finance its activities, the Bank can, as stated under Article 37 of its Articles of Association, issue bond loans on the Union's domestic market or on the foreign capital markets and contract, from international or foreign public or private agencies, loans with any maturities and repayment conditions, both in the Union's currency and foreign currencies or units of accounts as may be deemed suitable to the Bank's Board of Directors.
Under Article 44 of its Articles of Association, the Bank, its revenues, property and other assets, as well as transactions and operations undertaken by it under these Articles of Association, shall be exempted from all direct or indirect taxes. No tax shall be levied by the Union's governments or communities on bonds issued by the Bank or on interests therefrom, whosoever the titleholder may be.

NOTE 2. SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

Below is the summary of basic accounting principles used by the Bank.

2.1 Declaration of conformity

The financial statements of the West African Development Bank ("the Bank"), for the year ended 31 December 2020 and the comparative figures for 2019, have been established in accordance with the International Financial Reporting Standards (IFRS) - as issued by the IASB (*International Accounting Standards Board*).

2.2 Functional currency and reporting currency

The functional currency of the Bank is the African Financial Community Franc (FCFA/XOF). It is also its reporting currency.
All the figures in BOAD's financial statements are quoted in millions of FCFA/XOF (XOF' mln), unless otherwise stated.

2.3 Basic financial reporting principles

The principles that serve as a basis for financial reporting include:

Continuity of operations

The financial statements for the year ended 31 December 2020 have been prepared based on the principle of continuity of operation where the Bank has neither the intention, nor the need to end or significantly reduce the scope of its activities.

Non-compensation of financial assets and liabilities

The Bank's financial statements are presented according to the principle of non-compensation of financial assets and liabilities.

2.4 Key bases for evaluation

Financial statements are based on historical cost except for certain financial assets measured at fair value.

2.5 Critical accounting assumptions and key sources of uncertainty for estimates

The preparation of financial statements, in accordance with IFRS, requires that the Bank's management provides estimates, assumptions and judgements that affect the value of assets, liabilities, income and expenditure. Estimates and assumptions are continually evaluated and take into account experiences and other factors, including future events deemed reasonable under the current circumstances. The most significant assumptions and estimates are summarized below:

2.5.1 Main assumptions

The Bank's accounting policy requires that assets and liabilities be recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and evaluation of financial assets in accordance with IFRS 9 (loans and receivables, equity investments, and investment portfolio).

2.5.2 Key estimates

The Bank also uses estimates for individual financial statements, as follows:

Assessing the fair value of equity investments: at each reporting date, the Bank reviews its equity portfolio to assess its fair value based on financial information or stock prices available and estimates changes in fair value (***See Note 2.6***).

Assessing fair value of financial derivatives: at each reporting date, the Bank contracts a specialist to assess the fair value of hedging instruments put in place to protect itself against currency risk on loans contracted in SDR and USD. (***See Note 2.22***).

Assessing obligations linked to defined benefit pension plan: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Bank determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations (***See Note 2.18***).

2.6. Fair value of financial instruments

2.6.1 Definition and hierarchy of fair value

Fair value is the price at which an asset would be sold or bought to transfer a liability in a normal transaction between market participants at the valuation date.

The fair value of financial instruments is presented according to a fair value hierarchy with three levels depending on the importance of the data used for the assessments.

Level 1: Fair value determined using quoted prices (unadjusted) on active markets for similar assets or liabilities

Level 2: Fair value estimated from data, other than quoted prices in level 1 whose asset or liability is observable directly (in the form of prices) or indirectly (derived from prices)

Level 3: Instruments for which data for valuation are not based on observable market data ('unobservable' data).
As much as possible, the Bank uses observable market data to assess assets and liabilities at fair value.

2.6.2 Valuation methods

For financial instruments measured at fair value on the balance sheet, the fair value is determined primarily on the basis of prices quoted in an active market. These prices may be adjusted, where applicable if they are not available at the reporting date or if the value of compensation does not reflect transaction prices.

However, due to the multiplicity of the features of the financial instruments negotiated OTC on financial markets, a large number of financial products handled by BOAD are not directly listed on the markets. The fair value of these products is determined by using the valuation techniques with observable or unobservable data.

2.7 Cash and Cash equivalents

Cash includes cash on hand and demand deposits.

Bank deposits of more than three (3) months are also classified as cash and cash equivalents given the clause specifying that they can be freed-up at any time. No short-term bank deposits should exceed one year.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are held in order to meet the short-term (operational and functional) cash commitments rather than for investments or other purposes.

2.8 Loans and advances to banks

Loans and advances to banks include interbank loans and related accrued interests. As at 31 December 2020, all these receivables were due in less than a year.

2.9 Loans and advances to customers

The Bank’s portfolio on “loans and advances to customers” mainly correspond to loans granted to the public (non-commercial and commercial public) and private sectors.

2.9.1 General principles

Loans granted by BOAD are denominated in CFA Francs (XOF) and at fixed rates. They are accounted at the contract rate which corresponds to the market rate. Borrowers have the option to make early repayment of such amounts subject to conditions contained in loan agreements and conventions.
BOAD rate conditions as regards the non-commercial Energy sector are equivalent to those applied by the Energy Development Fund (FDE), which are themselves at market conditions.

2.9.2 Interests and commissions on receivables from customers

Interest and commissions on loans granted to customers are recorded in the period in which they were acquired using effective interest rate. Interests that have accrued but not yet due at the reporting date are recorded as interests on receivable loans.
Default interests are calculated on unpaid instalments after a grace period of one month.
Flat commissions (processing fees) are fees charged only once at the project evaluation. They are recorded in the income statement by linear spread over the lifespan of the loan. The difference between this method of accounting for these commissions and their integration in the effective interest rate of the loan is considered non-significant.
The financing arrangement fees are captured in income as soon as they are due.

2.9.3 Loans to States

Loans to States are initially recorded at fair value in the balance sheet and measured at amortized cost. These loans receive a subsidy that is consistent with market practice.
The Bank incorporates an adjustment clause in its loans to States portfolio. Since the Bank has put in place hedging instruments to protect itself against currency risk, activating the adjustment clause for Loans to States is not necessary based on the current financing structure. Moreover, the risk management policy agreed by the Bank provides for a systematic hedging on borrowings contracted in SDR and USD. Therefore, the creation of an adjustment clause is more of a safeguard measure than a risk management policy. Its activation is not expected.
Finally, the existing adjustment clause does not exclude recognizing these loans at amortized cost.

2.9.4 Impairment of loans and advances to customers

The Bank carries out the classification of a loan or security within a bucket according to the following criteria:

- Bucketd 1: financial assets considered as performing loans with no credit downgrading or downgrading of credit risk by one notch since their initial recognition;
- Bucket 2: financial assets whose credit risk shows a downgrading by at least two notches since the initial recognition or whose rating is lower than the SG5 sensitivity limit in the case of the Bank. Restructured loans are classified in bucket 2 with the rate SG6 during the 18 months following their restructuring. SG means Speculative Grade and corresponds to a risk level higher than that of the Investment Grade (IG);
- Bucket 3: financial assets with more than 90-day unpaid installments or whose credit risk downgrading is such that there is incurred loss. The provision is individual and

remains unchanged from the practice under IAS 39.

a) Expected losses approach to provisionning for buckets 1 and 2

Expected losses represent an estimate established by probabilistic weighting of credit losses. This weighting must integrate past events, current conditions and the forecast of future economic conditions.

They are determined collectively by discounting at effective interest rates according to the formula **ECL = PD x LGD x EAD** where PD (Probability of Default) represents the probability of default, LGD (Loss Given Default) corresponds to the loss in the event of default and EAD (Exposure at Default) is the Bank's exposure in the event of default.

The determination of PD and LGD takes into account the calibration of the Bank's rating models with a "masterscale" mapped to GEM's[1]. This mapping made it possible to draw up a loan claims matrix by category of borrower (sovereign, public and private companies).

For the calculation of the EAD, all outstanding amounts as well as financing commitments are taken into account. A factor of conversion factor into credit equivalent of the balance to be disbursed is applied to the parts not yet disbursed from financing commitments.

The shortfalls in cash flow are discounted over a period of one year for bucket 1 while the discount is made on the residual maturity for bucket 2. They are recognized as cost of risk in the income statement.

It should also be noted that interest income is calculated on the basis of the gross value of the receivables.

b) Expected losses approach of impairment for bucket 3

The calculation of expected losses is carried out instrument by instrument. They correspond to the difference between the discounted amounts of future cash flows (expected from the borrower, financial guarantees, etc.) and the book value at the reporting date. Cash flows are discounted at the effective interest rate of the loan. This difference is recognized in cost of risk in the income statement.

Interest income is calculated on the basis of the net book value. The difference between interest income calculated on the basis of gross value and that calculated on the basis of net book value is carried in cost of risk in the income statement.

2.9.5 Originating, restructuring or renegotiating loans

When the loan contracts are modified, the Bank analyzes the reasons (renegotiation, reorganization or restructuring) for the modifications and assesses the substantial nature of the modifications made on a case-by-case basis.

a) Changes without substantial impacts

In the event of a modification resulting from financial difficulties, the loan is considered as impaired outstanding (bucket 3) and is subject to a discount of an amount equal to the difference between the discounted contractual cashflows initially expected and the

[1] Global Emerging Markets (GEMs): rating database of counterparties subscribed to by most development banks in the west African sub region (BOAD included).

discounted future cashflows expected (capital and interests) following the restructuring. The discount rate used is the initial effective interest rate. This discount is entered in the net result in the "cost of risk" item and in the balance sheet as a reduction of the corresponding outstandings. It is impacted on the net income over the lifespan of the loan. This loan is reinstated as a healthy loan when there is no longer any uncertainty about the borrower's ability to honor its commitments.

In the event of modifications not justified by financial difficulties, the loan is entered in bucket 2. The gross book value of the loan is recalculated so that it is equal to the present value of the contractual cash flows renegotiated or modified at the rate of initial effective interest. The difference noted (profit-surcharge or loss-discount) is entered in the net result in the “cost of risk” item and then reported in the result over the term of the loan.

b) Changes with substantial impacts

When the change is substantial, the contractual rights to the cash-flow of the original loan are deemed to have expired. In this case, a new loan is recorded at fair value, while the original loan is derecognized. The difference between the book value of the derecognized loan and the fair value of the new loan is recorded in profit or loss in the “cost of risk” item. Any impairment previously recorded on the loan is adjusted or fully reversed.

2.9.6 Loans to staff

Employee loans are loans granted to the Bank’s staff at market conditions. There are recognized at their nominal value.

2.9.7 Pre-financing of surveys

Pre-financing of surveys represents an advance granted by the Bank to finance the cost of a feasibility survey for a project.

The pre-financing of surveys granted by BOAD are the responsibility of the borrower in the event that the studies conclude that the projects are viable. If the study results in a project financed by the Bank, its cost plus interest is then incorporated into the loan amount and, therefore, constitutes the first disbursement.

In the event that the survey leads to a viable project whose financing is not requested from the Bank, the advance plus interest is reimbursed to it over a defined period and at a given rate. Otherwise (unsustainable project), it constitutes a subsidy granted by the Bank and recognized in final consumption therefore expensed over the reporting date.

2.9.8 Grants and subsidy mechanism

Loan subsidies are paid in by countries to reduce the cost of loans for borrowers. These subsidies help to grant concessional loans based on market resources (by reducing the average cost of resources allocated to each of the concerned loans).

2.9.9 Financial guarantees and financing commitments

Financing commitments record the outstanding amounts due as part of loan agreements signed with customers. These commitments are recorded off-balance sheet for amounts not yet used.

Some of these loans are covered by financial guarantees received. These financial guarantees allow the Bank to be reimbursed by the guaranteeing companies in the event of default by its customers. The fair value of these guarantees corresponds to their nominal value.

The Bank also grants financial guarantees (essentially commitments by signature in the framework of short or medium or long-term guarantee or counter-guarantee contracts) which oblige it to reimburse the subscribers of the beneficiary of the guarantee in the event of default of the latter.

The financing commitments received correspond to the drawdowns not yet made on the loans from which the Bank benefits.

2.10 Receivables from shareholders

" Receivables from shareholders" includes endowments and amounts due but not yet paid.

2.11 Securities portfolio

With the transition to IFRS 9, all securities held by the Bank are classified as financial assets at amortized cost. These include bonds with fixed or determinable payments that are not quoted on active market.

The impairment model is the same as that applied to loans and receivables from customers.

2.12 Equity investments (equity securities)

Equity securities (equity investments) are shares held by the Bank in other entities from diverse sectors in accordance with its equity investments strategy (See Note 6.1).

Equity securities are equity instruments that are recognized at fair value into two distinct categories (fair value through profit and loss and fair value through OCI non-recyclable to profit and loss). All new equity investments will be analyzed line by line to ensure their classification in one of the above categories.

a) Fair value through profit and loss

This default classification is mandatory for equity instruments held for transactions. This is an option identified for equity investments held by the Bank and representing an undertaking for collective investment in transferable securities (UCITS), namely an open-ended investment company and a mutual fund. Dividends and capital gains or losses on these assets are recognized in the income statement. They are not subject to depreciation.

b) Fair value through OCI non-recyclable to profit and loss

This classification was selected for all equity transactions of the Bank considered as strategic in line with its development mission. Dividends are recognized as income in the income statement. Any subsequent variation of the fair value (gains/losses) is recognized as other items in the comprehensive income statement and never recycled as income.

2.13 Fixed assets and amortizations

2.13.1 Recognition and evaluation

Fixed assets are recognized at their cost of acquisition. When significant components of fixed assets have different useful life, they are recognized as distinct fixed assets (major components). Subsequent expenses are only activated if there is probability that associated economic profits will go to the Bank. The loss or profit on fixed assets are recognized in the net income statement.

2.13.2 Amortizations and impairment test

Fixed assets are amortized on a straight line over their estimated useful life. Estimated residual values are considered as nil. Below is the different useful life:

	Amortization per component over the following duration
1. Constructions	
a. Land	Not amortizable
b. Construction work	40 years
c. Technical installations	20 years
d. Technical lots, fittings and facilities	15 years
e. Diverse facilities	10 years
2. Office materials and furniture	3 to 10 years
3. Housing equipment and furniture	3 to 10 years
4. Transportation material	3 years
5. Fittings and facilities	3 to 10 years

Assets that are likely to depreciate are reviewed annually to determine whether they have suffered a loss in value. The book value of an asset is immediately captured in the recoverable amount if the book value exceeds its estimated recoverable amount. The recoverable amount is the highest amount between the fair value of the asset (minus selling costs) and its value-in-use. The residual values and useful life of assets are reviewed periodically and adjusted if necessary.

The monthly amortization charges are recognized in the income statement under item “Depreciations” on line “general operating expenses”.

2.13.3 Intangible assets

Only software is considered intangible assets. They are amortized over a period of 3 to 5 years.

2.13.4 Investment properties

a) Recognition and measurement

Investment properties are initially measured at cost, including transaction costs and subsequently measured at amortised cost. Subsequent expenses are

Subsequent expenses are recognized in the book value of the investment property when they increase the capacity of the investment property or when they are intended to replace significant parts of the investment property. The Bank has choosen the cost model, all the investment properties are measured at cost less accumulated depreciation and less accumulated impairment losses.

b) Transfers to or from investment property classification

Transfers to, or from, investment property should only be made when there is a change in use. Transfers between categories do not change the book value of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

c) Derecognition and disposals

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

d) Rental income from investment properties

The Bank recognises the lease payments associated with these leases as an income on a straight-line basis over the lease term. The benefits granted by the Bank under a rental contract form an integral part of the total net rental income over the entire duration of the rental contract.

2.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

All rental contracts are classified as operating leases. All the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.15 Deposit from banks

Deposits from banks correspond to investments made in BOAD's books by partner institutions such as ROPPA, AFD, NIMAO, etc.

2.16 Debts securities and debts from donors

Debts securities correspond to the outstanding bonds and securities debts issued by BOAD.

Other debts include BOAD's loans from its partners such as AFD, EIB, PROPARCO, AfDB, IDA, etc. All these borrowings are at fixed rates.

2.17 Allocated external funds

These are funds with external contributions from AFD, IDA, Belgian Assistance Fund, China International Fund, etc.

Expenses incurred are charged directly on the Fund created. No charge nor income is recognized in the comprehensive income statement of the Bank for these funds.

2.18 Pension commitments

2.18.1 Plan used by the Bank: Defined benefit scheme

The Bank uses the "defined benefit" system in which the employer agrees to pay specific benefits in the form of pensions or retirement benefits, depending on the employee's length of service and salary. These benefits are paid directly by the Bank to the beneficiary.

The pension plan is entirely financed by the Bank. Staff are not obliged to contribute to the scheme.

2.18.2 Determination of net liability under the defined benefit scheme

The Bank's net defined benefit obligation is assessed by estimating the amounts of future benefits acquired by the staff during their actual and past periods. This amount is calculated based on the actuarial liability related to the Bank pension obligations, but less the fair value of the hedging assets of the pension fund.

The Bank does not have any hedging asets to cover its pension plan.

The actuarial assumptions used are calculated annually by a qualified actuary using the Projected Unit credit method.

Revaluations of the net liability for defined benefit plans including actuarial gaps are recorded immediately under other items in the comprehensive income statement.

2.18.3 Actuarial assumptions

Actuarial assumptions as at the closing date are as follows:

Actuarial assumptions	2020	2019
Discount rate	6.18%	6.18%
Rate of salary increase	6%	6%
Rate of staff turnover	1%	1%
Retirement age	60 years	60 years
Mortality table	Table CIMA	Table CIMA

The risks related to the retirement benefit scheme are rather related to the changes in discount rate and increases in salary. The discount rate remains the same and corresponds to the average yield of bonds purchased by the Bank during the 2019 financial year.

2.19 Transactions on share capital and allocations

2.19.1 Capital

The Bank's capital is made up of shares of nominal value equal to XOF50,000,000. It is divided into two categories of shareholders: Class A shareholders including WAEMU member countries and the Central Bank of West African States (BCEAO) and class B shareholders which are non-regional shareholders. Capital call-up is based on a long term payment plan. Therefore, the amount of the capital increase is discounted at each reporting date. In order to provide a more appropriate presentation, the difference is captured in "Cost related to deferred paying-up of capital".

According to Article 7 of its Articles of Association, the Bank's callable capital is used as guarantee for loans contracted by the Bank.

2.19.2 Allocations

Member countries make allocations annually to BOAD. BOAD's right to these allocations is established at the adoption of the Bank's updated financial outlook over a period of four (4) years. This application is made annually and as a result, the allocations are captured annually as income. The allocations are therefore recognized as receivables during the fiscal year, with impact on the year's income under IAS 20.

This recognition helps cover expenses related to development activities namely studies conducted but captured as final consumption, interest rate subsidies for loans to States.

2.20 Investment income from the Central Bank

Interests paid by BCEAO on BOAD's assets invested with it, are captured as "Interests and related income" for the period in which they were earned.

Interests receivable from BCEAO as at the year-end reporting are recorded as assets under "loans and advances to banks".

2.21 Interests and fees on debts

Interests and commitment fees are subject to a monthly subscription calculated on the basis of loans recorded at the reporting date.

Interests accrued but not due on loans are recorded at the end of the year and find their counterpart liabilities on the balance sheet under "Other liabilities at amortized cost".

At each reporting date, loans, interests and commitment fees accrued but not due pertaining to loans in foreign currencies are valued at the last reported exchange rate.

2.22 Derivatives and hedge accounting

2.22.1 Derivatives

The Bank uses derivative instruments to hedge exchange risks. These instruments are mainly an exchange cross-currency swap specifically for the Eurobond 1 issue and forward exchange contracts on Eurobond 2 issue and other borrowings. Derivatives serve to cover the variability of cash flows resulting from exchange rates fluctuations on borrowings contracted in foreign currencies (SDR and USD). This relation is established from the date of issue of the borrowing and maintained throughout the contract terms.

The Bank assesses all its financial derivatives at fair value and changes in fair value are generally recognized through profit and loss. When the required conditions are met for the application of the fair value option, the debt in question is also assessed at fair value and changes in fair value are recognized as net income.

2.22.2 Fair value hedge

The Bank applies fair value hedge accounting to derivatives to hedge the exposure to currency risk associated with foreign currency borrowings. Under fair value hedge accounting, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the risk being hedged are recognized as profit and loss.

From the onset, the Bank documents the relation between the hedging instrument and the hedged item as well as the risk management objectives and its strategy to undertake hedging transactions. The hedge accounting stops being applied when the objective of the Bank’s risk management for the hedging relationship changes or when the hedging instrument has matured, is sold or is abrogated or is exercised or when the hedge accounting does no longer meet required conditions for the hedge accounting.

2.22.3 Cash flow hedge

When a derivative is recognized as cash flow hedge instrument, the effective portion of the change in fair value of the derivatives is recognized as other comprehensive income and accumulated in the cashflow hedge reserve. All other ineffective portion in the change in fair value of the derivative is recognized immediately as profit or loss.

The accumulated amount in equity is recognized as Other comprehensive income and reclassified to profit or loss at a date or dates when the anticipated cashflow hedged or the hedged item affects profit or loss.

If the anticipated transaction is no longer expected to occur and the hedge no longer meets the criteria for hedge accounting, or the hedging instrument expires, is sold, terminated, exercised or cancelled, the Bank ceases to apply prospective hedge accounting. If the anticipated transaction is no longer expected to occur, the balance in equity is reclassified to net income.

2.23 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if it is highly likely that they will be recovered primarily through sale rather than through continuous use.

Non-current assets that are classified as held for sale are measured at the lower of book value and fair value less costs to sell. Any impairment prior to classifying an asset as held for sale and gains of losses for any subsequent increase in fair value less costs to sell of an asset are recognised in the statement of profit or loss.

2.24 Cashflow statement principles of presentation

The cashflow statement explains the change in the Bank's cashflows during the period under review.

The cashflows are distributed among the operating, investments and financing activities. Cash and cash equivalents appearing in the cashflow table should be compared with those presented in the financial statement. Flows from operating activities are presented using the indirect method whereby the result is adjusted of the effects of non-cash transactions, any deferrals or accruals from past entries or past/future operational cash payments and income or expenditure items related to the cashflows for investments or financing.

Cashflows related to investing and financing activities are presented separately according to major categories of gross cash inflows and outflows from investing and financing activities.

Cashflows from foreign currency transactions are recorded under the Bank's functional currency by applying the foreign exchange rate between the functional currency and the foreign currency as at the date of the cashflows.

2.25 Subsequent events

The Bank makes adjustments to its financial statements to reflect events that occurred between the reporting date and the date on which the said financial statements are authorized for issue, provided that these events relate to existing situations as at the reporting date.

If these events relate to events that occurred after the date of closing of the accounts but require disclosure, the balance sheet, income statement, cash flow statement and the statement of changes in equity are not adjusted. The nature and potential impact of these events are captured in note 26 below.

2.26 Approval of accounts

BOAD's individual accounts as at 31 December 2020 were approved by the Board of Directors at its 17 March 2021 meeting.

NOTE 3. IMPACT OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations contained in the Bank's financial statements as at 31 December 2019 were supplemented by provisions of the new standards and interpretations for the 2020 financial year. These involve the following standards and amendments:

3.1 New provisions in force and published by IASB

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2020	Amendments to IAS 1 and IAS 8: definition of the term « material »	The purpose of these amendments is to improve the definition of "material" to make it easier for entities to exercise judgment regarding materiality for the information to be included in the financial statements. Under the old definition, omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make based on the financial statements. Under the new definition, information is material if its omission, misstatement or obscuration can reasonably be expected to influence the economic decisions that the principal users of a particular reporting entity's general purpose financial statements make on the basis of those financial statements. **The application of this new definition does not have a significant impact on the Bank's financial statements.**
	Amendments to IAS 39, IFRS 7 and IFRS 9: reform of reference interest rates	The purpose of these amendments is to provide an accounting solution arising from the uncertainties related to the reform of the reference rates (or IBOR Interbank Offered Rate). In phase 1, they require entities to provide useful financial information to investors on their hedging relationships during this period of uncertainty. The phase 2 which began in February 2020, focuses on the potential consequences on financial information of replacing one existing reference rate with another. Work on this project is still in progress. **No impact resulting from this amendment is therefore anticipated.**
1st June 2020	Amendments to IFRS 16: Covid-19 related rent concessions	Under the initial version of IFRS 16, lessees are required to assess leases individually to determine whether certain lease concessions should be considered as lease modifications and, if so, the lessee must revalue the lease obligation using a revised discount rate. The amendment introduces an exemption whereby lessees are no longer required to consider whether or not lease concessions related to Covid-19 are lease amendments, allowing them to consider such changes as if they were not lease amendments. The amendment applies exclusively to Covid-19 lease concessions that reduce lease payments due in 2020. **Lease agreements signed by the WOAD as lessee do not meet the definition of a lease within the meaning of IFRS 16. As a result, the BOAD did not benefit from any rent concession. Based on the foregoing, no impact is expected from this amendment.**

3.2 Upcoming provisions

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st january 2021	Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	These amendments with those published in 2019 (which date of entry into force is 1st January 2020) draw attention to the changes to be made to the financial statements in the event that a company replaces the old reference interest rate with another reference rate as a result of the reform. Three major changes should be noted: • The possibility for the company to continue to apply hedge accounting when the criteria for hedge accounting are met independently of the implementation of the changes required by the reform; • The possibility for the company to update only the effective interest rate to reflect the change in the alternative reference rate instead of derecognizing or adjusting the carrying amount of the financial instruments; • The disclosure of information on the new risks arising from the reform and how the company is managing the transition to alternative reference rates. **There will therefore be no impact on BOAD accounts.**
1st january 2023	Amendments to IAS 1: Classification of liabilities as current or non-current liabilities	The purpose of this amendment is to specify the criteria for classifying liabilities, i.e. debt and other liabilities as current or non-current. **The application of this amendment has no material impact on the Bank's accounts.**
1st january 2023	IFRS 17 "Insurance contracts"	The Bank's activity is mainly banking and does not fall within the scope of IFRS 17 which replaces IFRS 4. **There will therefore be no impact on BOAD accounts.**
1st january 2023	Amendments to IFRS 17 "Insurance contracts"	The objective of the amendments is to make the transition to the new IFRS 17 easier for companies by simplifying certain provisions of the standard and by making financial performance easier to explain. **As IFRS 17 is not applicable at the level of the BOAD, the related amendments will not be applicable either.**

NOTE 4. CASH AND CASH EQUIVALENTS

Analysis of the "Cash and cash equivalents" item (*see Note 2.7 on Summary of key accounting principles and policies*) comprises the following:

Cash and cash equivalents	Note	31 December 2020	31 December 2019
Cash accounts		69	107
BOAD HQ Current Account		239	99
Deposit Accounts for Resident Missions at BCEAO	4.1	145,323	390,922
Japan Eximbank Special Account	4.2	15	15
Kingdom of Belgium Special Account	4.3	4,267	4,213
FDE Contribution Account	4.4	1,985	1,985
BOAD Settlement Account Lomé		269,200	31,861
Operating Account for Resident Missions		958	718
Bank and correspondent bank accounts		11,096	10,170
Short-term bank deposits (a)	4.5	34,006	136,006
Deposits/ Margin calls		2,194	55
TOTAL		**469,350**	**576,151**

4.1. The deposit accounts of Resident missions are detailed as follows:

Resident missions deposit accounts	31 December 2020	31 December 2019
Deposit Accounts BCEAO Abidjan	2,748	13,396
Deposit Accounts BCEAO Bamako	10,478	13,604
Deposit Accounts BCEAO Bissau	87	1,829
Deposit Accounts BCEAO Cotonou	2,828	8,102
Deposit Accounts BCEAO Dakar	5,096	19,062
Deposit Accounts BCEAO Lomé	114,876	308,683
Deposit Accounts BCEAO Niamey	5,158	10,509
Deposit Accounts BCEAO Ouagadougou	4,053	15,736
Total	**145,323**	**390,922**

4.2. The Japan Eximbank special account is a current account used for recording transactions related to Japan Eximbank credit line.

4.3. The Kingdom of Belgium special account records the share of callable capital subscribed by the Kingdom of Belgium and paid in advance.

4.4. This account records the resources of the Energy Development Fund (FDE) used to finance energy projects in the WAEMU region. The Bank is the fund manager.

4.5. Short-term bank deposits include the following**:**

Short-term bank deposits	31 December 2020	31 December 2019
BOA-CI, special liquidity account	996	996
BOA-BENIN liqiuidity account	1,010	1,010
Term deposit with BOA Group	0	21,000
Term deposit with ORABANK Group	10,000	10,000
Term deposit with BSIC Group	0	8,000
Term deposit with Banque Atlantique Togo	0	5,000
Term deposit with Coris Bank Group	4,000	48,000
Term deposit with Diamond Bank Group	0	15,000
Term deposit with BHBF	0	5,000
Term deposit with UTB	10,000	10,000
Term deposit with IB Bank	5,000	0
Term deposit with BNDE	0	10,000
Term deposit with UBA	2,000	2,000
Term deposit with Banque Outarde	1,000	0
Total	**34,006**	**136,006**

NOTE 5. LOANS AND RECEIVABLES AT AMORTIZED COST

The item « loans and receivables at amortized cost » (*see note 2.9 of summary of accounting principles and practices)* breaks down as follows:

Loans and receivables at amortized cost	Note	31 December 2020	31 December 2019
Loans and advances to banks	5.1	34,802	50,119
Loans and advances to customers	5.2	2,166,679	1,985,427
Loans and advances to staff		11,701	10,963
Securities portfolio	5.3	342,544	288,496
Receivables from shareholders	5.4	6,882	6,882
TOTAL		**2,562,608**	**2,341,887**

5.1 Loans and advances to banks

Loans and advances to banks include interbank loans and related interests. Loans and advances to banks per counterparty is detailed as at 31 December 2020 and 31 December 2019 as follows:

Counterparties	31 December 2020	31 December 2019
BCEAO- Interests on ordinary accounts	25	136
ORAGROUP	20,000	20,000
BRM	12,500	12,500
BDM	0	10,000
BDU-BF	0	5,000
Interests receivable	2,277	2,483
TOTAL	**34,802**	**50,119**

5.2 Loans and advances to customers

Receivables from customers include loans to member countries (non-commercial sector) and the commercial sector.

5.2.1 Break down per type, sector of activity and per country

A detailed analysis of receivables from customers per type of loans, sector of activity and per country is presented in Note 20.1 on credit risk.

5.2.2 Schedule of receivables from customers

The schedule of receivables from customers is presented as follows as at 31 December 2020 and 31 December 2019:

Items	31 December 2020	31 December 2019
Gross outstanding receivables from customers	**2,264,640**	**2,055,777**
of which gross outstanding loans	2,206,285	1,997,201
At most six months	122,444	98,570
More than six months and less than one year	113,863	107,133
More than one year and less than two years	227,572	203,554
More than two years and less than three years	227,009	203,563
More than three years and less than five years	418,384	391,502
More than five years	1,097,014	992,880
of which advance for financing studies	14,698	14,447
of which related receivable to loans	43,657	44,128
Total depreciation on loans and related receivables	**-88,521**	**-58,785**
of which depreciation of non-performing loans (*)	-58,250	-39,976
of which depreciation on buckets 1 and 2	-30,271	-18,809
Deferred income from fees	**-8,603**	**-8,386**
Value adjustement on advances to customers	**-837**	**-3,179**
Receivables from customers	***2,166,679***	***1,985,427***

(*) The total amount of depreciation of non-performing loans includes

XOF 50,904 M for depreciation on the principal and XOF 7,346 M for interests and commissions on non-performing loans.

5.2.3 Variation table for non-performing loans

Gross outstanding loans also include non-performing loans that have evolved as follows:

	Balance as at	Changes of the period			Balance as at
	31 december 2019 (a)	Increase (b)	Decrease (c)	Balance of the period (d) = (b) + (c)	31 december 2020 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	59,270	2,601	-2,132	469	59,739
2. Depreciation	-38,077	-13,157	329	-12,827	-50,904
3. Net outstanding of non performing loans = (1) + (2)	**21,194**	**-10,555**	**-1,803**	**-12,358**	**8,835**

5.3 Securities portfolio

5.3.1 Variation table for securities

The variation table of securities as at 31 December 2020 is as follows:

	Balance as at	Variations of the period			Balance as at
	31 december 2019 (a)	Increase (d)	Decrease (e)	Balance of the period (f) = (d) + (e)	31 december 2020 (e) = (a) + (d)
1. Gross outstanding of securities portfolio	282,278	155,786	-103,230	52,556	334,833
2. Interest receivables of securities portfolio	6,686	19,379	-17,324	2,055	8,741
3. Depreciation	-467	-591	27	-563	-1,030
4. Net outstanding of securities portfolio = (1) + (2) + (3)	**288,496**	**174,575**	**-120,527**	**54,048**	**342,544**

5.3.2 Details of securities portfolio

The breakdown of the securities portfolio is as follows:

Securities portfolio	31 December 2020	31 December 2019
Treasury bonds Senegal	40,750	43,500
Treasury bonds Côte d'ivoire	46,286	42,000
Treasury bonds Benin	46,500	50,000
Treasury bonds Burkina Faso	47,625	35,000
Coris Bank Holdings bonds	15,000	10,000
Treasury bonds Mali	49,448	30,000
Treasury bonds Niger	5,400	11,012
Treasury bonds Togo	39,942	28,413
CRRH Bonds	9,917	11,217
EBID Bonds	2,000	2,000
SONATEL Bonds	10,000	0
Treasury bills Burkina Faso	11,099	7,286
Treasury bills Mali	10,556	4,000
Treasury bills Niger	0	7,407
Deposit Certificate BRM	400	600
Sub-total 1. Gross outstandings	***334,923***	***282,434***
Bonds premiums and discounts (TPCI 2019-2022)	-90	-156
Sub-total 2. Net outstandings of premiums	***334,833***	***282,278***
Interests receivable	8,741	6,686
Depreciation	-1,030	-467
TOTAL	**342,544**	**288,496**

5.3.3 Schedule of securities portfolio

The contractual schedule of securities investments in XOF' M as at 31 December 2020 and

31 December 2019 is as follows:

Maturity	31 December 2020	31 December 2019
At most six months	43,042	20,077
More than six months and less than one year	15,060	20,613
More than one year and less than two years	75,297	34,298
More than two years and less than three years	70,346	66,463
More than three years and less than five years	83,366	97,675
More than five years	47,812	43,307
Sub-total 1. Gross outstandings	**334,923**	**282,434**
Bonds premiums and discounts (TPCI 2019-2022)	-90	-156
Sub-total 2. Net outstandings of premiums	***334,833***	***282,277***
Interests receivable	8,741	6,686
Depreciation	-1,030	-467
TOTAL	**342,544**	**288,496**

5.4 Receivables from shareholders to be paid up

The item on « receivables from shareholders to be paid up » includes the following:

Receivables from shareholders	31 December 2020	31 December 2019
Endowment from member states receivable	5,029	5,029
Admission fee Guinea Bissau	1,852	1,852
TOTAL	**6,882**	**6,882**

NOTE 6. EQUITY INVESTMENTS

6.1. The Bank's equity investments strategy

Equity investment activity is consistent with the Articles of Association of the Bank, which, inter alia, provide: **(i)** in article 2, that "... The Bank shall provide financing particularly through equity participation, granting of loans..." and **(ii)** in article 30, that it "may constitute or participate in the establishment of the capital of institutions or companies". The set objective is to strengthen the equity capital and expertise of businesses operating in the Union.

In accordance with this mission and implementation of this strategy, BOAD provided assistance to all the countries in the Union by investing in the share capital of several companies. Many companies in the financial sector (banks, financial institutions) and non-financial sector businesses (energy, telecommunications, hotel, airline, etc.) have benefited from such financial support.

The Bank's equity investment strategy is as follows:

- **Objective**: fulfilling the Bank's development agenda while ensuring that it stays financially viable in accordance with the strategic orientations of the Bank.
- **Areas of intervention**: all sectors eligible for financing by the Bank.
- **Modes of intervention**: when entering into a transaction, the Bank must have sufficient visibility of the terms and conditions of exit, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.
- **Positioning in the governing bodies**: each of the Bank's equity participations is

conditioned by the allocation of a seat on the company's governing body (board of directors, supervisory board, credit or investment committee, etc.).

In addition to the equity investment strategy, BOAD has taken measures to (i) adapt to the evolution and the requirements of WAEMU's financial sector (increase of minimum capital of banks and financial institutions) and (ii) take into account the special nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.2. Intervention limits for equity investments

The Bank's threshold for intervention is defined in relation to its risk capital, which corresponds to the paid-up capital plus net reserves and similar funds, less unproductive assets.

<table>
<tr><th>Operations</th><th>Limit per company and per transaction</th><th>Level of engagement per borrower (all transactions combined)</th><th>Maximum overall volume of equity investments</th></tr>
<tr><td>Projects from National Financial institutions (NFI) and SME promoting agencies, privatization projects, regional projects and projects from the mining and energy sectors</td><td>5% of risk capital</td><td rowspan="2">15% of the company's share capital within the temporary limit of 100% for entities in which BOAD plays a role of major promoter. This level must be reduced to 51% with a clear exit strategy within reasonable deadlines</td><td>20% of risk capital</td></tr>
<tr><td>All projects other than those from National Financial institutions (NFI) and agencies promoting SME, privatization projects, regional projects and projects from the mining and energy sectors</td><td>2.5% of risk capital</td><td></td></tr>
</table>

6.3. Change in equity investments

6.3.1 Equity investments variation table

Changes in gross equity investments (*see note 2.12 of summary of accounting principles and practices)* are as follows:

Changes in equity investments	2020	2019
Gross outstanding of equity investments as at 1st January	92,991	84,668
Increases	3,973	8,971
Decreases	-3,076	-648
Gross outstanding of equity investments as at 31 December	**93,888**	**92,991**
Gains /losses of equity investments designated at fair value through OCI non-recyclable	34,225	44,042
Gains /losses of sold equity investments designated at fair value through OCI non-recyclable	1,847	1,623
Net outstanding of equity investments as at 31 December	**129,960**	**138,656**

6.3.2 Breakdown of equity securities per counterparty

Equity investments recognized in the balance sheet between the 31 December 2019 and 31 December 2020 are detailed per counterparty in the tables below:

a) Instruments recognized at fair value through profit or loss

N°	Country	Equity investments	Percentage of interest (%)	31 December 2020 Gross outstanding (a)	31 December 2020 Gains /losses of equity investments designated at fair value through P&L (b)	31 December 2020 Gains/ Losses recognised in P&L (c)	31 December 2020 Balance sheet value (d) = (a) + (b) + (c)	31 December 2019 Gross outstanding (a)	31 December 2019 Gains /losses of equity investments designated at fair value through P&L (b)	31 December 2019 Gains/ Losses recognised in P&L (c)	31 December 2019 Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	15.8%	2,500	1,126	-62	3,563	2,500	1,058	67	3,626
2	h-uemoa	FEFISOL	8.2%	1,312	60	-9	1,363	1,312	24	36	1,372
3	SN	FCP/IFC BOAD	100.0%	5,000	438	295	5,733	5,000	120	318	5,438
		TOTAL		8,812	1,624	224	10,659	8,812	1,203	421	10,436

b) Instruments recognized at fair value through non-recyclable other comprehensive income

N°	Country	Equity investments	Percentage of interest (%)	31 December 2020 Gross outstanding (a)	31 December 2020 Gains/ Losses recognised in OCI (b)	31 December 2020 Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (c)	31 December 2020 Balance sheet value (d) = (a) + (c)	31 December 2019 Gross outstanding (a)	31 December 2019 Gains/ Losses recognised in OCI (b)	31 December 2019 Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (c)	31 December 2019 Balance sheet value (d) = (a) + (c)
1	BN	SOAGA	19.3%	103	15	105	208	103	-5	90	193
2	TG	CAURIS CROISSANCE	49.6%	0	0	0	0	0	-691	0	0
3	SN	BNDE	9.1%	1,000	82	2,047	3,047	1,000	232	1,965	2,965
4	h-uemoa	CAURIS CROISSANCE II	17.7%	4,221	-1,174	-1,841	2,380	4,626	3,275	-667	3,959
5	TG	GARI S. A.	11.6%	1,500	-128	1,165	2,665	1,500	10	1,294	2,794
6	MA	BDM Mali	16.0%	600	983	16,979	17,579	600	5,036	15,996	16,596
7	BN	BOA Bénin	2.4%	98	41	1,657	1,755	98	-282	1,616	1,715
8	NG	SONIBANK Niger	9.5%	1,082	257	2,385	3,467	1,082	-390	2,128	3,209
9	CI	BHCI Côte d'Ivoire	2.2%	150	-261	-242	-93	150	-1	19	169
10	NG	BOA Niger	5.7%	137	86	2,469	2,607	137	-384	2,384	2,521
11	TG	BIA Togo	5.2%	392	72	210	602	392	-84	138	530
12	h-uemoa	Afreximbank	0.3%	2,500	224	1,603	4,103	2,500	838	1,380	3,880
13	SN	Banque Régionale de Marché (BRM)	4.0%	400	-80	-400	0	400	-1,005	-320	80
14	BF	Banque de l'Habitat du BF	0.9%	200	22	-74	126	200	-185	-96	104
15	CI	BRVM	9.1%	56	-46	511	567	56	-27	557	613
16	CI	DC/BR (BRVM)	9.0%	140	16	206	346	140	-112	190	330
17	TG	CICA RE	2.2%	999	51	394	1,393	999	-19	343	1,342
18	MA	MANDE Hotel	16.7%	50	-11	241	291	50	0	252	302
19	CI	CIPREL	2.0%	584	-99	1,612	2,196	584	168	1,711	2,295
20	TG	ASKY (EX SPCAR)	16.8%	5,990	675	-5,315	675	5,990	-5,990	-5,990	0
21	CI	RASCOM	7.1%	1,600	0	-1,600	0	1,600	0	-1,600	0
22	h-uemoa	PROPARCO	0.8%	4,347	-257	897	5,244	3,420	24	1,154	4,575
23	TG	BOAD-Titrisation	100.0%	500	0	-229	271	500	-51	-229	271
24	TG	CRRH-UEMOA	16.1%	1,543	177	970	2,513	1,543	204	793	2,336
25	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	2.6%	2,254	-1,386	-1,271	983	2,401	-258	115	2,515
26	TG	ORAGROUP	2.1%	1,642	0	4,272	5,913	1,642	3,339	4,272	5,913
27	BF	Burkina Bail	15.0%	689	-12	301	990	689	-5	314	1,003
28	SN	CNCAS	10.5%	1,573	3	1,606	3,179	1,573	-777	1,603	3,176
29	BF	CORIS BANK	4.3%	0	-9,010	0	0	1,997	-957	9,010	11,007
30	CI	Nouvelle BRS CI/ORA Bank CI	38.2%	16,995	1,276	15,997	32,992	16,995	796	14,721	31,716
31	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9.6%	1,100	248	301	1,401	1,100	118	53	1,153
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10.6%	1,100	224	557	1,657	1,100	520	333	1,433
33	Kenya	FAER	4.9%	5,789	-250	381	6,170	5,789	2,350	631	6,419
34	BF	AMETHIS WEST AFRICAN (AWA)	11.1%	2,514	118	-1,284	1,230	2,998	-981	-1,403	1,595
35	CI	Air Côte d'Ivoire	6.9%	10,320	-63	-6,877	3,443	10,320	33	-6,814	3,506
36	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	11.1%	781	-81	-219	562	632	-43	-139	493
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10.0%	500	-23	-117	384	500	-84	-94	406
38	SN	Banque Outarde	14.3%	2,000	-110	-465	1,535	2,000	53	-355	1,645
39	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	4.1%	489	-67	-198	292	358	-131	-131	227
40	NG	Banque de l'Habitat du Niger	8.3%	825	-115	-115	710	825	0	0	825
41	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	49.5%	4,397	-64	-830	3,567	2,585	-766	-766	1,819
42	h-uemoa	ECP Africa Fund IV	1.8%	2,608	-540	-956	1,651	1,807	-416	-416	1,390
43	CI	MANSA BANK	10.0%	1,200	-548	-548	652	1,200	0	0	1,200
44	h-uemoa	ADIWALE Fund I	7.5%	110	-61	-61	49	0	0	0	
		TOTAL		85,076	-9,816	34,225	119,301	84,179	3,352	44,041	128,220

NOTE 7. ADJUSTMENTS ACCOUNTS AND OTHER ASSETS

Adjustment accounts and other assets include the following:

Adjustement accounts and other assets	Note	31 December 2020	31 December 2019
Derivative assets	7.1	20,001	35,286
Accruals assets	7.2	3,718	1,778
Other adjustement accounts	7.3	11,744	7,406
TOTAL		**35,463**	**44,470**

7.1 Derivative assets

The breakdown of derivative assets by type of hedging relationship is as follows

Derivative assets	31 December 2020	31 December 2019
Derivative assets-fair value hedge	0	1,093
Derivative assets-cash flow hedge	20,001	34,193
TOTAL	**20,001**	**35,286**

The item on "Derivative assets-currency risk hedging instruments" recorded a value of XOF 20,001 M as at 31 December 2020 against XOF 35,286 M as at 31 December 2019. These amounts correspond to the quota of the derivatives set up by the Bank to hedge against foreign exchange fluctuations on interest cashflows on loans denominated in foreign currencies.

7.2 Accruals assets

Accruals assets	31 December 2020	31 December 2019
Deferred expenses	1,329	892
Accruals and prepaid expenses	433	383
Accrued receivables	1,419	41
Other accruals	537	462
TOTAL	**3,718**	**1,778**

7.3 Other adjustments accounts

Other adjustement accounts	31 December 2020	31 December 2019
Sundry debtors	3,068	1,921
Prefinancing of studies from foreign funds meant for studies	1,371	1,289
Deposits paid	71	75
Advances on mission expenses	1	5
Advances and prepayments made	240	201
Other endowments and subsidies to	6,994	3,915
TOTAL	**11,744**	**7,406**

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

The net book value of tangible assets as at 31 December 2020 and 31 December 2019 is as follows:

Tangible assets	31 December 2020	31 December 2019
Cost of acquisition	23,690	26,302
Allocations and reversal of depreciations	-17,467	-20,405
Net outstanding of tangible assets	**6,223**	**5,897**

The breakdown by category of tangible assets is shown in the table below (in XOF' M):

Items	Lands	Buildings	Properties under construction	Fittings and fixtures	Equipment held under finance lease	Total
Cost of acquisition						
Balance as at 1st January 2019	**190**	**14,986**	**499**	**11,393**	**0**	**27,068**
Acquisitions	0	2	0	1,724	0	**1,726**
Transfers	0	0	-105	0	0	**-105**
Disposals	0	-932	0	-685	0	**-1,617**
Revaluation acquisitions	0	-667	0	-103	0	**-770**
Other revaluations	0	0	0	0	0	**0**
Balance as at 1st January 2020	**190**	**13,389**	**395**	**12,328**	**0**	**26,302**
Acquisitions	0	0	0	643	0	**643**
Transfers	0	0	777	0	0	**777**
Transfers to investment properties	0	0	0	0	0	**0**
Sales	0	0	0	-4,033	0	**-4,033**
Balance as at 31 December 2020	**190**	**13,389**	**1,171**	**8,939**	**0**	**23,690**
Cumulative amortizations and disposals						
Balance as at 1st January 2019	**0**	**9,456**	**0**	**10,375**	**0**	**19,831**
Amortization charges	0	618	0	764	0	**1,383**
Reversals of depreciation (disposals)	0	0	0	-767	0	**-767**
Impairment losses recognized during the period	0	-31	0	-12	0	**-42**
Reversals of depreciation	0	0	0	0	0	**0**
Balance as at 1st January 2020	**0**	**10,044**	**0**	**10,361**	**0**	**20,405**
Amortization charges	0	329	0	723	0	**1,052**
Reversals of amortization (disposals)	0	0	0	0	0	**0**
Transfers to investment properties	0	0	0	-3,990	0	**-3,990**
Impairment losses recognized during the period	0	0	0	0	0	**0**
Balance as at 31 December 2020	**0**	**10,373**	**0**	**7,094**	**0**	**17,467**
Net value of tangible assets as at 31 December 2020						**6,223**

8.2 <u>Investment properties</u>

The investment properties consist solely of the leisure center of the staff city. The contract provides for an initial non-cancellable rental period of two years. Rents are payable in advance quarterly. Subsequent renewals are negotiated by mutual agreement between the parties. No conditional rent is charged.

The net book values of investment properties are presented below:

Investment properties	2020	2019
Cost of acquisition	770	770
Allocations and reversal of depreciations	-80	-42
Net outstanding of intangible assets	**691**	**728**

The evolution of the net book value of investment properties between 31 December 2019 and 31 December 2020 is as follows:

Acquisitions of investment properties (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2020	**770**	**Balance as at 1st January 2020**	**42**
Acquisitions	0	Amortization charges	37
Disposals	0	Write-back of amortization	0
Transfers to investment properties	0	Transfers to investment properties	0
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at 31 december 2020	**770**	**Balance as at 31 december 2020**	**80**
Net value on balance sheet as at 31 december 2020			**691**

8.3 Intangible assets

The net book values of intangible assets are as follows:

Intangible assets	31 December 2020	31 December 2019
Cost of acquisition	2,149	1,886
Allocations and reversal of depreciations	-1,424	-1,474
Net outstanding of intangible assets	**725**	**412**

The net book value of intangible assets between 31 December 2019 and 31 December 2020 is as follows:

Acquisitions of intangible assets (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2020	**1,886**	**Balance as at 1st January 2020**	**1,474**
Acquisitions	395	Amortization charges	82
Disposals	-132	Write-back of amortization	-132
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at 31 december 2020	**2,149**	**Balance as at 31 december 2020**	**1,424**
Net value on balance sheet as at 31 december 2020			**725**

8.4 Non-current assets held for sale

In December 2020, the Bank was declared co-owner of a property complex jointly with other co-lessors. This property complex is presented as a non-current asset held for sale. An active buyer research program has been initiated.

The assets held for sale has been recorded at the lowest amount between the book value of the receivables owed by the loan's beneficiaries (***which amounts to 2,245 MFCFA***) and the amount of fair value less costs of sale. Any gain or loss from the sale and the cost of the sale will be recognized in profit or loss. There is no accumulated income or expense included in other comprehensive income related to the assets held for sale.

NOTE 9. LIABILITIES AT AMORTIZED COST

Liabilities at amortized cost consist of loans by the Bank and debts attached to them (accrued interest and fees).

9.1 Breakdown of item ''liabilities at amortized cost''

Details of this item as at 31 December 2020 and 31 December 2019 is as follows (in XOF' M)

Liabilities at amortized cost	31 December 2020	31 December 2019
I-Debts represented by a security		
BOAD bond issues (*)	890,206	1,428,730
BOAD bills	57,082	114,141
Maturities of less than one year/debts repr. by securities	478,999	98,601
Sub-total I	***1,426,288***	***1,641,473***
II- Other loans from foreign partners		
Loans for funding long-term projects	599,665	428,652
Loans for funding long-term project studies	482	482
Maturities of less than one year/loans	71,677	85,640
Sub-total II	***671,824***	***514,774***
	0	
Total I+II	**2,098,112**	**2,156,247**
	0	
III- Debts attached to loans and & debts repr.	0	
Accrued interests on debts represented by a security	22,731	27,660
Deferred expenses on bills and bonds	-112	-264
Interests and fees accrued on other loans	2,928	3,314
Deferred expenses on other loans	-264	-350
Sub-total III	***25,283***	***30,360***
	0	
IV- Interbank debts (Cauris ROPPA, AFD...)	**2,369**	**2,463**
	0	
Total I+II+III+IV	**2,125,764**	**2,189,070**

(*) The total outstanding of bonds includes XOF 1,406,832 M in eurobonds issued in 2016, 2017 and 2020 on the international financial market.

9.2 Table of changes in borrowings

The borrowings variation per counterparty between 31 December 2019 and 31 December 2020 is as follows:

Changes in deposits from banks

Debts	Balance as at 31 december 2019	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2020
Deposits from Banks	2,463	235	-329	0		2,369
						0
TOTAL	**2,463**	**235**	**-329**	**0**	**0**	**2,369**

Changes in debt securities issued

Debts	Balance as at 31 december 2019	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2020
Debentures	1,451,114	0	-22,383	-119,003	2,419	1,312,148
Bonds	190,359	0	-76,219	0	0	114,140
TOTAL	**1,641,473**	**0**	**-98,601**	**-119,003**	**2,419**	**1,426,288**

Changes in other debts by counterparties

Debts	Balance as at 31 december 2019	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2020
IDA	93,978	0	-2,192	-2,543	0	89,243
KfW	122,862	65,596	-14,068	0	0	174,389
AFD	126,503	72,445	-19,617	0	0	179,331
BEI	12,113	0	-4,824	0	0	7,289
BAD	98,553	0	-16,011	0	0	82,542
ICD	6,893	49,197	-6,893	0	0	49,197
BDC	32,798	0	-13,119	0	0	19,679
BDA	0	0	0	0	0	0
BADEA	11,805	15,056	-9,829	-1,733	0	15,299
BNP Fortis	6,206	0	-547	0	0	5,659
ITFC	3,064	0	-3,064	0	0	0
JP MORGAN	0	49,197	0	0	0	49,197
TOTAL BY COUNTERPARTIES	**514,774**	**251,491**	**-90,164**	**-4,277**	**0**	**671,824**
TOTAL DEBTS	**2,158,710**	**251,725**	**-189,094**	**-123,279**	**2,419**	**2,100,481**

9.3 Maturity of liabilities at amortized cost

Maturity	31 December 2020	31 December 2019
At most six months	592,249	125,166
More than six months and less than one year	54,577	59,076
More than one year and less than two years	106,475	587,659
More than two years and less than three years	78,938	97,543
More than three years and less than five years	108,457	116,917
More than five years	1,159,785	1,172,349
Sub-total outstanding	**2,100,481**	**2,158,710**
Debts attached to loans and & debts repr.	**25,283**	**30,360**
TOTAL	**2,125,764**	**2,189,070**

9.4 The Bank's debt-equity ratio

Under Article 37 of the Article of Association, the WAMU Council of Ministers decided to limit the Bank's total outstanding borrowings, at any time, to three times its equity. As at 31 December 2020, the Bank's outstanding borrowings represented 240% of its equity capital out of the regulatory threshold of 300%.

NOTE 10. EARMARKED FUNDS

Other liabilities are made up of the following:

Earmarked funds	31 December 2020	31 December 2019
Belgian Technical Assistance Fund	195	190
Dutch Fund	34	34
IDA Counterpart Fund	565	425
AFD Research Fund	310	310
AFD Counterpart Fund	26	26
Environmental Partnership Fund	4	4
KfW Counterpart Fund	5,744	5,949
China Cooperation Fund	139	139
AFD IV Capacity Improvement Fund	30	30
Energy Development Fund	1,985	1,985
Crop Insurance Fund	2,836	2,836
Regional Collaboration Centre (RCC)	320	272
New subsidy mechanism fund	69,979	17,646
CMS Fund for Interest Subsidy	1,000	1,000
Global Environment Facility	1,152	1,466
Climate change fund	5,045	5,197
Regional initiatives supports fund	473	1,017
Belgian Fund for capital release	4,200	4,200
PACAN KFW Funds	3,214	0
Climate green fund	0	13
TOTAL	**97,250**	**42,739**

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

As at 31 December 2020, the adjustment accounts and other liabilities were as follows:

Adjusment accounts and liabilities	Note	31 December 2020	31 December 2019
Derivatives liabilities	11.1	63,902	16,868
Accruals liabilities	11.2	7,638	18,380
Other adjustement accounts	11.3	1,853	3,432
TOTAL		**73,393**	**38,680**

11.1 Derivatives liabilities

The breakdown of derivative liabilities by type of hedging relationship is as follows

Derivatives liabilities	31 December 2020	31 December 2019
Derivatives liabilities-fair value hedge	1,290	0
Derivatives liabilities-cash flow hedge	62,612	16,868
TOTAL	**63,902**	**16,868**

Derivative liabilities dropped by XOF 47,034 M between 31 December 2019 and 31 December 2020. This decline is due to increase in the dollar and SDR exchange rates over the period. This compensates the increase of foreign exchange risk recorded in borrowings at amortized cost at the close of the 2020 fiscal year.

11.2 Accruals liabilities

Details of accruals liabilities are as follows:

Accruals liabilities	31 December 2020	31 December 2019
Deferred income	4,648	14,415
Accrued liabilities	2,953	3,275
Advanced payments	36	690
TOTAL	**7,638**	**18,380**

11.3 Other adjustment accounts

Details of other adjustments accounts are as follows:

Other adjustment accounts	31 December 2020	31 December 2019
Sundry creditors	1,074	1,701
Suppliers payables	779	1,731
TOTAL	**1,853**	**3,432**

NOTE 12. PROVISIONS

This item covers the amount of liabilities under benefit plans for severance payments upon retirement benefits. The table below compares the opening balance with the closing balance of the net liabilities for defined benefit plans.

13. Provision for retirement benefits	2020	2019
	KFCFA	kFCFA
Present value of the obligation		
Opening balance	8,230,674	7,374,546
Cost of services rendered during the period	559,037	520,342
Contributions made by participants	0	0
Financial cost	504,672	465,471

13. Provision for retirement benefits	2020	2019
Actuarial difference due to		
a) Changes in demographic assumptions	0	0
b) Changes in financial assumptions	0	0
c) Experience adjustments	198,005	460,261
d) Total	198,005	460,261
Benefit payment	-1,708,501	-979,538
Cost of past services	0	389,592
Payments	**0**	**0**
Closing balance	**7,783,887**	**8,230,674**
Completely unfinanced schemes	*7,783,887*	*8,230,674*
Partly or fully financed schemes	*0*	*0*
Fair value of assets of the scheme	n.a.	n.a.
Opening balance	0	0
Expected returns	0	0
Actuarial difference	0	0
Contributions made by the employer	0	0
Contributions made by the participants	0	0
Benefits payment	0	0
Payments	0	0
Closing balance	**0**	**0**
Net assets/liabilities recognized in the balance sheet	_	
Present value of the benefit plan liability	7,783,887	8,230,674
Fair value of assets of the scheme	0	0
Surplus/deficit	7,783,887	8,230,674
Amount not recognized as an asset because of the limit 58(b)	**0**	**0**
Net assets/liabilities recognized in the balance sheet	**7,783,887**	**8,230,674**
Total cost	_	
Cost of services rendered during the period	559,037	520,342
Cost of past services	0	389,592
Effect of all payments	0	0
Cost of services provided in net income	**559,037**	**909,934**
Financial cost	504,672	465,471
Interests	0	0
Net interest on net income	**504,672**	**465,471**
Actuarial difference	198,005	460,261
Additional returns on assets of the scheme	0	0
Effect of the limit of paragraph 58(b)	0	0
Revaluation of net pension liab. under fixed benefit scheme	**198,005**	**460,261**
Total cost	**1,261,714**	**1,835,666**

13. Provision for retirement benefits	2020	2019
The cumulative actuarial difference recorded		
in profit and loss	3,537,798	3,339,793
The principal actuarial assumptions at the reporting date are following (expressed as weighted averages) :		
Principal actuarial assumptions	_	_
Discount rate	6.18%	6.18%
Future salary growth	6.00%	6.00%
Future mortality rate	**TH / TF 2002 multiplied by 200%**	
The duration of the defined benefit obligation is	10.6	9
Sensitivity analysis		
At the reporting date, the reasonable possible changes of one of the relevant acturial assumptions would have impacted the defined benefit obligation by the following amounts (any other assumption remains constant):		
	Changes of assumptions	
Discount rate	9.70%	8.60%
Future salary growth	9.60%	8.50%
Future mortality rate	-0.20%	-0.10%
Reconciliation of net liabilities recognized	_	_
Opening balance	8,230,674	7,374,546
Total charge in net income	1,063,709	1,375,405
Benefits payment	-1,708,501	-979,538
Remeasurements of defined benefit liability recognised in OCI	198,005	460,261
Closing balance	**7,783,887**	**8,230,674**

The total forecasted charge for contributions to the defined benefit plan for 2021 amounts to XOF 1,066 M. Also, the Bank plans to provide services amounting to XOF 594 M in 2021.

NOTE 13. EQUITY

13.1 Details of equity

The equity as at 31 December 2019 and 31 december 2020 is as follows:

Equity capital	31 December 2020	31 December 2019
Subscribed capital	1,103,650	1,103,650
Callable capital	-826,230	-826,230
Unpaid Capital	-42,063	-55,740
Cost related to deferred paying-up of capital	-1,012	-1,800
Capital (A)	**234,346**	**219,881**
	0	
Share premium (B)	**2,622**	**2,622**
	0	
Reserves allocated to development activities	76,050	76,050
Other reserves	26	26
Retained earnings	505,443	392,007
Reserves and retained earnings (C)	**581,519**	**468,083**
	0	
Net income for the period (D)	**29,302**	**116,812**
Fair value reserves (available-for-sale financial assets) (IAS 39)		
Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable (IFRS 9)	34,225	44,041
Cashflow hedging reserves	20,424	-20,546
Remeasurements of defined benefit liability	636	834
Other comprehensive income (E)	**55,285**	**24,330**
EQUITY CAPITAL (A+B+C+D+E)	**903,074**	**831,727**

13.2 BOAD capital structure

a) The table below outlines the Bank's capital structure as at 31 December 2020 in nominal value and share distribution. Each share confers the same rights and duties to its holder.

SHAREHOLDERS	SUBSCRIBED CAPITAL (1)=(2)+(5)	%	Number of shares	CALLED-UP CAPITAL (2)=(3)+(4)	PAID UP CAPITAL (3)	UNPAID CAPITAL (4)	CALLABLE CAPITAL (5)
CATEGORY A							
BENIN	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
BURKINA	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
COTE D'IVOIRE	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
GUINEE BISSAU	64,650	5.86%	1,293	16,163	13,086	3,077	48,487
MALI	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
NIGER	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
SENEGAL	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
TOGO	64,650	5.86%	1,293	16,163	13,613	2,550	48,487
BCEAO	517,200	46.86%	10,344	129,304	108,904	20,400	387,896
	1,034,400	**93.73%**	**20,688**	**258,608**	**217,281**	**41,327**	**775,792**
CATEGORY B							
France	38,400	3.48%	768	9,600	8,320	1,280	28,800
Germany	2,000	0.18%	40	2,000	2,000	0	0
Belgium (1)	5,600	0.51%	112	1,400	1,400	0	4,200
EIB	4,000	0.36%	80	1,000	1,000	0	3,000
AfDB	6,000	0.54%	120	1,500	1,357	143	4,500
EXIM BANK OF INDIA	750	0.07%	15	188	162	25	563
CHINA	12,000	1.09%	240	3,000	2,700	300	9,000
MOROCCO	500	0.05%	10	125	125	0	375
	69,250	**6.27%**	**1,385**	**18,813**	**17,065**	**1,748**	**50,438**
	1,103,650	**100.00%**	**22,073**	**277,421**	**234,346**	**43,075**	**826,230**
UNSUBSCRIBED CAPITAL	**51,350**		**1,027**				
AUTHORIZED CAPITAL	**1,155,000**		**23,100**				

(1) Payment in advance of an amount of XOF4,200 M into an escrow account

b) The table below presents the detail of the "unpaid capital" appearing in the capital structure.

	31/12/2020	31/12/2019
Unpaid Capital without cost related to deffered paying-up of capital (a)	42,063	55,740
Cost related to deferred paying-up of capital (b)	1,012	1,800
Unpaid capital (a+b)	**43,075**	**57,540**

13.3 Effective equity (core tier 1 capital)

The Bank's effective equity is broken down as at 31 December 2020 and 31 December 2019 as follows:

Items	31 December 2020	31 December 2019
A- Tier 1 capital * (=1+2)	**816,239**	**779,549**
1- Capital and other funds	234,346	219,881
2- Reserves and other funds	581,893	559,668
B- Additionnal own funds	**59,529**	**65,842**
Effective equity capital/Core Tier 1 Capital (=A+B)	**875,768**	**845,391**

* Equity requirement for risks

NOTE 14. INTERESTS AND FEES

Details of this item are as follows:

Margin on interests and fees	2020	2019
Interests and related income	140,161	128,359
Interests and related charges	-88,030	-78,302
Sub-total on interests (A)	*52,131*	*50,057*
Fees and commissions (income)	2,756	3,903
Fees and commissions (charges)	-1,206	-1,144
Sub-total on fees (B)	*1,551*	*2,759*
TOTAL (A) + (B)	**53,682**	**52,816**

14.1. Interests

Interests and related income

Interests and related income	2020	2019
Interests and related income/ interbank loans	8,721	8,116
Interest on loans to customers	107,464	102,951
Interest on staff loans	296	278
Interest on securities portfolio	22,023	15,953
Commission on loan commitments	1,658	1,061
TOTAL	**140,161**	**128,359**

Interests and related charges

Interests and related charges	2020	2019
Interest charges on debts represented by a security	-73,658	-62,955
Interest charges on other debts	-14,023	-14,914
Commissions/commitments received	-349	-433
TOTAL	**-88,030**	**-78,302**

14.2. Fees

Fees and commissions (income)

Fees and commissions (income)	2020	2019
Commission obtained as processing fees	1,650	1,569
GARI's commission on guarantees	61	356
Other flat commissions	125	95
Commission on guarantees/bond issues	0	34
Commission on financial arrangements and advisory	921	1,583
Commssions on FEM and FA	0	266
TOTAL	**2,756**	**3,903**

Fees and commissions (charges)

Fees and commissions (charges)	2020	2019
Other charges/debts represented by securities	-587	-276
Other fees on borrowings	-619	-868
TOTAL	**-1,206**	**-1,144**

NOTE 15. EXCHANGE RISK AND HEDGING INSTRUMENTS

Foreign exchange gains and losses are due to the Bank’s resource mobilization in foreign currencies, excluding euros, from its financial partners and on the international financial market for project financing. These gains and losses have been hedged with forward purchase and swap transactions. The Bank’s procedures for exchange risk management are described in Note 20.2.1 on Exchange risk.

As at 31 December 2020, the impact on the income statement from the valuation of the Bank's foreign currency debt (excluding euros) with various financial partners is as follows:

Exchange risk and hedging instruments	2020	2019
Exchange gain consumed	748	58
Potential exchange gain	123,279	0
Sub-total forex gains (A)	***124,027***	***58***
	0	
Foreign exchange loss consumed	-396	-153
Potential foreign exchange loss	0	-9,551
Sub-total forex losses (B)	***-396***	***-9,704***
	0	
Net forex loss of C = (A) + (B)	***123,631***	***-9,645***
	0	
Loss/profit on hedging instruments	***-103,288***	***22,255***
	0	
Net profit/loss on currency transactions	**20,342**	**12,610**

NOTE 16. DIVIDENDS RECEIVED

Details of dividends on the Bank's equity investments are as follows:

Dividends received	2020	2019
Dividends from BRVM	56	84
Dividends from DC BR	56	56
Dividends from BOA Bénin	218	208
Dividends from CIPREL	506	1,092
Dividends from BOA NG	344	309
Dividends from BDM-SA	860	966
Dividends from BNDE	115	0
Dividends from AFREXIM Bank	0	215
Dividends from SONIBANK	199	294
Dividends from PROPARCO	0	29
Dividends from CNCAS	0	30
Dividends from CICA-RE	36	44
Dividends from Coris Bank International	573	429
Dividends from ORAGROUP	91	87
Dividends from Fidelis Finance	40	48
Dividends from SOAGA	134	0
TOTAL	**3,228**	**3,891**

NOTE 17. COST OF RISK

The cost of risk as at 31 December 2019 and as at 31 December 2020 is presented as follows:

Cost of risk	2020	2019
Depreciations on receivables from customers	-28,134	-24,997
Write-back of depreciations on receivables from customers	710	23,866
Depreciations on securities portfolio	-591	-42
Write-back of depreciations on securities portfolio	27	19
Losses on receivables covered by depreciations	-247	-16,043
Depreciations on other assets	0	-2,456
Write-back of depreciations on other assets	531	164
TOTAL	**-27,703**	**-19,489**

The increase of the cost of risk is mainly due to the increase of non-performing loans (Bucket 3).

The breakdown of the cost of risk per bucket is detailed as follows:

Distribution by bucket of the cost of risk	2020	2019
Bucket 1	1,186	58
Bucket 2	-13,212	4,038
Bucket 3	-15,678	-23,585
TOTAL	**-27,703**	**-19,489**

NOTE 18. OTHER OPERATING INCOME

Other operating income amounts to XOF 20,470 M as at 31 december 2020 against XOF 66,562 M as at 31 december 2019. The breakdown is as follows:

18.1 Endowment of member countries

Endowments of member countries remain unchanged as at 31 December 2020 and amount to XOF 3,200 M.

18.2 Costs related to development activities

This item includes charges related to the development activities of BOAD, including subsidies of non-market projects and preliminary studies for the financing of development activities.

Charges related to development activities	2020	2019
Interest subsidy	2,162	1,881
Other charges related to development activities	0	801
TOTAL	**2,162**	**2,682**

18.3 General operating expenditures

The Bank's general operating expenditure is detailed as follows:

General operating costs	2020	2019
Staff overheads (*)	14,991	15,156
Amortizations and depreciations - Property, equipment and intangible assets	1,172	1,389
Other operating costs	5,782	7,501
TOTAL	**21,944**	**24,046**

(*) The details of staff overheads as at 31 December 2020 and 31 December 2019 are as follows:

Detail of staff overheads	2020	2019
Wages and salaries	13,049	12,818
Social security contributions	693	631
Other short-term benefits	606	755
Long-term construction contribution - Servicing city BOAD	62	0
Health insurance funds	66	63
Defined benefit plan expenses (**)	515	890
TOTAL	**14,991**	**15,156**

(**) Apart from the amount presented in personnel expenses, the expenses for the financial year for defined benefit plans include a financial cost which stands at 505 MFCFA, recorded in financial expenses (*see note 12*).

NOTE 19. NET INCOME FOR THE PERIOD

Net income of the period	2020	2019
Net income excluding donation	29,302	26,812
Donation for the equity capital's strengthening	0	90,000
TOTAL	**29,302**	**116,812**

The 2020 financial year ended with a profit of XOF 29,302 M. The high decrease is a result of the exceptional level of 2019 income due to the decision of the WAEMU Council of Ministers to transfer to BOAD, in the form of a donation, part of the funds of the new bonus mechanism for an amount of XOF 90,000 M.

The objective of this grant is to allow the strengthening of the Bank's equity capital in order to increase its intervention capacity for the benefit of the WAEMU countries.
If this donation is not taken into account, the Bank's profit as of December 31, 2020 would be XOF 29,302 M compared to XOF 26,812 M as of December 31, 2019.

NOTE 20. RISK MANAGEMENT

BOAD has adopted and put in place processes and mechanisms to quantify, monitor and control its measurable risks (credit, market, liquidity and operational risks) adapted to its activities, resources and its organization and integrated into its internal control framework. The main categories of risks (credit, exchange, interest rate, liquidity and operational risks) are monitored by special committees (Commitments committee, ALM Committee, etc.).

20.1. Credit risk

Credit risk represents the financial loss incurred by the Bank when customers or counterparties of a financial instrument fail to meet their contractual obligations. Credit risk is the main source of risk for the Bank and stems essentially from its lending and cash investment.
The credit risk management relies on standards and procedures, management tools, rating systems, a risk hedging and impairment policy and a close monitoring mechanism.
The overall organization of credit risk management is characterized by:

- a well-structured grant process, based on a clear separation between the business lines and the commitment lines (notice of second opinion), which allows for an objective double-check;
- commitment limits fixed in proportion to the tier 1 capital and approved by the Bank's decision-making organs;
- an internal rating system consisting of models specific to each customer portfolio item (sovereign, corporate, bank, project in creation, capital investment at the corporate level, capital investment in banks) based on both quantitative and qualitative variables specific to the customer and its socio-economic environment;
- a depreciation (impairment) policy and a fair value measurement of equity investments based on IAS/IFRS standards.

20.1.1 Analysis of the portfolio's creditworthiness

The Bank has clearly defined limits and procedures to enable it streamline, measure and manage risks, as well as formalize aggregate limits for its commitments per sector and operational limits (counterparties / related counterparties).
The Bank's maximum balance sheet and off-balance sheet exposure (*in terms of gross outstandings*) to credit risk prior to consideration of guarantees received for 2020 and 2019 is as follows:

Maximum exposure of the Bank in terms of credit risk	31 December 2020	%	31 December 2019	%
Loans and advances to banks	34,802	1%	50,119	2%
Loans and advances to customers (gross outstandings)	2,206,285	84%	1,997,201	76%
Loans and advances to staff	11,701	0%	10,963	0%
Debt securities portfolio (gross outstandings)	334,923	13%	282,434	11%
Receivables from shareholders	6,882	0%	6,882	0%
Derivatives assets*	20,001	1%	35,286	1%
TOTAL	**2,614,593**	**100%**	**2,382,885**	**100%**

* Potential loss that the Bank would have incurred on foreign currency borrowings if no hedging instruments had been put in place

20.1.2 Intervention limits for credit risks

The Bank's intervention limits are defined in relation to its risk capital which corresponds to the paid-up capital plus net reserves and similar funds less non value items.

20.1.2.1 Loans

<u>For non-commercial (member Countries) and commercial (public companies) public sector</u>

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined)	Internal limits management
Countries	5% of risk capital	55% of risk capital	444 943
Public companies	5% of risk capital	25% of risk capital	100 000

<u>For the private sector</u>

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined and cumulated)	Maximum overall volume of individual risks	Internal limits management
Category 1 **Regional projects and those in the mining and energy sectors or projects for National Financial Institutions (NFI), NFI Holdings, organizations that support SMEs, information and Communication technologies**	5% for a maximum of 50% of the project's pre-tax total cost	7% of risk capital	Overall volume of risks reaching individually 12.5% of risk capital is limited to 5 times the risk capital	20 000
Category 2 **Indirect financing through national financial institutions (NFI), NFI holdings or organizations that promote SMEs and for financing direct loans to regional projects,**	7% for a maximum of 50% of the project's pre-	10% of risk capital		15 000

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined and cumulated)	Maximum overall volume of individual risks	Internal limits management
projects in the mining and energy sectors and in Information, Communication technologies	tax total cost			

20.1.2.2 Equity investments (public sector or private sector)

Limits relating to equity investments are presented in Note 7 on Equity investments.

20.1.2.3 Financing operations per signature and short-term financing

Operations	Limit per borrower and per operation
Bonds and short term operation's guarantee	5% of risk capital
Short term financing operations	5% of risk capital
Commitment level per borrower all operations combined (loan guarantee, short-term operation guarantee, short-term cashflow financing)	25% of risk capital

20.1.2.4 Dominant sectors of activity

The total level of commitments (all countries of intervention included) must not at any time exceed fifty percent (50%) of the Bank's tier 1 capital in any one of the following dominant sectors: Industries (agro-industry, chemical and pharmaceutical and other manufacturing industries, ...); telecommunications (telephony, Internet, call center); Extractive Industries (cement and mining); Hospitality and other services.
However, for National Financial Institutions (NFIs) and their holdings, water and energy sectors, transport infrastructure (port, airport, railway and bus stations), this limit is set at seventy-five percent (75%) of the Bank's tier 1 capital.
The outstanding loan for the commercial sector (private and commercial public) is broken down per sector of activity as at 31 December 2020:

Sectorial breakdown of commercial portfolio	31 December 2020	%	31 December 2019	%
Agriculture and rural development	0	0%	0	0%
Industries	70,465	12%	75,669	12%
Finance and Insurance	214,654	35%	124,266	20%
Energy, Water and Information and Communication technologies	196,329	32%	255,921	41%
Hospitality and other services	36,899	6%	53,355	9%
Transport, town planning, environment	90,648	15%	109,271	18%
TOTAL	**608,996**	**100%**	**618,481**	**100%**

20.1.2.5 Limit per country

With regard to intervention limits per country, BOAD cannot commit in a member country more than 100% of its core tier 1 capital (all operations combined and cumulated).

The outstanding loans per country is broken down as at 31 December 2020 and 31 December 2019 as follows:

COUNTRIES	31 December 2020			Total 2020	31 December 2019			Total 2019
	FDC	FDE	Bank		FDC	FDE	Bank	
BENIN	124,323	13,588	76,351	**214,263**	92,160	14,204	67,121	**173,485**
BURKINA FASO	121,753	17,143	77,001	**215,896**	92,595	18,095	66,725	**177,415**
CÔTE D'IVOIRE	90,423	28,516	293,967	**412,906**	75,828	27,874	256,849	**360,552**
GUINEE BISSAU	85,430	11,359	41,796	**138,585**	73,136	9,826	33,392	**116,355**
MALI	132,915	12,178	104,982	**250,074**	104,967	10,448	111,312	**226,728**
NIGER	142,127	28,273	154,338	**324,738**	133,138	29,812	132,044	**294,994**
SENEGAL	129,839	24,255	239,069	**393,163**	115,788	18,890	207,535	**342,214**
TOGO	148,371	2,935	104,388	**255,694**	161,085	3,848	138,693	**303,626**
OUTSIDE WAEMU	-	-	965	**965**		-	1,833	**1,833**
TOTAL	**975,181**	**138,247**	**1,092,858**	**2,206,285**	**848,699**	**132,998**	**1,015,504**	**1,997,201**

20.1.3 Description of the Bank's internal portfolio rating system

All counterparties financed by the Bank are rated at least once a year. To this end, the Bank provides six (6) models: "Sovereign" (member countries), "Corporates" (businesses in portfolio), "Bank" (banks in portfolio), "Project finance" (financing of start-up projects), "Bank private equity" (equity investments in banks) and "Corporate private equity" (equity investments in businesses).

20.1.3.1 BOAD's internal master scale

The Bank's internal rating grid includes 21 scale ratings, supplemented by risk assessment. Each scale corresponds to default probability. The Bank's internal master scale with a mapping to external ratings is as follows:

	One year PD(in %)	GEMsPD Rating scale	Moody's	S&P	Fitch	Rating appreciation	Risk Class
1	0.00%	Gl1	Aa3	AA-	AA-	High Level	Risk very low
2	0.00%	Gl2	A2	A	A	Upper medium grade	
3	0.00%	Gl3	A3	A-	A-		
4	0.00%	Gl4	A3	A-	A-		
5	0.01%	Gl5	Baa1	BBB+	BBB+	Lower medium grade	
6	0.01%	Gl6	Baa1	BBB+	BBB+		
7	0.04%	Gl7	Baa2	BBB	BBB		
8	0.09%	Gl8	Baa3	BBB-	BBB-		
9	0.17%	Gl9	Ba1	BB+	BB+	Speculative	Risk low
10	0.42%	Gl10	Ba1	BB+	BB+		
11	1.28%	Gs1	Ba2	BB	BB		
12	1.96%	Gs2	Ba2	BB	BB		
13	3.16%	Gs3	Ba3	BB-	BB-		
14	3.75%	Gs4	B1	B+	B+	Highly speculative	Moderate risk
15	3.98%	Gs5	B2	B	B		
16	4.74%	Gs6	B3	B-	B-	Increasing risk	
17	8.28%	Gs7	Caa1	CCC+	CCC+	Ultra speculative	Risk high
18	17.64%	Gs8	Caa2	CCC	CCC		
19	28.40%	Gs9	Caa2	CCC	CCC		Risk very high
20	46.21%	Gs10	Caa3	CCC-	CCC-		
21	100%	D	D	D	D	Default	

20.1.3.2 Qualitative and quantitative factors considered in rating

For each scoring model, qualitative and quantitative elements with specific weighting have been retained. Weighting is based on statistical methods, expert opinion and outcomes of a benchmarking with other multilateral development banks. The scores are statistically transformed into default probabilities under the constraint of the central trend and a rating cap defined for each model.

20.1.4 The Bank's depreciation policy

Depending on its activities, the Bank manages two types of credit risk, namely sovereign credit risk and non-sovereign credit risk.

20.1.4.1 Sovereign risk and non-sovereign risk

Sovereign risk

Sovereign or non commercial credit risk is related to loans granted to member States of the Union. The Bank manages this risk by suspending all disbursements and presentation of any project requests to a country in default.

Non-sovereign risk

The non-sovereign or market credit risk refers to loans granted by the Bank to borrowers in the private sector or commercial public entities.

The management of this risk results in the anticipated recognition (buckets 1 and 2) and in real time (bucket 3) of the expected credit losses.

Distribution of loan outstandings per risk category and per rating

The table below presents the breakdown of the Bank's loans and investment securities portfolio (assessed at amortized cost) in terms of outstandings per rating scale:

Portfolio exposure in terms of outstanding amounts by rating		Sovereign risk		Non sovereign risk		Total	
Appreciation	Rating	Outstanding	%	Outstanding	%	Outstanding	%
Speculative	GI9	472,678	30%		0%	472,678	21%
	GI10	172,698	11%		0%	172,698	8%
	Gs1	348,703	22%		0%	348,703	16%
	GS2	178,816	11%		0%	178,816	8%
	Gs3		0%	56,117	9%	56,117	3%
Highly speculative	Gs4		0%	91,839	15%	91,839	4%
	Gs5	285,809	18%	141,549	23%	427,358	19%
Increasing risk	Gs6	138,585	9%	158,040	26%	296,625	13%
Ultra speculative	Gs7		0%	64,024	11%	64,024	3%
	Gs8		0%	37,687	6%	37,687	2%
	Gs9		0%		0%	0	0%
	Gs10		0%		0%	0	0%
Default	D		0%	59,739	10%	59,739	3%
Receivables from customers		***1,597,289***	***100%***	***608,996***	***100%***	***2,206,285***	***100%***
Speculative	GI9	87,036	32%		0%	87,036	28%
	GI10	46,500	17%		0%	46,500	15%
	Gs1	87,567	32%		0%	87,567	28%
	GS2	49,448	18%	2,000	5%	51,448	16%
	Gs3		0%	9,917	27%	9,917	3%
Highly speculative	Gs4		0%	25,000	67%	25,000	8%
	Gs5	5,400	2%		0%	5,400	2%
Increasing risk	Gs6		0%	400	1%	400	0%
Securities portfolio		***275,951***	***100%***	***37,317***	***100%***	***313,267***	***100%***
	Total	***1,873,240***	***100%***	***646,313***	***100%***	***2,519,552***	***100%***

20.1.4.2 Determination of impairments on loans and receivables

a) General principles

Adequacy of the impairment level of risk based on IFRS 9 applicable since 1 January 2019 is reviewed at each reporting date.

Regardless of the risk category, all concerned counterparties are classified in Bucket 1 at inception. They are further reclassified in Bucket 2 or Bucket 3 depending on the evolution of their rating in terms of significant impairment. The recognition of the credit risk significant impairment is based on quantitative and qualitative criteria. For example, the quantitative criteria retained consists of reducing by at least two notches between the first rating date and the rating at the reporting date.

The credit risk's significant impairment's assessment integrates forward-looking information.

All new entities are subject to a rigorous approval process and require a minimum initial or ex-post credit rating. The rating of each of the Bank's commercial counterparty is updated in order to protect the Bank to a certain extent against possible risks of insolvency of its entities for either environmental deterioration or lack of good governance that would affect the financial situation of the companies concerned.

Especially for Bucket 3, the Bank has adopted a mechanism that makes it possible to analyze its portfolio and apply rules enabling a quality portfolio.

The amount of impairment is equal to the difference between the asset's book value (exposure) and the value of expected future cashflows discounted at the effective interest rate of the asset at the initial accounting.

b) Breakdown of ECL per bucket and per category of counterparty

Counterparty categories	2020								2019	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Amounts	%
Sovereign	1,583	30%	2,337	9%	0	0%	3,919	5%	3,458	6%
Public	692	13%	6,975	28%	0	0%	7,667	9%	4,701	8%
Private	3,006	57%	15,679	63%	50,904	100%	69,589	86%	48,727	86%
TOTAL LOANS (A)	**5,280**	***100%***	**24,991**	***100%***	**50,904**	***100%***	**81,175**	***100%***	**56,886**	***100%***
Sovereign	189	32%	0	0%	0	0%	189	18%	155	33%
Private	393	68%	448	100%	0	0%	841	82%	312	67%
TOTAL SECURITIES (B)	**582**	***100%***	**448**	***100%***	**0**	***0%***	**1,030**	***100%***	**467**	***100%***
TOTAL ECL (A+B)							**82,205**		**57,353**	

c) Distribution of ECL per bucket and per sector

Sectorial breakdown	2020								2019	
	Bucket 1		Bucket 2		Bucket 3		Total		Amounts	%
Agriculture and rural Development	573	11%	1,057	4%	0	0%	1,630	2%	813	1%
Energy, Water and Information and Communication Technologies	1,884	36%	8,449	34%	26,156	51%	36,489	45%	22,844	40%
Finance and Insurance	1,345	25%	3,452	14%	1,583	3%	6,380	8%	4,043	7%
Hospitality and other services	0	0%	3,159	13%	14,980	29%	18,139	22%	14,351	25%
Industries	50	1%	4,583	18%	8,185	16%	12,818	16%	10,731	19%
Transport, Town planning and Environment	1,428	27%	4,292	17%	0	0%	5,720	7%	4,104	7%
ECL LOANS (A)	**5,280**	***90%***	**24,991**	***98%***	**50,904**	***100%***	**81,175**	***99%***	**56,886**	***99%***
Finance and Insurance ECL SECURITIES (B)	**582**	***10%***	**448**	***2%***	**0**	***0%***	**1,030**	***1%***	**467**	***1%***
TOTAL ECL (A+B)	**5,863**	***100%***	**25,439**	***100%***	**50,904**	***100%***	**82,205**	***100%***	**57,353**	***100%***

d) Distribution of ECL per bucket and per country

Country	2020								2019	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Amounts	%
BENIN	243	5%	1 731	7%	3 730	7%	5 703	7%	2 944	5%
BURKINA FASO	445	8%	580	2%	933	2%	1 958	2%	1 399	2%
CÔTE D'IVOIRE	1 522	29%	7 692	31%	1 302	3%	10 516	13%	6 798	12%
GUINEE BISSAU	0	0%	2 363	9%	0	0%	2 363	3%	2 043	4%
MALI	269	5%	5 744	23%	0	0%	6 013	7%	3 928	7%
NIGER	851	16%	2 932	12%	1 583	3%	5 366	7%	4 052	7%
SENEGAL	789	15%	2 478	10%	30 772	60%	34 039	42%	21 757	38%
TOGO	1 161	22%	1 472	6%	12 584	25%	15 217	19%	13 947	25%
HORS-UEMOA	0	0%	0	0%		0%	0	0%	18	0%
TOTAL LOANS	**5 280**	***100%***	**24 991**	***100%***	**50 904**	***100%***	**81 175**	***100%***	**56 886**	***100%***
BENIN	14	2%	0	0%	0		14	1%	15	3%
BURKINA FASO	122	21%	439	98%	0		561	54%	204	44%
CÔTE D'IVOIRE	6	1%	0	0%	0		6	1%	5	1%
MALI	70	12%	0	0%	0		70	7%	42	9%
NIGER	15	3%	0	0%	0		15	1%	30	6%
SENEGAL	168	29%	9	2%	0		176	17%	16	3%
TOGO	188	32%	0	0%	0		188	18%	154	33%
TOTAL SECURITIES	**582**	***100%***	**448**	***100%***	**0**	***0%***	**1 030**	***100%***	**466**	***100%***
TOTAL ECL							**82 205**		**57 353**	

20.2. Market risk

20.2.1. Exchange risk- operations in foreign currencies

Exchange risk is the possibility of recording losses due to an unfavorable evolution of exchange rate on the market. At BOAD, the exchange risk arises out of the fact that a part of the loans is issued in foreign currencies, while the balance sheet assets is quoted in XOF. The Bank can therefore record losses in profitability, due to adverse changes in the price of currencies against the Euro. Parity between Euro and XOF is fixed.

20.2.1.1 Hedge accounting

To hedge the fluctuations in these currencies price, the Bank signed hedging agreements (forward-looking contracts and cross currency swap) on its borrowings in SDR and dollars. Through these agreements, the Bank has hedged 100% of its foreign currency risk excluding euros. As at the closing date, most agreements signed have a maturity of less than a year renewable at each maturity. The Bank's policy is to align the essential conditions of hedging agreements with hedged items'ones.

Economic link determination

The Bank determines the existence of an economic link between the hedging instrument and the hedged item depending on the currency, amount and schedule of their respective cashflows.
The essential conditions (such as nominal value, maturity and underlying) of the hedging instrument and the hedged item are in perfect agreement. The characteristics of the loans and their hedging instruments are identical. As a result, the two vary in opposite directions at the instigation of the same risk. In accordance with IFRS 9-B6.4.14, there is an economic link between the loans denominated in currencies other than euros of the Bank and the hedging instruments put in place.

Coverage ratio

The Bank covers all of its exposure to currency exchange risk (excluding euros). The amounts covered are the same as the notional amounts of the cover. As a result, the coverage ratio is 100%.

Sources of ineffectiveness

For all of the hedging instruments, the ineffectiveness could arise from certain decision-making affecting the maturities and timelines of the hedged items such as the early repayments of certain loans questionning the concordance between the characteristics of the hedged items and the instruments cover.

As of December 31, 2020, hedge ineffectiveness is considered not significant

Notional schedule

As of December 31, 2020, the schedule for the notional hedges is the same as that for the hedged loans.

The following table presents the fair value and notional amounts of derivative financial assets and liabilities as at December 31, 2020 and 2019 respectively:

		31 December 2020			31 December 2019		
Financial instruments	Notes	Assets	Liabilities	Notional/ Outstanding	Assets	Liabilities	Notional/ Outstanding
Derivative assets-fair value hedge	7	0		0	1,093		72,858
Derivative assets-cash flow hedge		20,001		563,774	34,193		880,520
Derivatives liabilities-fair value hedge	11		1,290	60,923		0	0
Derivatives liabilities-cash flow hedge			62,612	1,060,084		16,868	673,775
Total		**20,001**	**63,902**	**1,684,781**	**35,286**	**16,868**	**1,627,153**

20.2.1.2 Debt structure as at 31 December 2020

The debt structure of the principal of the other borrowings from external partners and debts represented by securities are presented as at 31 December 2020 as follows:

Debt structure as at 31 December 2020							
Currencies	Currency amount	Exchange rate as at 31/12/2020	Present outstanding amount (millions of XOF)		% of total borrowings (D)	excluding Euro (A)	borrowings (B)
JPY	-	-	0		0.00%	0.00%	0.00%
USD	2,442,136	534.56	1,305,468		62.22%	96.05%	66.55%
DTS	69,446	773.43	53,712		2.56%	3.95%	2.74%
CHF	0	-	0		0.00%	0.00%	0.00%
TOTAL EXCLUDING Euros (A)			**1,359,180**	69%	64.78%	**100%**	
Euro	918,366	655.96	**602,409**	31%	28.71%		30.71%
TOTAL EXCLUDING F CFA (B)			**1,961,589**	**100%**			
F CFA for domestic bond issues ('C)			**136,523**		6.51%		
TOTAL BORROWINGS D= (B)+('C)			**2,098,112**		**100%**		

20.2.1.3 Analysis of sensitivity to exchange risk

Exchange rate sensitivity is measured in terms of impact of exchange rate variations on loan repayments. A positive impact is equivalent to a savings made on the repayment amount (gain) while a negative impact means an increased cost on repayment (loss). The market value as at closing of the accounts (31/12/2020) is the real value as at that date and +/-10% variations are anticipated value in the quarter following the date of reporting. It should be noted that all loans are granted in XOF and repaid in XOF.

The balance sheet impact of the analysis of sensitivity to exchange risk is nil due to the hedges put in place.

20.2.2. Interest rate risk

It is the risk for the Bank to see its profitability negatively affected by adverse changes in interest rates. Interest rate risk occurs when assets of a given rate and period are backed by liabilities of a period and/or a different type of rate.

20.2.2.1 Sources of exposure to interest rate risk and mitigating strategy of the Bank

The Bank's exposure to interest rate risk is caused by (i) sensitivity to interest rate associated with the margin between the rate that the Bank applies to its assets and the rate at which it contracted borrowings that finance its assets (ii) sensitivity to interest rate associated with the margin the Bank earns on its assets funded on equity capital and (iii) rate of interest associated with the margin that the Bank earns on its assets funded both on equity and loans.

The Bank's financial policy seeks to optimize profitability by ensuring a correct affiliation between the characteristics of each asset category and those of the corresponding liability. It is worth noting that the Bank's assets and liabilities are at fixed rates. Thus, the Bank does not apply any hedging accounting to hedge against the interest rate risk

20.2.2.2 Interest rate risk sensitivity analysis

The Bank's balance sheet may be analyzed based on several parameters including: (i) balance sheet and off-balance sheet, (ii) Banking activity only, or (iii) FDC and FDE activities only. Then, based on the yield curve, there is a +/-1% variation of different market rates. The results of the analysis are summarized in the table below:

Scope (without off balance sheets)	31/12/2020		31/12/2019	
	Variation	Impact on income for 2020	Variation	Impact on income for 2019
Banking activity only	+ 100 points de base	+ 6 669	+ 100 points de base	+9 535
Banking activity only	- 100 points de base	- 6 669	- 100 points de base	- 9 535
FDC and FDE activities only	+ 100 points de base	- 2 509	+ 100 points de base	- 2 891
FDC and FDE activities only	- 100 points de base	+2 509	- 100 points de base	+ 2 891

It appears from the sensitivity test that the Bank's balance sheet profile presents a gap of resources on FDC and FDE activities. It should be noted that the Bank does not borrow at variable rates according to its interest rate management policy.

The impact of the interest rate sensitivity analysis on equity capital is nil.

20.3. Liquidity risk

Liquidity risk is the institution's risk of not meeting its financial commitments on time and at reasonable cost. This is addressed by measuring the degree of processing and adequacy between resources and its use. The Asset-Liability management (ALM) committee, by analyzing the gaps and durations, sees to the adequacy, in terms of amount and duration, uses and resources, thereby contributing to liquidity risk management.
Details of maturities of assets and liabilities on an undiscounted basis is presented as at 31 December 2020 as follows:

	DURING 2021			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	437,350	0	0	0	0	437,350
Term deposits	4,000	28,000	0	0	0	32,000
Assets held for sale	0	0	2,245	0	0	2,245
Loans and advances to banks	0	0	34,802	0	0	34,802
Loans and advances to customers	19,423	103,020	172,218	872,964	999,053	2,166,679
Loans and advances to staff	223	1,092	1,503	5,349	3,534	11,701
Debt securities portfolio	24,417	18,624	22,682	229,008	47,812	342,544
Equity investments	0	0	0	0	129,960	129,960
Shareholders receivables	0	0	6,882	0	0	6,882
Derivatives assets	0	884	0	0	19,116	20,001
Accruals assets	0	0	3,718	0	0	3,718
Other assets	0	0	0	0	11,744	11,744
TOTAL BILAN ACTIF (A)	485,414	151,621	244,050	1,107,322	1,211,220	3,199,627
Deposits from banks (CAURIS, ROPPA, AFD)	2,369	0	0	0	0	2,369
Debts securities issued	0	457,288	45,002	57,081	889,536	1,448,907
Other debts	273	132,318	34,858	236,789	270,249	674,488
Earmarked funds	0	0	0	0	97,250	97,250
Provisions	0	0	0	0	7,784	7,784
Derivatives liabilities	0	30,978	0	1,290	31,634	63,902
Accruals liabilities	0	0	7,638	0	0	7,638
Other liabilities	0	0	0	0	1,853	1,853
TOTAL LIABILITIES (excluding equity) (B)	2,643	620,584	87,498	295,160	1,298,306	2,304,191

Details on maturities of assets and liabilities as at 31 December 2019 are presented as follows:

	DURING 2020			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	442,151	-	-	-	-	442,151
Term deposits	8,000	98,000	28,000	-	-	134,000
Assets held for sale	-	-	2,245	-	-	2,245
Loans and advances to banks	-	17,500	32,619	-	-	50,119
Loans and advances to customers	396	139,444	135,507	1,060,439	649,641	1,985,427
Loans and advances to staff	209	1,023	1,408	5,012	3,311	10,963
Debt securities portfolio	1,825	22,008	32,024	85,913	146,726	288,496
Equity investments	-	-	-	-	138,656	138,656
Shareholders receivables	-	-	6,882	-	-	6,882
Derivatives assets	-	-	-	35,286	-	35,286
Accruals assets	-	-	1,778	-	-	1,778
Other assets	-	-	-	-	7,406	7,406
						-
TOTAL ASSETS excluding tangible and intangible assets (A)	452,581	277,975	240,463	1,186,649	945,740	3,103,409
Deposits from banks (CAURIS, ROPPA, AFD)	2,463	-	-	-	-	2,463
Debts securities issued	-	76,221	22,383	774,453	795,811	1,668,868
Other debts	270	47,103	38,710	229,031	202,624	517,738
Earmarked funds	-	-	-	-	42,739	42,739
Provisions	-	-	-	-	8,231	8,231
Derivatives liabilities	-	-	-	16,868	-	16,868
Accruals liabilities	-	-	18,380	-	-	18,380
Other liabilities	-	-	-	-	3,432	3,432
						-
TOTAL LIABILITIES (excluding equity) (B)	2,733	123,325	79,473	1,020,352	1,052,837	2,278,720

Furthermore, the Bank has a liquidity policy, which ensures that, at any time, the Bank has a liquidity reserve to make disbursements on its banking and administrative operations, as well as for debt servicing.

The standard practice is to hold liquid assets of at least nine (9) to twelve (12) months of net disbursements on loans (*disbursements on loans minus repayments obtained and repayment of debt incurred*).

20.4. Operational risk

The implementation of operational risk is based on the Basel standards for compliance with international best practices.

The approach aims at achieving the following objectives: (i) increase risk control by developing a risk culture at the Bank, (ii) understand upstream risks caused by the development of activities, (iii) keep top management informed about major risks and their monitoring mechanisms and (iv) improve internal controls.

This will help in directing efforts based on the priority nature of the risks and taking measures to improve the internal control system.
The operational risk management approach is based on the establishment and annual updating of the risk map. The methodology used has the following characteristics:

- the approach per business with the creation and updating of a process mapping;
- the identification of risks using the Basel risk categories help in refining the risk types;
- the rating of the risks identified;
- the rating of net risks from a grid defining the levels of probability and severity (impact);
- the identification of action plans to reduce such risks;
- the appointment of a risk owner for each identified risk.

The incidents database is developed and updated with incidents collected through the Operational Risk Correspondents, an automated tool and gradually consolidated to obtain the sufficient depth losses for their analysis.

NOTE 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the classification of the Bank's assets and liabilities as well as their fair value as at 31 December 2020.

21.1 Classification of financial instruments

As at 31 december 2020, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities		Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
	through profit and loss	through OCI recyclable / non recyclable			
- Cash and cash equivalents			469,350	469,350	469,350
- Loans and advances to banks			34,802	34,802	34,802
- Debt Securities portfolio			342,544	342,544	342,544
- Loans and advances to customers			2,166,679	2,166,679	2,166,679
- Loans and advances to staff			11,701	11,701	11,701
- Shareholders receivables			6,882	6,882	6,882
- Equity investments	10,659	119,301	0	129,960	129,960
- Derivative assets	20,001		0	20,001	20,001
Total amount of financial assets	**30,660**	**119,301**	**3,031,958**	**3,181,919**	**3,181,919**
Borrowings			2,125,764	2,125,764	2,125,764
Derivative liabilities	63,902			63,902	63,902
Total amount of financial liabilities	**63,902**	**0**	**2,125,764**	**2,189,666**	**2,189,666**

As at 31 december 2019, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities through profit and loss	Financial assets and liabilities through OCI recyclable / non recyclable	Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
- Cash and cash equivalents			576,151	576,151	576,151
- Loans and advances to banks			50,119	50,119	50,119
- Debt Securities portfolio			288,496	288,496	288,496
- Loans and advances to customers			1,985,427	1,985,427	1,985,427
- Loans and advances to staff			10,963	10,963	10,963
- Shareholders receivables			6,882	6,882	6,882
- Equity investments	10,436	128,220	0	138,656	138,656
- Derivative assets	35,286		0	35,286	35,286
Total amount of financial assets	**45,721**	**128,220**	**2,918,038**	**3,091,980**	**3,091,980**
Borrowings			2,189,070	2,189,070	2,189,070
Derivative liabilities	16,868			16,868	16,868
Total amount of financial liabilities	**16,868**	**0**	**2,189,070**	**2,205,938**	**2,205,938**

21.2 Levels of fair values

The table below classifies the financial instruments measured at fair value per level of fair value:

	Active market prices (level 1)		Evaluation techniques, of which all critical data are based on observable market data (level 2)		Evaluation techniques, of which all critical data are not based on observable market data (level 3)		Total amount	
	2020	2019	2020	2019	2020	2019	2020	2019
Derivative assets			20,001	35,286			20,001	35,286
Equity investments designated at fair value through P&L			10,659	10,436			10,659	10,436
Equity investments designated at fair value through OCI non-recyclable	10,275	15,243		-	109,025	112,978	119,301	128,220
Total amount of financial assets	**10,275**	**15,243**	**30,660**	**45,722**	**109,025**	**112,978**	**149,961**	**173,942**
Derivative liabilities			63,902	16,868			63,902	16,868
Total amount of financial liabilities		**-**	**63,902**	**16,868**		**-**	**63,902**	**16,868**

21.3 Valuation techniques of fair values

The table below records the valuation techniques of fair values at level 2 and 3 for financial instruments recognized at fair value in the balance sheet and key non-observable data used.

Type of financial instrument	Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Forward foreign currency contracts	Futures price fixing Fair value is calculated using quoted forward exchange rates at the reporting date and commuted value measurements based on high-quality contract yield curve / yield curves.	Non applicable	Non applicable
Currency swaps	Swaps models Fair value is the present value of the estimated cash flows. Floating rate future cash flow estimates are based on quoted swap rates, futures contract prices and interbank lending rates. The estimated cash flows are discounted using a yield curve developed from similar sources that reflects the benchmark interbank rate used by market participants in setting foreign exchange swap prices.	Non applicable	Non applicable
Equity investments	Sales comparison approach/ Discounted Cash Flow/ Net book value The fair value is estimated based (i) on the last market prices of comparable assets (normally up to 12 months), entered into under normal market conditions or a firm bid on more than 15% of the existing stock or (ii) the net present value is calculated using a discount rate of equity investments with similar risk/yield couple adjusted to take account of finance structure (provided that the entity has generated positive cashflow from operating activities during at least the two previous years), or (iii) the mathematical value based on the last financial statements available.	Non applicable	Non applicable

NOTE 22. LEASES

22.1. As a lessor

The Bank leases part of its offices for professional uses as well as the leisure centre based in the staff residential estate. Beneficiaries include AGF West AFRICA (Ex GARI Fund), CAURIS SA, AfDB, CRRH-UEMOA, JICA, KFW, BIA Togo and DYTOUI Consulting.

Most contracts are signed for a 2 years' period with tacit renewal. The tacit non-renewal of the lease should be notified by one of the Parties at least three months prior to the expected end date of the contract. The Bank controls and manages risks of the leased offices since any substantial modification to the leased offices or any willingness of tenants to sublet one or several parts of the leased offices must be done with its prior authorization. Furthermore, the Bank has put in place all required security mechanisms and any amendments must be approved by both parties.

The contracts include a clause on amendment of the rent at each renewal in order to take into account the price trend on the lease market, but the rate cannot exceed 10%.

22.1.1.Future minimal payments

As at 31 décember 2020, the amount of future minimum payments for non-cancellable lease contracts is as follows:

In millions of F CFA	2020	2019
Less than one year	110	123
Between one and five years	486	586
More than five years	749	904

22.1.2.Amounts recognized as net income

Income from lease contracts is recognized as" other operating income "as follows:

Items	2020	2019
Office rental income	107	121
Income from investment properties	3	2
TOTAL	**110**	**123**

22.2. As a lessee

The Bank has rented villas, which serve as residences for the Vice-President and Chiefs of Resident missions. Signed for several years, these contracts cover villas on a set of real estate made up of plain lands and buildings.

Some contracts do not anticipate an end period but include a clause which stipulates that they can only be cancelled upon prior notice by one of the parties within an interval of six months before the expected date of cancellation. Other contracts plan for a two-year lease period with a clause on tacit renewal. Based on historical relations with the lessors, contracts have always been renewed tacitly since their signing.

To take into account the trend of the lease markets, the rent amount is renegotiated every two years. Under such lease contracts, the Bank cannot sign a sublease contract.

The Bank has determined that these contracts are simple lease contracts. The rent to be paid to the property owner is adjusted regularly depending on the trend on the lease market and the Bank does not bear any risk related to the residual value of the land or building. Therefore, the owner holds quasi-totality of risks and benefits related to the lands and buildings.

22.2.1 Future minimal payments

As at 31 December 2020, future minimum payments for non-cancellable simple lease contracts are as follows:

In millions of F CFA	2020	2019
Less than one year	166	142
Between one and five years	769	602
More than five years	1,198	943

22.2.2 Amounts recognized as net income

Items	2020	2019
Conditional rent payments	175	142
TOTAL	**175**	**142**

NOTE 23. TRANSACTIONS WITH RELATED PARTIES

23.1. Loans to member countries

The outstanding loans to member countries is broken down as at 31 December 2020 as follows:

Items	Number of loans	Amount disbursed on signed loans					% Outstanding amounts	Undisbursed amounts
		FDC (1)	FDE (2)	PSCM (3)	PSPUM (4)	TOTAL(4)=(1+2+3)		
BENIN	52	124,323	13,588	33,793	994	172,698	10.8%	228,445
BURKINA	46	121,753	17,143	46,812	9,257	194,964	12.2%	183,037
IVORY COAST	44	90,423	28,516	45,451	31,513	195,904	12.3%	226,339
GUINEE BISSAU	34	85,430	11,359	41,796	0	138,585	8.7%	103,121
MALI	44	132,915	12,178	33,723	0	178,816	11.2%	152,884
NIGER	46	142,127	28,273	115,410	0	285,809	17.9%	101,434
SENEGAL	57	129,839	24,255	86,966	35,715	276,774	17.3%	187,518
TOGO	45	148,371	2,935	2,433	0	153,739	9.6%	140,635
TOTAL	**368**	**975,181**	**138,247**	**406,383**	**77,478**	**1,597,289**	**100.0%**	**1,323,413**

Loans granted to member countries are subject to intervention limits presented in Note 21.1.1. They are granted for a maximum period of eighteen (18) years (duration of FDC loans) with a five (5) years' grace period.

23.2. Loans guaranteed by AGF West Africa (Ex GARI Fund)

The Bank holds shares in the capital of the AGF West Africa Funds (Ex-GARI Fund). Outstanding loans guaranteed by AGF West Africa Funds (Ex-GARI Fund) amounts to XOF32,130 M as at 31 december 2020 for a guaranteed amount of XOF14,668 M.
Details of these outstandings and their guarantees are as follows:

Items	Outstanding amounts as at 31 December 2020	Guaranteed part	Guarantee ratio
NIGERLAIT	30	9	30%
IVORY COCOA PRODUCTS	89	45	50%
USINE PHARMAC. DO-PHARMA	3,428	1,150	34%
MODERN. USINE PHARMAQUICK	612	306	50%
IMPLANT. UNITE TRANSF.EXTRACT. MARBRE	3,828	2,297	60%
SOBEMAP	2,749	962	35%
PHARMIVOIRE RCI	2,719	1,250	50%
ICP II	400	200	50%
Société Lacoste & Compagnie (Sénégal)	5,760	2,000	40%
MDS BURKINA	1,876	1,126	60%
SCS CARTONNERIE	2,751	1,380	60%
MOULIN MODERNE DU MALI	4,984	2,492	50%
PARENTERUS	2,905	1,453	50%
TOTAL	**32,130**	**14,668**	**46%**

23.3. Remunerations of senior executives

Items	2020	2019
Salaries and gratuities	6,010	5,342
Pension contributions	298	244
Financial costs and services/pension	513	517
Compensation to Board of Directors	30	65
Sub-total 1	**6,852**	**6,168**
Pension benefit obligations	4,077	4,335
Sub-total 2	**4,077**	**4,335**

The remuneration of the President and Vice-President are fixed by the governing bodies (*Council of Ministers and Board of Directors*) while remunerations of Managers are based on the Bank's salary scale. Retirement commitments correspond to benefits granted to senior executives upon their final departure from the Bank.

NOTE 24. OFF-BALANCE SHEET COMMITMENTS

24.1 Commitments received

These commitments are funding agreements given to the Bank by foreign lenders and the guarantees received from regional funds for customers. These commitments are as follows:

Commitments received	31 December 2020	31 December 2019
Loan commitments to be drawn	258,858	199,806
Guarantees received from Regional Funds	30,955	32,504
Total	**289,813**	**232,311**

Commitments to be drawn are the remainder of loans yet to be mobilized on loans obtained from donors.

Besides, the Bank receives for its loans guarantees that are not financial (mortgage, pledge, collateral, etc.).

24.2 Commitments given

Commitments given include lending agreements and past equity investments agreements with various beneficiaries of BOAD loans; these are presented as follows:

Commitments given	31 December 2020	31 December 2019
Loan commitments given (a)	1,756,631	1,610,021
Advances for the financing of studies	18,074	15,455
Equity investment commitments (b)	58,989	62,019
Sureties and other guarantees	10,000	40,000
Total	**1,843,694**	**1,727,495**

(a) Loan commitments given correspond to financing agreements whose execution depends on the compliance with suspensive conditions or whose actual disbursement depends on drawing requests from the borrower.

(b) Commitments for equity investments relate to BOAD's unpaid subscriptions to the capital of the following companies:

COMMITMENTS FOR EQUITY INVESTMENTS (in XOF 'M)	31 December 2020	31 December 2019
Cauris Croissance II Fund	1,839	1,864
African Renewable Energy Funds	17	17
Amethis West Africa (AWA)	282	282
Investors and Partners for Development Fund 2	719	868
Investment fund dedicated to the development of financial services in WAEMU	5,603	7,415
I&P Afrique Entrepreneurs 2 (IPAE2) Fund	1,511	1,642
Cauris Croissance IV fund	5,000	5,000
ECP Africa Fund IV	392	1,193
AFIG Fund II	3,000	3,000
ADIWALE FUND I	2,390	2,500
Seed Funds	12,000	12,000
Infrastructure Funds	26,238	26,238
TOTAL	**58,989**	**62,019**

NOTE 25. EFFECTS OF THE COVID-19 ON THE FINANCIAL STATEMENTS OF THE BANK

During the year, the BOAD faced the exceptional situation caused by the health crisis related to the COVID-19 pandemic. In response, it triggered its Business Continuity Plan (BCP) to ensure the protection of its staff, the continuity of its activity, in particular, through the fulfillment of its commitments and assistance to member states. The crisis management mechanism, in accordance with the content of the BCP, was composed of an Executive Committee in charge of day-to-day management and a Steering Committee headed by the Chairman of the BOAD.

Teleworking and the holding of working sessions via collaborative communication tools were favored during this period.

The Bank notes that this health crisis has had an impact on its business without however calling into question its ability to continue as a going concern.

As of the date of closing of the 2020 financial statements by the Board of Directors and given the evolution of the pandemy, the Bank has significantly downgraded its counterparties, particularly those in sectors heavily impacted by the pandemic, in order to further anticipate the impact of COVID-19 on its accounts. This provision by the Bank resulted in a high increase in expected credit losses (*see above note 17. Cost of risk*).

NOTE 26. SUBSEQUENT EVENTS

As of the date of closing of the 2020 financial statements by the Board of Directors, the Bank's management had not recorded any subsequent events likely to influence the Bank's financial position and profits.