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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 2023
West African Development Bank (BOAD)
68, avenue de la libération
BP 1172 Lomé (Togo)
This report contains 6 pages
Appendices contain 83 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 2023

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, 2023, 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, 2022, 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. Emphasis of matters

Without qualifying the opinion expressed above, we draw your attention to:

a) Note 25.3 to the financial statements, which sets out the effects of the economic sanctions imposed by ECOWAS and the WAMU monetary authorities against Niger;

b) Note 26.1 to the financial statements which describes the impact of Alliance of Sahel States Departure from ECOWAS.

4. Key Audit Matters

Key audit matters are those 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.

4.1. Credit risk identification and assessment

4.1.1. 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, 2023, the gross amount of customers receivables amounted to XOF 2 638 billion and were subject to a provision for impairment for a total amount of XOF 169 billion, including 34 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.

4.1.2. 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, 2023;
- ✓ 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.

4.2. Valuation of hedging instruments

4.2.1. Identified risks

As at December 31, 2023, the Bank's outstanding borrowings include investment securities amounting to XOF 1 479 billion as specified in appendix 9 to the financial statements. This amount includes Eurobond issued in 2017, 2019 covered by 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.

4.2.2. 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.

4.3. Valuation of financial assets

4.3.1. Identified risks

BOAD records financial assets at fair value for XOF160 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.

4.3.2. 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.

5. 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.

6. 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 29, 2024

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 2023

BOAD'S FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2023

MARCH 2024

SUMMARY

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2023	31 December 2022
Cash and cash equivalents	4	**419,516**	**284,092**
Financial assets at amortized cost	5	**2,821,820**	**2,805,778**
- Loans and advances to banks		4,299	238
- Loans and advances to customers		2,461,992	2,439,926
- Loans and advances to staff		22,136	18,571
- Debt Securities portfolio		327,631	340,595
- Receivables from shareholders		5,761	6,448
Equity investments	6	**159,796**	**146,440**
- Equity investments designated at fair value through P&L		10,181	10,025
- Equity investments designated at fair value through OCI non-recyclable		149,615	136,414
Adjustment accounts and other assets	7	**59,898**	**115,521**
- Derivative assets		43,680	94,084
- Accruals assets		4,338	11,560
- Other adjustement accounts		11,879	9,877
Tangible assets	8	**6,411**	**6,041**
		0	**0**
Investment properties	8	**579**	**627**
		0	**0**
Intangible assets	8	**1,292**	**1,537**
		0	**0**
Non-current assets held for sale	8	**12,711**	**2,245**
TOTAL ASSETS		**3,482,022**	**3,362,279**

LIABILITIES	Note	31 December 2023	31 December 2022
Financial liabilities at amortized cost	9	**2,190,865**	**2,135,146**
- Deposits from banks		6,814	7,171
- Debt securities issued		1,507,447	1,562,479
- Other debts		617,241	565,496
- Hybrid debts		59,363	-
Earmarked funds	10	**79,638**	**92,305**
Adjustments accounts and other liabilities	11	**22,913**	**20,181**
- Derivative liabilities		22,913	20,181
- Accruals liabilities		3,488	306
- Other adjustement accounts		14,393	15,400
Provisions	12	**11,938**	**10,006**
Total liabilities		**2,305,354**	**2,257,638**
Capital		**326,102**	**260,888**
- Subscribed capital		1,511,000	1,103,650
- Callable capital		-892,170	-826,230
- Unpaid Capital		-274,818	-15,956
- Cost related to deferred paying-up of capital		-17,911	-577
Share premium		**2,622**	**2,622**
Reserves		**847,945**	**841,131**
- 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		58,152	48,045
- Cashflow hedging reserves		1,092	34,504
- Other reserves		26	26
- Retained earnings		677,492	559,570
- Remeasurements of defined benefit liability		-1,321	-746
- Net income for the period		36,453	123,682
Total equity	13	**1,176,668**	**1,104,641**
TOTAL LIABILITIES AND EQUITY		**3,482,022**	**3,362,279**

COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT		Note	December 2023	December 2022
Interests and related income			167,722	149,621
Interests and related charges			-78,448	-76,993
Net interest income			89,274	*72,627*
Fees and commissions (income)			4,397	3,741
Fees and commissions (charges)			-4,991	-6,580
Net interest and fee income		14	*88,680*	*69,789*
Exchange gains (a)			45,380	8,083
Exchange losses (b)			-8,537	-65,046
Gains/ losses on hedging instruments (c)			-20,174	76,257
Gains/ Losses on foreign exchange (a + b + c)		***15***	***16,669***	***19,294***
Margin on interests, fees and foreign exchange			105,349	89,082
Gains/ losses on financial assets designated at fair value through profit and loss (IFRS 9)			156	550
Dividends received (income from equity investments)		16	5,528	3,419
Net banking income			***111,033***	***93,051***
Cost of risk		17	***-39,327***	***-28,829***
Endowment from member states			3,200	3,200
Other operating income			638	90,316
Charges related to development activities			-1,556	-1,321
General operating expenditures			-37,510	-32,698
	- Staff overheads		-21,763	-18,988
	- Amortizations and depreciations - Property, equipment and intangible assets		-1,339	-1,257
	- Other operating costs		-14,408	-12,453
Other operating charges			-24	-35
Other net operating income		**18**	***-35,253***	***59,461***
Net income for the period		**19**	**36,453**	**123,682**
Other comprehensive income				
Items that will be reclassified to profit or loss (d)			**-33,412**	**11,990**
Cashflow hedges (CFH)			-33,412	11,990
Net gains on financial assets at fair value through “other comprehensive income”				
Items that will not be reclassified to profit or loss (e)			**9,532**	**7,934**
Revaluation of tangible and intangible assets				
Net gains on financial assets at fair value through “other comprehensive income”			10,107	8,381
Remeasurements of defined benefit liability			-576	-447
Total other comprehensive income (d) + (e)			***-23,880***	***19,924***
Total comprehensive income for the period			**12,573**	**143,606**

CHANGES IN EQUITY

CHANGE IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value	Cash flow hedges reserves	Retained earnings	
Equity as at 1st January 2022	1,103,650	-826,230	-29,009	-510	2,622	76,050	26	-298	39,664	22,514	562,570	951,049
												0
Increase in capital												
Unpaid capital												
Modifications of the first application of IFRS 9												
Other changes				-67								-67
Allocation of profit for the 2021 financial year											-3,000	-3,000
Release of capital for the 2022 financial year			13,053									13,053
Net income as at 31 December 2022 before allocation											123,682	123,682
Other comprehensive income											**0**	
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									8,381		0	8,381
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-447				-447
Cash flow hedges										11,990		11,990
Sous-total autres éléments du Résultat global	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-447**	**8,381**	**11,990**	**0**	**19,924**
Total comprehensiive income of the 2022 financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-447**	**8,381**	**11,990**	**123,682**	**143,606**
Transfers												0
Contributions and distributions												
Total transactions with the owners of the Bank	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 december 2022	**1,103,650**	**-826,230**	**-15,956**	**-577**	**2,622**	**76,050**	**26**	**-746**	**48,045**	**34,504**	**683,253**	**1,104,641**

CHANGE IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2023	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value	Cash flow hedges reserves	Retained earnings	
Equity as at 1st january 2023	**1,103,650**	**-826,230**	**-15,956**	**-577**	**2,622**	**76,050**	**26**	**-746**	**48,045**	**34,504**	**683,253**	**1,104,641**
Increase in capital	407,350											407,350
Others changes				-17,334								-17,334
Allocation of 2022 income											-6,000	-6,000
Capital paid-up in 2023		-65,940	-258,862									-324,802
Net income as at 31 December 2023 before allocation											36,453	36,453
Other comprehensive income												
Adjustments on retained earnings											240	240
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									10,107		0	10,107
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-576				-576
Cash flow hedges										-33,412		-33,412
Sub-total other comprehensive income	**0**	**-65,940**	**0**	**0**	**0**	**0**	**0**	**-576**	**10,107**	**-33,412**	**240**	**-23,640**
Total comprehensiive income of the 2023 financial year	**0**	**-65,940**	**0**	**0**	**0**	**0**	**0**	**-576**	**10,107**	**-33,412**	**36,693**	**12,813**
Transfers												0
Contributions and distributions												
Total transactions with the owners of the Bank												
Balance as at 31 december 2023	**1,511,000**	**-958,110**	**-274,818**	**-17,911**	**2,622**	**76,050**	**26**	**-1,321**	**58,152**	**1,092**	**713,946**	**1,176,668**

CASHFLOW STATEMENT

Items	Notes	2023	2022
Cashflow from operational activities		**31/12/2023**	**31/12/2022**
Income for the period		**36,453**	**123,682**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-16,414	-15,231
Exchange gains		-2,063	-8,083
Exchange losses		1,808	4,020
Amortization		1,339	1,257
Depreciation		0	0
Cost of risk		39,327	28,829
Gains/ losses on financial assets designated at fair value through profit and loss		-156	-550
Other items		-1,956	-2,859
		21,885	**7,383**
Changes in assets and liabilities from operations			
Loans and advances to banks		-4,061	10,174
Loans disbursements		-446,764	-388,661
Repayments of loans		518,187	396,664
Other receivables from customers		-131,716	-108,370
Loans and advances to staff		-3,565	-3,057
Securities portfolio		11,998	54,903
Other receivables		0	0
Other assets		-5,269	6,420
Deposits from banks		-357	-400
Other debts		75,191	162,892
Other liabilities		-19,117	-33,175
		-5,472	**97,390**
Cashflow from operations activities (a)		**52,866**	**228,456**
Cashflow from investment activities		**2023**	**2022**
Acquisitions of tangible assets		-1,556	-995
Sales of tangible assets		17	20
Acquisitions of intangible assets		135	-493
Sales of intangible assets		0	0
Acquisitions of shares		-18,364	-1,265
Sales of shares		15,271	1,919
Cashflow from investment activities (b)		**-4,498**	**-815**
Cashflow from financing activities		**2023**	**2022**
Resources from capital paying-up		69,331	16,553
Redemption of shares		0	0
Debt issuance		217,011	22,568
Repayment/debts represented by a security		-83,898	-98,299
Repayment/other loans		-115,386	-114,743
Cashflow from financing activities (c)		***87,057***	***-173,920***
Net increase/(decrease) of cash and cash equivalents (a+b+c)		**135,424**	**53,720**
Cash and cash equivalents at opening	**4**	**284,092**	**230,373**
Cash and cash equivalents at closing	**4**	**419,516**	**284,092**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interest paid		77,034	75,341
Interest received		123,640	128,576
Dividends received		5,408	3,305

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, natural ressources, industry, agro-industry, transport, tourism, health and education, financial institutions 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 KEY 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 2023 and the comparative figures for 2022, 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 Basis of presentation of financial information: Going concern

The financial statements for the year ended 31 December 2023 have been prepared on a going concern basis as the Bank has neither the intention, nor the need to end or significantly reduce the scope of its activities.
The Bank has sufficient resources to continue its business for the foreseeable future.
In making this assessment, management has considered a wide range of information, including profitability projections, regulatory capital requirements and funding requirements.
The assessment also includes consideration of reasonably possible adverse economic scenarios and their potential impact on the Bank's profitability, capital and liquidity.

2.4 Key basis for evaluation

Financial statements are based on historical cost except for those items presented below which are measured on a different valuation method:

Items	Valuation method basis
Financial derivatives	Fair value
Equity securities (equity investments) recognized at fair value through profit and loss or non-recyclable other comprehensive income	Fair value
Actual value of pension obligations linked to defined benefit pension plan net of plan assets	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 judgements

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 Main assumptions and uncertainties related to the estimates

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

Impairment of loans and advances to customers: the determination of input parameters in the ECL valuation model such as default probabilities, the consideration of key assumptions in the estimation of recoverable cash flows (e.g. conversion factors to credit equivalents) and information on the forward-looking (***See Note 2.8.2.2***)

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 2.19***).

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 2.15***).

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.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

2.8 Financial assets at amortised cost

These are debt instruments that are classified at amortised cost if both of the following criteria are met: the contractual cash flows are solely payments of principal and interest on the principal and the business model qualifies as pure collection. This category of financial assets includes:

- Loans and advances to banks
- Loans and advances to customers
- Loans to staff
- Receives from shareholders
- Debt securities portfolio

2.8.1 Loans and advances to banks

Loans and advances to banks include interbank loans, related accrued interests and Interests receivable from BCEAO on BOAD's assets invested. As at 31 December 2023, all these receivables were due in less than a year.
They are recorded at amortised cost representing the nominal amount and accrued interest. These operations do not involve any transaction or commitment fees.

2.8.2 Loans and advances to customers

Main characteristics of 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.

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.

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 financing arrangement fees are captured in income as soon as they are due.

2.8.2.1 Loans to States

Loans to States are initially recorded at fair value in the balance sheet and measured at amortized cost.

Subsidies on loans to States

Loans to States receive interests subsidy covered by allocations or the new subsidy mechanism fund that is consistent with market practice. Interests subsidy serve to reduce the amount of interest to be paid by a borrower to he Bank. Interest subsidies cover the difference between the interest rate applied by the Bank and the interest rate actually paid by the borrower for each loan tranche (**See Note 2.16.2 Allocations**). This practice is common in the multilateral development bank market.
The shareholder States and donors grant subsidies to the Bank **(see 2.14 Allocated external funds et 2.16.2 Allocations from shareholder States)**. These grants are recognised as receivables during the year, with an impact on income for the year as defined by the standard in accordance with IAS 20.
They are used to subsidise interest on loans granted by the Bank by covering the difference between the interest rate applied by the Bank and that actually paid by the borrower. This mechanism makes it possible to grant concessional loans on the basis of market resources (*by lowering the average cost of the resource allocated to each of the loans concerned*).

Index linking clauses in the loans to States

The Bank incorporates an index linking clause in its loans to States portfolio.
Under this clause, the Bank could transfer to the borrowers the exchange rate risk borne by debts denominated in currencies other than euros. The exchange rate risk would thus be passed on to the borrowers in the form of repayments on the loans concerned, depending on changes in the structure of the Bank's debt.
The Bank’s policy of hedging the currency risk on its non-euro debts plans a systematic hedging by acquiring forwards for each debt contracted in non-euro currencies (**see note 2.19 Derivatives and hedge accounting**). Therefore, activating of this index linking clause is not topical and more of a safeguard measure than a risk management policy. Finally, the existing adjustment clause does not exclude recognizing these loans at amortized cost.

2.8.2.2 Impairment of loans and advances to customers

The Bank’s portfolio is distributed into three buckets using the notion of significant deterioration since inception (initial recognition):

- **Bucket 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 Gs5 sensitivity limit in the case of the Bank or whose unpaid installments last between 30 and 89 days. Depending on the counterparty's financial situation and recovery prospects, restructured loans are classified in bucket 2 with at least the rate Gs6 during the 18 months following their restructuring and a discount recorded;

- **Bucket 3:**
  - **<u>Non sovereign loans:</u>** financial assets in arrears for 90 days or more where the deterioration in credit risk is such that a loss is probable unless the specific circumstances demonstrate that the arrears are due to causes unrelated to the debtor's situation;
  - **<u>Sovereign loans:</u>** financial assets in arrears for 180 days or more where the deterioration in credit risk is such that a loss is probable unless the specific circumstances demonstrate that the arrears are due to causes unrelated to the debtor's situation

In addition to this criterion, the absolute materiality threshold of 10 MF CFA and the relative materiality threshold of 1% must be met simultaneously; in other words, the amount outstanding must be greater than 10 MF CFA and its relative share of the total exposure to the instrument must also be greater than 1%.

For a given counterparty, the rating at the balance sheet date is considered to be the final rating for all exposure to the counterparty.

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.

The calculation of expected losses is carried out instrument by instrument by discounting at effective interest rates according to the formula. For bucket 2, the formula is presented below:

$$\boldsymbol{ECL_T} = \sum_{\boldsymbol{t=1}}^{\boldsymbol{T}} \frac{\boldsymbol{MPD_t * LGD_t * EAD_t}}{(\boldsymbol{1} + \boldsymbol{TIE}^{1})^{\boldsymbol{t}}}$$

where ECL_T = $expected\ credit\ loss\ at\ horizon\ or\ residual\ maturity\ T$
MPD_t = $marginal\ probability\ of\ default\ in\ year\ t.$
LGD_t = $Loss\ Given\ Default\ in\ year\ t$
EAD_t = $Exposure\ at\ Default\ in\ year\ t$
TIE = $Effective\ \ Interest\ Rate$
As permitted by the standard, at BOAD, the nominal interest rate of the instruments is used as the Effective Interest Rate
T = residual maturity in years (last maturity date of the loan − closing date)
The determination of PD and LGD takes into account the calibration of the Bank's rating models with a "masterscale" mapped to GEM's[2]. 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

[1] The Effective Interest Rate can be replaced by the nominal interest rate when it could not be calculated

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

to be disbursed is applied to the parts not yet disbursed from financing commitments.

The expected credit losses 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

Expected losses are calculated on an instrument-by-instrument basis. It is calculated as follows:

- the carrying amount (or the book value) of the instrument concerned, which consists of the disbursed amount not yet repaid, plus interest and costs already capitalised, to which the following items must be added or subtracted:
- (-) the present value of the estimated cash amounts recoverable from the financial guarantees, taking into account the recovery periods;
- (+) costs and accrued interest not yet capitalised to be paid;
- (-) the present value of the amount of cash payments expected from the borrower;
- (-) the present value of the mortgage guarantees that can be realised with a precise estimate taking into account the recovery dates. For this value, if an estimate is not possible, the BOAD model will use a value of zero (0);
- (-) the discounted amount of the estimated recovery of goodwill received as collateral; if an estimate is not possible, the Bank will retain a value of zero (0);
- (-) finally, the discounted value of any cash inflow that can be reasonably and accurately estimated (insurance indemnity, liquidation bonus, exceptional income related to the loan concerned).

The recovery rate is calculated as the ratio between the total sum of amounts recovered and the total discounted sum of the debt to be recovered.

For guarantees given, the amount of exposure is equal to the amount of the guarantee given less repayments already made and future income expected from any counter-guarantees, but plus unpaid interest and accrued interest not yet due.

The amount of depreciation corresponds to the difference between the carrying amount/book value of the instrument concerned and the discounted amounts at the effective interest rate of future cash flows (expected from the borrower, financial guarantees, etc.) at the reporting date. This difference is recognized in cost of risk in the income statement.

2.8.2.3 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 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.

2.8.2.4 Pre-financing of surveys or studies

Pre-financing of studies is an advance granted by the Bank to finance the cost of a feasibility study for a project. Once the advance has been granted and disbursed, three (03) situations arise:

- the feasibility study leads to the viability of a project for which financing is granted by BOAD. Thus, the cost of pre-financing the study plus interest (at the fixed rate previously agreed in the study pre-financing advance contract) is added to the amount of the loan put in place to finance the implementation of the project;
- the feasibility study leads to the viability of a project whose financing is not provided by BOAD. In this case, the advance plus interest is repaid over a period defined in the study pre-financing advance agreement;
- the project studied is not viable, the study pre-financing advance is no longer repaid and constitutes a subsidy granted by the Bank. It is recorded as an expense for the year (final consumption).

2.8.2.5 Grants and subsidy mechanism

Loan subsidies are paid in by States in order 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).

2.8.2.6 Financial guarantees and financing commitments

Financing commitments given include amounts still to be paid under loan agreements signed with customers or in respect of subscribed equity interests not yet paid up. Financing commitments received correspond to amounts not yet drawn down on loans granted to the Bank.

These financing commitments are recorded in off-balance sheet items for the amount corresponding to the portion not yet drawn down.

Some of the loans granted are covered by financial guarantees received. These financial guarantees enable the Bank to be reimbursed by the guaranteeing companies in the event of default by its customers. The Bank also grants financial guarantees (mainly signature commitments under guarantee or counter-guarantee agreements for short-, medium- or long-term facilities) which oblige it to reimburse the underwriters of the beneficiary of the guarantee in the event of the latter's default. **The fair value of these guarantees corresponds to their nominal value. They are recorded as off-balance sheet items.**

2.8.3 Loans to staff

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

2.8.4 Debt securities portfolio

All the securities held by the Bank are classified as financial assets at amortized cost like debt securities. 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 advances to customers.

2.8.5 Receivables from shareholders

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

2.9 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.

2.10 Fixed assets and amortizations

2.10.1 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.

2.10.2 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”.

2.10.3 Intangible assets

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

2.10.4 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 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 at closing.

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.

2.11 Leases

Depending on the type of lease contract concluded, the Bank is in the position of lessee or lessor. Based on this position, and each time a contract is entered into, the Bank analyses it to identify whether or not a lease exists according to IFRS 16.

2.11.1 As a lessee

The Bank has several contracts for the official residences of the Vice-President and the Heads of Resident Missions. Under these agreements, the assets concerned are explicitly identified (property complexes consisting of land and buildings), but the Bank's right to use them is subject to restrictions (particularly in terms of fitting out and installation of the leased premises, sub-letting or assignment of the lease). The majority of contracts are for a period of 12 months or less.

Payments made under these contracts are charged to the income statement on a straight-line basis over the lease term. These payments can be adjusted according to the level of market rents and the Bank does not bear any risk relating to the residual value of the land and building. Consequently, the landlord retains substantially all the risks and rewards of ownership of the land and buildings.

2.11.2 As lessor

The Bank has entered into lease agreements for part of the business premises in its head office building and for the Cité du Personnel leisure centre. The beneficiaries are CAURIS SA, BAD, BOAD TITRISATION and CRRH-UEMOA.

Under the terms of these agreements, the Bank retains control and most of the risks and benefits of the leased premises, since any substantial changes to the leased premises can only be made with its prior authorisation. The Bank has put in place specific security measures deemed necessary. The contracts do not authorise subletting. The contracts also include a clause to review the amount of rent at each renewal, the rate of which may not exceed 10%, in order to reflect price trends on the rental market.

Consequently, all the contracts are classified as operating leases.

The asset (the Bank's building, part of which is leased) is recognised as a fixed asset by the lessor and depreciated on a straight-line basis over its useful life.

The asset is depreciated on a straight-line basis over its useful life, excluding residual value, while the lease payments are recognised in the income statement on a straight-line basis over the term of the lease. Lease payments and depreciation are recognised in the income statement.

2.12 Deposit from banks

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

2.13 Debts securities and debts from donors

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

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

2.14 Allocated external funds

These are funds with external contributions from donors such as Agence Française de Développement (AFD), International Development Association (IDA), KfW, Green Fund, Credit Mixte Suisse (CMS), Union Economique et Monétaire Ouest Africaine (UEMOA), etc. The funds' resources are made up either of direct subsidies paid by the donor or of loans granted by the donor at a reduced interest rate (the interest rate differential compared with the market rate used to set up the fund). The use of the resources obtained by the Bank and recorded in these Funds is governed by the provisions of the agreements drawn up for this purpose. The Bank is obliged to repay them if the final destination of the resources does not correspond to that provided for in the contracts signed with the lenders. This situation highlights the existence of a debt, hence the recognition of these funds as liabilities.

Expenses incurred are debited directly to the fund created. No income or expense is recognised in the Bank's statement of comprehensive income in respect of these funds.

2.15 Pension commitments

2.15.1 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.

2.15.2 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 assets ceiling 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.

2.15.3 Actuarial assumptions

Actuarial assumptions as at the closing date are as follows:

Actuarial assumptions	2023	2022
Discount rate	6.10%	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/plan are rather related to the changes in discount rate and increases in salary. The discount rate applied in 2023 represents the current ceiling rate for the issue of BOAD bonds. It also corresponds to the interest rate of the last issue of back-to-back bonds issued by the BOAD in the WAEMU zone, the repayment of which (including coupons) is ensured by the cash flows and other pecuniary benefits generated by a portfolio of loans made available to WAEMU member states by the BOAD. In 2022, it corresponded to the average yield on government bonds acquired by the Bank.

The rate of salary increases has not changed.

2.16 Transactions on share capital and allocations

2.16.1 Capital

The Bank's capital is divided into shares with a nominal value of XOF 50,000,000. In accordance with Article 6 of the Articles of Association, the capital is divided between two categories of shareholders:

- Series A shareholders (regional shareholders), i.e. the WAEMU Member States, each of which subscribes an identical number of shares, and BCEAO;
- Series B shareholders (non-regional shareholders), i.e. States which are not members of the Union, as well as international financing organisations wishing to contribute to the development of the Union and approved by the Union's Council of Ministers.

The capital is paid up on the basis of a long-term payment schedule. As a result, the amount called up but not yet paid in is updated at each balance sheet date.

In order to present relevant and useful information, the difference is recorded in a debit sub-account of capital (cost related to the deferred payment of capital).

In accordance with Article 7 of the Articles of Association, the amount of the Bank's callable capital serves as a guarantee for its borrowings.

2.16.2 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 six (6) 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.

2.17 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".

2.18 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 "Financial 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.

2.19 Derivatives and hedge accounting

2.19.1 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.

2.19.2 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.

2.19.3 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.

2.20 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.

2.21 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.

2.22 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.

2.23 Approval of accounts

BOAD's individual accounts as at 31 December 2023 were approved by the Board of Directors at its 25 March 2024 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 2022 were supplemented by provisions of the new standards and interpretations for the 2023 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 2023	Amendments to IAS 1 and the Practice Statement "Disclosures on accounting policies"	The objective of these amendments is to improve the definition of the term "significant" in order to allow entities to **more easily exercise their judgment in terms of materiality** for the information to be included in the financial statements. **The application of these amendments will have no significant impact on the Bank's accounts**.
1st january 2023	Amendments to IAS 8 "Definition of Accounting Estimates"	These amendments aim to facilitate the distinction between accounting methods and accounting estimates. **The anticipated impact of these amendments is not material for the bank**
1st January 2023	Amendments to IAS 12, Income Taxes	The purpose of these amendments is to clarify how entities should account for deferred taxes on transactions such as leases and decommissioning obligations. **As BOAD is exempt from all taxes due to the established headquarters agreement, these amendments will have no impact on its accounts.**
1st january 2023	IFRS 17 "Insurance contracts" Amendments to IFRS 17 "Insurance Contracts"	The Bank's activity is essentially banking and does not fall within the scope of IFRS 17, which replaces IFRS 4**. There will therefore be no impact on BOAD's accounts.**

3.2 Upcoming provisions

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2024	Non current liabilities with covenants – amendments to IAS 1 Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	The purpose of these amendments is : • To remove the requirement for an "unconditional" right and to allow companies to classify a liability as non-current since they have a right to defer the settlement for at least 12 months after the reporting date. However, the classification is not affected by management's intentions or expectations as to whether the company will exercise its right to defer the settlement or will proceed to an early redemption. • on one hand to require, companies whose debts are charged with covenants to consider the risk of non-compliance with covenants in assessing whether they are classified as current or non-current and secondly, disclose in the notes to the financial statements those non-current liabilities subject to covenants, information to help users understand the risk that these liabilities will become repayable within 12 months after the reporting date. **The application of these amendments has no material impact on the Bank's accounts. In fact, all of the Bank's liabilities are classified in accordance with their future settlement dates. The Bank has no right to defer settlement of its liabilities. In addition, the Bank has always complied with its covenants and paid particular attention to compliance with covenants.**
1st January 2024	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	These amendments to IFRS 16 recommend that companies in a seller-lessee position in sale and leaseback contracts, include variable lease payments when measuring a lease liability arising from a sale and leaseback transaction at on initial recognition. On subsequent recognition subsequently, no gain or loss relating to the retained right of use must no longer be recorded, regardless of the measurement approach adopted by the seller-lessee. **The Bank has not entered into any lease or sale and leaseback contracts. It is therefore not affected by these amendments to IFRS 16.**
1st January 2024	Supplier finance arrangements - Amendments to IAS 7 and IFRS 7	These amendments focus on the disclosures required to enhance the current requirements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The finance arrangements entered into by BOAD with its donors are clearly and sufficiently disclosed in the notes to financial statements (disclosures on book values and maturities are presented). **Therefore, the application of this amendment will have no material impact on the presentation of the financial statements.**

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2024	• IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information issued by ISSB • IFRS S2 – Climate-related Disclosures	**IFRS S1** sets out overall requirements that a company should provide information on the sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects in order to provide investors with a complete set of sustainability-related financial disclosures included as part of the general-purpose financial reports. **IFRS S2** sets out requirements for disclosing material information about climate-related matters. **Climate-related risks may have negative future effects on the Bank's operations and consequently on these accounts. The necessary disclosures relating to these impacts will be presented in the financial statements as soon as they are known and measured with certainty (see note 20.5 Climate risks).**
1st January 2025	Lack of exchangeability – Amendments to IAS 21	Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments offer nothing less in proposing that companies use an exchange rate based on their best estimate rather than using an inaccessible official rate. **All the currencies in which the Bank intervenes are since then exchangeable into FCFA, this amendment will therefore have no impact on BOAD's accounts.**

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 2023	31 December 20222
Cash accounts		76	55
BOAD HQ Current Account		65,623	32,417
Deposit Accounts for Resident Missions at BCEAO	4.1	202,786	119,831
Japan Eximbank Special Account		15	15
FDE Contribution Account	4.2	1,985	1,985
BOAD Settlement Account Lomé		53,634	89,920
Operating Account for Resident Missions		86	217
Bank and correspondent bank accounts		16,778	8,610
Short-term bank deposits (a)	4.3	78,500	31,010
Deposits/ Margin calls		33	33
TOTAL		**419,516**	**284,092**

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

Resident missions deposit accounts	31 December 2023	31 December 2022
Deposit Accounts BCEAO Abidjan	1,307	2,820
Deposit Accounts BCEAO Bamako	2,452	397
Deposit Accounts BCEAO Bissau	76	564
Deposit Accounts BCEAO Cotonou	1,998	13,906
Deposit Accounts BCEAO Dakar	11,559	23,541
Deposit Accounts BCEAO Lomé	180,781	53,228
Deposit Accounts BCEAO Niamey	2,471	11,079
Deposit Accounts BCEAO Ouagadougou	2,141	14,296
Total	**202,786**	**119,831**

4.2. 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.

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

Short-term bank deposits	31 December 2023	31 December 2022
BOA-CI, special liquidity account	0	0
BOA-BN liqiuidity account	0	1,010
Term deposit with BOA Group	0	15,000
Term deposit with Coris Bank Group	0	5,000
Term deposit with BSIC Group	0	5,000
Term deposit with NSIA	0	5,000
Term deposit with SONIBANK	15,000	0
Term deposit with ECOBANK NG	12,000	0
Term deposit with BIIC BN	6,500	0
Term deposit with BGFI CI	15,000	0
Term deposit with BAT CI	20,000	0
Term deposit with BICIM ML	10,000	0
Total	**78,500**	**31,010**

NOTE 5. FINANCIAL ASSETS AT AMORTISED COST

The item « loans and receivables at amortised cost » *(see note 2.8 of summary of accounting principles and practices)* breaks down as follows:

Loans and receivables at amortized cost	Note	31 December 2023	31 December 2022
Loans and advances to banks	5.1	4,299	238
Loans and advances to customers	5.2	2,461,992	2,439,926
Loans and advances to staff		22,136	18,571
Securities portfolio	5.3	327,631	340,595
Receivables from shareholders		5,761	6,448
TOTAL		**2,821,820**	**2,805,778**

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 2023 and 31 December 2022 as follows:

Counterparties	31 December 2023	31 December 2022
BCEAO- Interests on ordinary accounts	42	35
ORAGROUP	0	0
Interbank loans	3,000	
Interests receivable	1,257	203
TOTAL	**4,299**	**238**

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 2023 and 31 December 2022:

Items	31 December 2023	31 December 2022
Gross outstanding receivables from customers	**2,635,499**	**2,577,940**
of which gross outstanding loans	**2,546,079**	**2,516,414**
At most six months	135,422	154,133
More than six months and less than one year	170,643	159,847
More than one year and less than two years	309,744	304,817
More than two years and less than three years	296,256	297,699
More than three years and less than five years	489,378	493,563
More than five years	1,144,636	1,106,354
of which advance for financing studies	15,224	14,812
of which related receivable to loans	74,195	46,713
Total depreciation on loans and related receivables	**-162,858**	**-129,505**
of which depreciation of non-performing loans (*)	-89,465	-78,355
of which depreciation on buckets 1 and 2	-73,393	-51,150
Deferred income from fees	**-9,660**	**-7,521**
Value adjustement on advances to customers	**-988**	**-988**
Receivables from customers	***2,461,992***	***2,439,926***

(*) The total amount of depreciation of non-performing loans includes XOF 89, 465 M for depreciation on the principal (as of XOF 56, 418 M for loans and XOF 8, 945 M for advances on studies) and XOF 24, 102 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 2022 (a)	Increase (b)	Decrease (c)	Balance of the period (d) = (b) + (c)	31 december 2023 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	73,422	4,487	-10,717	-6,230	67,192
2. Depreciation	-59,903	-3,228	6,712	3,485	-56,418
3. Net outstanding of non performing loans = (1) + (2)	**13,519**	**1,259**	**-4,005**	**-2,745**	**10,774**

5.3 Debt securities portfolio

5.3.1 Variation table for securities

The variation table of securities as at 31 December 2023 is as follows:

	Balance as at	Variations of the period			Balance as at
	31 december 2022 (a)	Increase (d)	Decrease (e)	Balance of the period (f) = (d) + (e)	31 december 2023 (e) = (a) + (d)
1. Gross outstanding of securities portfolio (premiums bonds included)	333,549	95,860	-107,309	-11,450	322,099
2. Interest receivables of securities portfolio	9,382	20,262	-19,895	367	9,749
3. Depreciation	-2,336	-1,881	0	-1,881	-4,217
4. Net outstanding of securities portfolio = (1) + (2) + (3)	**340,595**	**114,240**	**-127,204**	**-12,964**	**327,631**

5.3.2 Details of debt securities portfolio

The breakdown of the debt securities portfolio is as follows:

Securities portfolio	31 December 2023	31 December 2022
Treasury bonds Senegal	62,333	60,250
Treasury bonds Côte d'ivoire	29,143	37,857
Treasury bonds Benin	13,333	11,500
Treasury bonds Burkina Faso	44,334	37,375
Coris Bank Holdings bonds	7,500	10,500
Treasury bonds Mali	29,000	47,448
Treasury bonds Niger	41,000	32,000
Treasury bonds Togo	57,700	66,700
CRRH Bonds	6,018	7,317
EBID Bonds	7,312	7,645
SONATEL Bonds	8,000	10,000
DOLI P Bonds	1,502	-
Treasury bills Mali	-	5,000
Treasury bills Niger	7,500	-
Treasury bills Guinnée Bissau	2,500	-
Treasury bills Senegal	5,000	-
Sub-total 1. Gross outstandings	***322,175***	***333,591***
Bonds premiums and discounts	-76	-43
Sub-total 2. Gross outstandings with premiums included	***322,099***	***333,549***
Interests receivable	9,749	9,382
Depreciation/securities portfolio (buckets 1 and 2)	-4,217	-2,336
TOTAL	**327,631**	**340,595**

5.3.3 Schedule of debt securities portfolio

The contractual schedule of debt securities portfolio in XOF' M as at 31 December 2023 and 31 December 2022 is as follows:

Maturity	31 December 2023	31 December 2022
At most six months	73,217	48,043
More than six months and less than one year	21,542	24,077
More than one year and less than two years	64,509	76,456
More than two years and less than three years	53,666	57,664
More than three years and less than five years	51,862	61,831
More than five years	57,379	65,521
Sub-total 1. Gross outstandings	**322,175**	**333,591**
Bonds premiums and discounts	-76	-43
Sub-total 2. Gross outstandings with premiums included	***322,099***	***333,549***
Interests receivable	9,749	9,382
Depreciation/securities portfolio (buckets 1 and 2)	-4,217	-2,336
TOTAL	**327,631**	**340,595**

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 2023	31 December 2022
Endowment from member states receivable	5,029	5,029
Admission fee Guinea Bissau	732	1,419
TOTAL	**5,761**	**6,448**

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 32, 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. Change in equity investments

6.2.1 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	2023	2022
Gross outstanding of equity investments as at 1st January	95,885	96,539
Increases	18,364	1,265
Decreases	-15,271	-1,919
Gross outstanding of equity investments as at 31 December	**98,979**	**95,885**
Gains /losses of equity investments designated at fair value through OCI non-recyclable	58,152	48,045
Gains /losses of sold equity investments designated at fair value through OCI non-recyclable	2,666	2,509
Net outstanding of equity investments as at 31 December	**159,796**	**146,440**

6.2.2 Breakdown of equity securities per counterparty

Equity investments recognized in the balance sheet between the 31 December 2023 and 31 December 2022 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 2022			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	14 5%	2,500	1,240	23	3,763
2	h-uemoa	FEFISOL	8 2%	16	31	7	53
3	SN	FCP/IFC BOAD	100 0%	5,000	689	520	6,209
		TOTAL		**7,516**	**1,959**	**550**	**10,025**

N°	Country	Equity investments	Percentage of interest (%)	31 December 2023			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	14 5%	2,500	1,263	-94	3,669
2	h-uemoa	FEFISOL	8 2%	16	37	0	53
3	SN	FCP/IFC BOAD	100 0%	5,000	1,209	251	6,459
		TOTAL		**7,516**	**2,509**	**156**	**10,181**

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

N°	Country	Equity investments	Percentage of interest (%)	31 December 2022			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	SOAGA	19 3%	103	- 25	90	193
2	TG	CAURIS CROISSANCE	0 0%	-	-	-	-
3	SN	BNDE	9 1%	1,000	324	2,553	3,553
4	h-uemoa	CAURIS CROISSANCE II	17 7%	4,268	371	- 1,470	2,798
5	TG	GARI S. A.	11 6%	1,500	54	1,149	2,649
6	MA	BDM Mali	16 0%	600	385	18,630	19,230
7	BN	BOA Bénin	2 3%	98	309	2,729	2,827
8	NG	SONIBANK Niger	7 1%	1,082	- 286	2,218	3,300
9	CI	BHCI Côte d'Ivoire	0 3%	150	10	- 140	10
10	NG	BOA Niger	5 7%	137	510	4,171	4,308
11	TG	BIA Togo	5 2%	392	63	316	708
12	h-uemoa	Afreximbank	0 3%	2,500	1,448	3,594	6,094
13	SN	Banque Régionale de Marché (BRM)	4 0%	400	-	- 400	-
14	BF	Banque de l'Habitat du BF	0 9%	200	6	25	225
15	CI	BRVM	9 2%	56	- 42	489	545
16	CI	DC/BR (BRVM)	9 1%	140	- 16	219	359
17	TG	CICA RE	2 0%	999	28	497	1,496
18	MA	MANDE Hotel	16 7%	50	- 6	229	279
19	CI	CIPREL	2 0%	584	- 416	1,270	1,854
20	TG	ASKY (EX SPCAR)	16 8%	5,990	1,915	- 4,075	1,915
21	CI	RASCOM	7 1%	1,600	-	- 1,600	-
22	h-uemoa	PROPARCO	0 7%	4,347	194	1,011	5,358
23	TG	BOAD-Titrisation	100 0%	500	- 185	- 500	0
24	TG	CRRH-UEMOA	15 3%	1,543	227	1,375	2,918
25	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	1 9%	2,189	- 544	- 1,725	465
26	TG	ORAGROUP	2 1%	1,642	- 378	3,951	5,593
27	BF	Fidélis Finance (ex Burkina Bail)	14 3%	689	- 30	290	978
28	SN	CNCAS	7 9%	1,573	680	1,577	3,150
29	BF	CORIS BANK	0 0%	-	-	-	-
30	CI	Nouvelle BRS CI/ORA Bank CI	24 5%	16,995	4,623	20,721	37,716
31	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9 6%	1,100	392	954	2,054
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10 1%	1,100	571	1,449	2,549
33	Kenya	FAER	4 9%	5,844	- 998	149	5,993
34	BF	AMETHIS WEST AFRICAN (AWA)	11 1%	1,040	750	- 213	827
35	CI	Air Côte d'Ivoire	7 9%	10,320	- 715	- 9,720	600
36	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	11 0%	781	- 35	- 322	459
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10 0%	500	69	16	516
38	SN	Banque Outarde	11 3%	2,000	- 3	- 665	1,335
39	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3 3%	1,068	- 8	- 292	777
40	NG	Banque de l'Habitat du Niger	7 0%	825	- 96	- 273	552
41	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	49 5%	4,781	654	- 344	4,437
42		ECP Africa Fund IV	1 8%	3,000	- 400	1,047	4,047
43	CI	MANSA BANK	7 6%	1,200	74	- 249	951
44	h-uemoa	ADIWALE Fund I	6 4%	892	- 235	- 389	502
45	h-uemoa	AFIG Fund	4 0%	2,592	- 857	- 295	2,297
		TOTAL		**88,370**	**8,381**	**48,044**	**136,414**

N°	Country	Equity investments	Percentage of interest (%)	31 December 2023			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	SOAGA	19 3%	103	0	91	193
2	TG	CAURIS CROISSANCE	0 0%	-	-	-	-
3	SN	BNDE	9 1%	1,000	- 140	2,413	3,413
4	h-uemoa	CAURIS CROISSANCE II	17 7%	4,268	- 462	- 1,932	2,336
5	TG	GARI S. A.	11 6%	1,500	- 365	783	2,283
6	MA	BDM Mali	16 0%	600	1,536	20,166	20,766
7	BN	BOA Bénin	2 3%	98	195	2,923	3,022
8	NG	SONIBANK Niger	7 1%	1,082	116	2,334	3,416
9	CI	BHCI Côte d'Ivoire	0 3%	150	- 7	- 147	3
10	NG	BOA Niger	5 7%	137	- 294	3,877	4,014
11	TG	BIA Togo	5 2%	392	36	351	743
12	h-uemoa	Afreximbank	0 3%	2,500	2,277	5,872	8,372
13	SN	Banque Régionale de Marché (BRM)	4 0%	1,610	- 1,210	- 1,610	-
14	BF	Banque de l'Habitat du BF	0 9%	200	28	52	252
15	CI	BRVM	9 2%	56	111	600	656
16	CI	DC/BR (BRVM)	9 1%	140	159	378	518
17	TG	CICA RE	2 0%	999	243	740	1,739
18	MA	MANDE Hotel	16 7%	50	- 4	225	275
19	CI	CIPREL	2 0%	584	207	1,477	2,061
20	TG	ASKY (EX SPCAR)	16 8%	5,990	4,217	142	6,132
21	CI	RASCOM	7 1%	1,600	-	- 1,600	-
22	h-uemoa	PROPARCO	0 7%	6,659	- 226	785	7,444
23	TG	BOAD-Titrisation	100 0%	500	-	- 500	0
24	TG	CRRH-UEMOA	15 3%	1,543	58	1,434	2,977
25	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	3 1%	2,189	- 100	- 1,825	364
26	TG	ORAGROUP	2 1%	1,642	- 1,831	2,120	3,761
27	BF	Fidélis Finance (ex Burkina Bail)	14 3%	689	175	464	1,153
28	SN	CNCAS	7 9%	1,573	- 1,412	164	1,738
29	BF	CORIS BANK	0 0%	-	-	-	-
30	CI	Nouvelle BRS CI/ORA Bank CI	24 5%	16,995	3,777	24,498	41,493
31	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9 6%	1,100	782	1,736	2,836
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10 1%	1,100	157	1,606	2,706
33	Kenya	FAER	4 9%	5,844	- 1,030	- 881	4,963
34	BF	AMETHIS WEST AFRICAN (AWA)	11 1%	1,040	181	- 32	1,008
35	CI	Air Côte d'Ivoire	7 9%	10,320	3,090	- 6,630	3,690
36	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	11 0%	1,018	38	- 284	734
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10 0%	500	316	332	832
38	SN	Banque Outarde	11 3%	2,000	33	- 633	1,367
39	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3 3%	1,306	69	- 223	1,083
40	NG	Banque de l'Habitat du Niger	7 0%	825	- 110	- 384	441
41	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	36 3%	3,922	- 320	- 664	3,258
42		ECP Africa Fund IV	1 8%	2,666	- 572	475	3,140
43	CI	MANSA BANK	7 6%	1,200	250	0	1,200
44	h-uemoa	ADIWALE Fund I	6 4%	1,181	180	- 209	971
45	h-uemoa	AFIG Fund	4 0%	2,592	- 38	- 333	2,259
		TOTAL		91,463	10,107	58,152	149,615

NOTE 7. ADJUSTMENTS ACCOUNTS AND OTHER ASSETS

Adjustment accounts and other assets include the following items:

Adjustement accounts and other assets	Note	31 December 2023	31 December 2022
Derivative assets	7.1	43,680	94,084
Accruals assets	7.2	4,338	11,560
Other adjustement accounts	7.3	11,879	9,877
TOTAL		**59,898**	**115,521**

7.1 Derivative assets

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

Derivative assets	31 December 2023	31 December 2022
Derivative assets-fair value hedge	0	0
Derivative assets-cash flow hedge	43,680	94,084
TOTAL	**43,680**	**94,084**

The item on "Derivative assets-currency risk hedging instruments" recorded a value of XOF 43,680 M as at 31 December 2023 against XOF 94,084 M as at 31 December 2022. 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 2023	31 December 2022
Deferred expenses	2,219	10,150
Accruals and prepaid expenses	1,406	524
Accrued receivables	193	181
Other accruals	520	704
TOTAL	**4,338**	**11,560**

7.3 Other adjustments accounts

Other adjustement accounts	31 December 2023	31 December 2022
Sundry debtors	2,938	462
Prefinancing of studies	1,865	1,861
Deposits paid	64	59
Advances on mission expenses	-	-
Advances and prepayments made	477	830
Other endowments and subsidies to be received	6,536	6,665
TOTAL	**11,879**	**9,877**

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

The net book value of tangible assets as at 31 December 2023 and 31 December 2022 is as follows:

Tangible assets	31 December 2023	31 December 2022
Cost of acquisition	26,226	24,950
Allocations and reversal of depreciations	-19,815	-18,909
Net outstanding of tangible assets	**6,411**	**6,041**

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 2022	**415**	**13,695**	**418**	**9,863**	**0**	**24,391**
Acquisitions	0	0	285	711	0	**995**
Transfers	0	0	0	0	0	**0**
Disposals	0	0	0	-437	0	**-437**
Revaluation acquisitions	0	0	0	0	0	**0**
Other revaluations	0	0	0	0	0	**0**
Balance as at 1st January 2023	**415**	**13,695**	**702**	**10,138**	**0**	**24,950**
Acquisitions	0	0	790	921	0	**1,711**
Transfers	0	0	-155	0	0	**-155**
Transfers to investment properties	0	0	0	0	0	**0**
Sales	0	0	0	-281	0	**-281**
Balance as at 31 December 2023	**415**	**13,695**	**1,337**	**10,778**	**0**	**26,226**
Cumulative amortizations and disposals						
Balance as at 1st January 2022	**0**	**10,718**	**0**	**7,496**	**0**	**18,214**
Amortization charges	0	345	0	774	0	**1,119**
Reversals of depreciation (disposals)	0	0	0	0	0	**0**
Impairment losses recognized during the period	0	0	0	-424	0	**-424**
Reversals of depreciation	0	0	0	0	0	**0**
Balance as at 1st January 2023	**0**	**11,064**	**0**	**7,846**	**0**	**18,909**
Amortization charges	0	345	0	846	0	**1,191**
Reversals of amortization (disposals)	0	0	0	-10	0	**-10**
Transfers to investment properties	0	0	0	-276	0	**-276**
Impairment losses recognized during the period	0	0	0	0	0	**0**
Balance as at 31 December 2023	**0**	**11,409**	**0**	**8,406**	**0**	**19,815**
Net value of tangible assets as at 31 December 2023						**6,411**

8.2 Investment properties

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	31 December 2023	31 December 2022
Cost of acquisition	770	770
Allocations and reversal of depreciations	-191	-144
Net outstanding of intangible assets	**579**	**627**

The evolution of the net book value of investment properties between 31 December 2022 and 31 December 2023 is as follows:

Investment properties (amounts in XOF'l	Note	31 December 2023	31 December 2022
Balance as at 1st January		770	770
Increases		-	-
Transfers from tangible assets	8	-	-
Amortization charges and reversal of amortization		- 191	- 144
Gains and losses in fair value		-	-
Balance as at 31 December		**579**	**627**

8.3 Intangible assets

The net book values of intangible assets are as follows:

Intangible assets	31 December 2023	31 December 2022
Cost of acquisition	3,052	3,187
Allocations and reversal of depreciations	-1,760	-1,650
Net outstanding of intangible assets	**1,292**	**1,537**

The net book value of intangible assets between 31 December 2023 and 31 December 2022 is as follows:

Acquisitions of intangible assets (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2023	**3,187**	**Balance as at 1st January 2023**	**1,650**
Acquisitions	384	Amortization charges	110
Disposals	-519	Write-back of amortization	0
Balance as at 31 december 2023	**3,052**	**Balance as at 31 december 2023**	**1,760**
Net value on balance sheet as at 31 december 2023			**1,292**

8.4 Non-current assets held for sale

The Bank has been declared the owner of a property by judicial auction, which is presented as a non-current asset held for sale. The necessary formalities (transfer of land title, securing, cleaning, etc.) to initiate the active disposal programme were completed at the beginning of 2023.

Assets held for sale have been recognised at the lower of acquisition cost (corresponding to the sum of the auction price and all costs and expenses incurred until the property is actually acquired, which amounted to **12,711 MF CFA**) and fair value less costs to sell. Any gain or loss on disposal and the costs of sale will be taken to net profit or loss. There is no accumulated income or expense included in other comprehensive income relating to assets held for sale.

Up to the date of preparation of these financial statements, the Bank continues to collect bids in line with its expectations in accordance with the active disposal programme for the building.

NOTE 9. FINANCIAL LIABILITIES AT AMORTIZED COST

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

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

Details of this item as at 31 December 2023 and 31 December 2022 is as follows (in XOF' M)

Liabilities at amortized cost	**31 December 2023**	**31 December 2022**
A) Deposits from banks (Cauris ROPPA, AFD)	**6,814**	**7,171**
I-Debts represented by a security		
BOAD bond issues (*)	1,478,539	1,512,572
BOAD bills	0	19,557
Maturities of less than one year/debts repr. by securities	0	0
Sub-total I	***1,478,539***	***1,532,130***
II- Other loans from foreign partners		
Accrued interest on debts represented by a security	28,908	30,354
Deferred charges on bonds and bonds	0	-4
Sub-total II	***28,908***	***30,349***
B) Total debts represented by a security (I+II)	**1,507,447**	**1,562,479**
I- Debts attached to loans and & debts repr.		
Loans to finance long-term projects	617,148	563,077
Loans for financing long-term studies	430	482
Maturities within one year/borrowings	0	0
Sub-total I	***617,578***	***563,558***
II- Debts related to other borrowings		
Accrued interest and commissions on other borrowings	*2,564*	*2,536*
Deferred charges on other borrowings	*-2,900*	*-598*
Sub-total II	***-336***	***1,938***
C) Total others debts (I+II)	***617,241***	***565,496***
D) Subordinated debts	**59,363**	**0**
Total I+II+III+IV	**2,190,865**	**2,135,146**

(*) The total outstanding of bonds only consists of eurobonds issued in 2017, 2019 and 2022 on the international financial market.

9.2 Table of changes in borrowings

The borrowings variation per counterparty between 31 December 2022 and 31 December 2023 is as follows:

Changes in deposits from banks

Debts	Balance as at 31 december 2021	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2022
Deposits from Banks	7,571	430	-830	0	0	7,171
						0
TOTAL	**7,571**	**430**	**-830**	**0**	**0**	**7,171**

Changes in debt securities issued

Debts	Balance as at 31 december 2021	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2022
Debentures	1,451,289	0	0	59,799	1,484	1,512,572
Bonds	57,081	0	-37,524	0	0	19,557
TOTAL	**1,508,371**	**0**	**-37,524**	**59,799**	**1,484**	**1,532,130**

Changes in other debts by counterparties

Debts	Balance as at 31 december 2021	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2022
IDA	143,036	7,609	-3,614	668	0	147,699
KfW	160,321	0	-27,187	0	0	133,134
AFD	161,927	14,958	-15,190	0	0	161,696
BEI	3,751	0	-2,491	0	0	1,260
BAD	66,531	0	-13,387	0	0	53,144
BDC	6,560	0	-6,560	0	0	0
BADEA	40,226	0	-31,201	558	0	9,584
BNP Fortis	5,112	0	-547	0	0	4,566
BDA	19,679	0	0	0	0	19,679
OPEC	32,798	0	0	0	0	32,798
TOTAL BY COUNTERPARTIES	**639,941**	**22,568**	**-100,177**	**1,226**	**0**	**563,558**

Changes in subordinated debts

Debts	Balance as at 31 december 2021	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2022
BADEA	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**

TOTAL DEBTS	**2,155,883**	**22,998**	**-138,531**	**61,026**	**1,484**	**2,102,859**

Changes in deposits from banks

Debts	Balance as at 31 december 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2023
Deposits from Banks	7,171	294	-652	0	0	6,814
						0
TOTAL	**7,171**	**294**	**-652**	**0**	**0**	**6,814**

Changes in debt securities issued

Debts	Balance as at 31 december 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2023
Debentures	1,512,572	0	0	-35,586	1,553	1,478,539
Bonds	19,557	0	-19,557	0	0	0
TOTAL	**1,532,130**	**0**	**-19,557**	**-35,586**	**1,553**	**1,478,539**

Changes in other debts by counterparties

Debts	Balance as at 31 december 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2023
IDA	147,699	13,775	-5,298	-1,441	0	154,736
KfW	133,134	45,917	-27,187	0	0	151,863
AFD	161,696	0	-15,190	0	0	146,506
BEI	1,260	0	-1,260	0	0	0
BAD	53,144	0	-10,763	0	0	42,381
BDC	0	0	0	0	0	0
BADEA	9,584	0	-9,584	0	0	0
BNP Fortis	4,566	0	-547	0	0	4,019
BDA	19,679	0	0	0	0	19,679
OPEC	32,798	32,798	-32,798	0	0	32,798
SMBC	0	65,596	0	0	0	65,596
TOTAL BY COUNTERPARTIES	**563,558**	**158,086**	**-102,626**	**-1,441**	**0**	**617,578**

Changes in subordinated debts

Debts	Balance as at 31 december 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2023
BADEA	0	58,925	0	438	0	59,363
TOTAL	**0**	**58,925**	**0**	**438**	**0**	**59,363**

TOTAL BY COUNTERPARTIES	**2,102,859**	**217,305**	**-122,835**	**-36,588**	**1,553**	**2,162,293**

9.3 Maturity of financial liabilities at amortized cost

Maturity	31 December 2023	31 December 2022
At most six months	31,106	53,285
More than six months and less than one year	28,531	63,625
More than one year and less than two years	57,360	60,059
More than two years and less than three years	144,378	58,741
More than three years and less than five years	619,842	637,622
More than five years	1,281,076	1,229,525
Sub-total outstanding	**2,162,293**	**2,102,859**
Debts attached to loans and & debts repr.	**28,571**	**32,287**
TOTAL	**2,190,865**	**2,135,146**

9.4 The Bank's debt-equity ratio

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 2023, the Bank's outstanding borrowings represented 176 % of its equity capital out of the regulatory threshold of 300%.

NOTE 10. EARMARKED FUNDS

Funds are made up of the following:

Earmarked funds	Funders	31 December 2023	31 December 2022
Belgian Technical Assistance Fund	Royaume de Belgique	215	215
Dutch Fund	Pays bas	34	34
IDA Counterpart Fund	IDA	430	551
AFD Research Fund	AFD	310	310
AFD Counterpart Fund	AFD	26	26
Environmental Partnership Fund	Fonds de Partenariat Environnemental	4	4
KfW Counterpart Fund	KfW	4,896	5,215
China Cooperation Fund	CHINE	139	139
AFD IV Capacity Improvement Fund	AFD	30	30
Energy Development Fund	FDE	1,985	1,985
Crop Insurance Fund	UEMOA	2,836	2,836
Regional Collaboration Centre (RCC)	Centre Régional de Collaboration (CRC)	640	472
New subsidy mechanism fund	Fonds du nouveau mécanisme de bonification	21,495	9,468
CMS Fund for Interest Subsidy	CMS	1,000	1,000
Global environment fund	FEM	10,563	10,817
Climate change fund	Fonds d'Adaptation	12,200	3,352
Green Climate Fund	Fonds Vert pour le Climat	16,216	16,438
Regional initiatives supports fund	UEMOA	383	383
PACAN KFW Funds	KfW	6,232	6,232
Fund early release of capital	KFW	0	32,798
RSE Project ressources	RSE	5	
TOTAL		**79,638**	**92,305**

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

As at 31 December 2023, the adjustment accounts and other liabilities were as follows:

Adjusment accounts and liabilities	Note	31 December 2023	31 December 2022
Derivatives liabilities	11.1	3,488	306
Accruals liabilities	11.2	14,393	15,400
Other adjustement accounts	11.3	5,031	4,475
TOTAL		**22,913**	**20,181**

11.1 Derivatives liabilities

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

Derivatives liabilities	31 December 2023	31 December 2022
Derivatives liabilities-fair value hedge	3,488	306
Derivatives liabilities-cash flow hedge	0	-
TOTAL	**3,488**	**306**

Derivative liabilities amount to XOF 3,488 M as at 31 December 2023 and relates only to the hedging of the borrowings denominated in USD and DTS. This level of financial liabilities results from the decrease of the dollar and SDR exchange rates compared to the guaranteed rates obtained by BOAD during the implementation of the hedging contracts.

11.2 Accruals liabilities

Details of accruals liabilities are as follows:

Accruals liabilities	31 December 2023	31 December 2022
Deferred income	10,263	9,683
Accrued liabilities	3,886	5,602
Advanced payments	244	115
TOTAL	**14,393**	**15,400**

11.3 Other adjustment accounts

Details of other adjustments accounts are as follows:

Other adjustment accounts	31 December 2023	31 December 2022
Sundry creditors	967	1,333
Suppliers payables	4,064	3,143
TOTAL	**5,031**	**4,475**

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.

12. Provision for retirement benefits	2023	2022
	KFCFA	kFCFA
Present value of the obligation	_	_
Opening balance	10,005,711	9,182,100
Cost of services rendered during the period	754,488	652,430
Contributions made by participants	0	0
Financial cost	662,782	596,419
Actuarial difference due to	0	0
a) Changes in demographic assumptions	0	0
b) Changes in financial assumptions	79,990	0
c) Experience adjustments	495,593	447,259
d) Total	575,584	447,259
Benefit payment	-60,648	-872,497
Cost of past services	0	0
Payments	0	0
Closing balance	11,937,917	**10,005,711**
Completely unfinanced schemes	11,937,917	*10,005,711*
Partly or fully financed schemes	0	
Fair value of assets of the scheme	n.a.	n.a.

12. Provision for retirement benefits	<u>2023</u>	<u>2022</u>
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**
<u>Net assets/liabilities recognized in the balance sheet</u>		
Present value of the benefit plan liability	11,937,917	10,005,711
Fair value of assets of the scheme	0	<u>0</u>
Surplus/deficit	11,937,917	10,005,711
Amount not recognized as an asset because of the limit 58(b)	0	**0**
Net assets/liabilities recognized in the balance sheet	11,937,917	**10,005,711**
<u>Total cost</u>	0	
Cost of services rendered during the period	754,488	652,430
Cost of past services	0	0
Effect of all payments	0	<u>0</u>
Cost of services provided in net income	754,488	**652,430**
Financial cost	662,782	596,419
Interests	0	<u>0</u>
Net interest on net income	662,782	**596,419**
Actuarial difference	575,584	447,259
Additional returns on assets of the scheme	0	0
Effect of the limit of paragraph 58(b)	0	<u>0</u>
Revaluation of net pension liab. under fixed benefit scheme	575,584	**447,259**
Total cost	1,992,854	**1,696,108**
	0	
The cumulative actuarial difference recorded		
in profit and loss	**5,495,310**	**4,919,726**
The principal actuarial assumptions at the reporting date are following (expressed as weighted averages) :		
<u>Principal actuarial assumptions</u>		
Discount rate	6.1%	6.18%
Future salary growth	**6,00%**	6.00%
Future mortality rate	**CIMAF**	
The duration of the defined benefit obligation is	9.8	9.7

12. Provision for retirement benefits	2023	2022
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	9.8%	9.80%
Future salary growth	8.9%	9.70%
Future mortality rate	-0 10%	-0.20%
Reconciliation of net liabilities recognized		
Opening balance	10,005,711	9,182,100
Total charge in net income	1,417,270	1,248,849
Benefits payment	-60,648	-872,497
Remeasurements of defined benefit liability recognised in OCI	575,584	447,259
Closing balance	11,937,917	10,005,711

The total forecasted charge for contributions to the defined benefit plan for 2024 amounts to XOF 1,417 M. Also, the Bank plans to provide services amounting to XOF 71 M in 2023.

NOTE 13. EQUITY

13.1 Details of equity

The equity as at 31 December 2023 and 31 december 2022 is as follows:

Equity capital	31 December 2023	31 December 2022
Subscribed capital	1,511,000	1,103,650
Callable capital	-892,170	-826,230
Unpaid Capital	-274,818	-15,956
Cost related to deferred paying-up of capital	-17,911	-577
Capital (A)	**326,102**	**260,888**
Share premium (B)	**2,622**	**2,622**
Reserves allocated to development activities	76,050	76,050
Other reserves	26	26
Retained earnings	677,492	559,570
Reserves and retained earnings (C)	**753,568**	**635,646**
Net income for the period (D)	**36,453**	**123,682**
Net gains on investments in equity instruments designated at fair valu	58,152	48,045
Cashflow hedging reserves	1,092	34,504
Remeasurements of defined benefit liability	-1,321	-746
Other comprehensive income (E)	**57,923**	**81,804**
EQUITY CAPITAL (A+B+C+D+E)	**1,176,668**	**1,104,641**
Subordinated debts (F)	**59,363**	**-**
EQUITY CAPITAL AND SUBORDINATED DEBTS (A+B+C+D+E+F)	**1,236,031**	**1,104,641**

13.2 BOAD capital structure

a) The table below outlines the Bank's capital structure as at 31 December 2023 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	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
BURKINA	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
COTE D'IVOIRE	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
GUINEE BISSAU	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
MALI	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
NIGER	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
SENEGAL	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
TOGO	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
BCEAO	547,950	36%	10,959 00	141,604	125,384	16,220	406,346
	1,311,150	**87%**	**26,223 00**	**516,908**	**250,768**	**266,140**	**794,242**
CATEGORY B							
France	84,300	6%	1,686	27,960	13,870	14,090	56,340
Germany	34,750	2%	695	34,750	34,750	0	0
Belgium (1)	16,950	1%	339	5,940	2,308	3,632	11,010
EIB	22,700	2%	454	19,700	19,700	0	3,000
AfDB	6,000	0%	120	1,500	1,500	0	4,500
EXIM BANK OF INDIA	750	0%	15	188	181	7	563
CHINA	18,150	1%	363	5,460	2,900	2,560	12,690
MOROCCO	16,250	1%	325	6,425	125	6,300	9,825
	199,850	**13%**	**3,997**	**101,923**	**75,334**	**26,589**	**97,928**
	1,511,000	**100%**	**30,220**	**618,831**	**326,102**	**292,729**	**892,170**
UNSUBSCRIBED CAPITAL	**198,350**		**3,967**				
AUTHORIZED CAPITAL(*)	**1,709,350**		**34,187**				

(*) In December 2023, the Bank's governing bodies authorised a capital increase of XOF 554 M, thus raising the Bank's authorised capital from XOF 1,155 M to XOF 1,709 M. The diligence relating to the signing of subscription forms and calls for payment will be carried out in 2023.

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

	31 December 2023	31 December 2022
Unpaid Capital without cost related to deffered paying-up of capital (a)	274,818	15,956
Cost related to deferred paying-up of capital (b)	17,911	577
Unpaid capital (a+b)	**292,729**	**16,533**

13.3 Effective equity (core tier 1 capital)

The Bank's effective equity is broken down as at 31 December 2023 and 31 December 2022 as follows:

Items	31 December 2023	31 December 2022
A- Tier 1 capital * (=1+2) (a)	**1,085,238**	**989,906**
1- Capital and other funds	326,102	260,888
2- Reserves and other funds	759,136	729,018
B- Additionnal own funds (b)	**83,457**	**73,350**
Effective own funds for risks (=A+B)	**1,168,694**	**1,063,256**
C- Subordinated debts	59,363	-
Effective equity (A+B+C)	**1,228,057**	**1,063,256**
D- Unpaid own funds (c)	7,974	41,386
Equity capital (A+B+C)	**1,236,031**	**1,104,641**

(a): **Tier 1 capital** refers to component of equity requirements for risks which represents the higher quality capital, enabling the Bank for going concern

(b) **Additional own funds:** these are own funds of lower quality than the Tier 1 capital but with the capacity to absorb losses, in the event of liquidation.

(c) **Unpaid equity** corresponds to equity items without consideration received in cash. They include i) the reserves for hedging the exchange risk linked to the interest on hedged debts, ii.) the unpaid share of issue premiums and iii.) the unpaid share of Member States allocations.

* Equity requirement for risks

NOTE 14. INTERESTS AND FEES

Details of this item are as follows:

Margin on interests and fees	2023	2022
Interests and related income	167,722	149,621
Interests and related charges	-78,448	-76,993
Sub-total on interests (A)	*89,274*	*72,627*
Fees and commissions (income)	4,397	3,741
Fees and commissions (charges)	-4,991	-6,580
Sub-total on fees (B)	*-594*	*-2,839*
TOTAL (A) + (B)	**88,680**	**69,789**

14.1. Interests

Interests and related income

Interests and related income	2023	2022
Interests and related income/ interbank loans	4,001	1,156
Interest on loans to customers	140,843	125,944
Interest on staff loans	222	196
Interest on securities portfolio	20,729	21,024
Commission on loan commitments	1,928	1,300
TOTAL	**167,722**	**149,621**

Interests and related charges

Interests and related charges	2023	2022
Interest charges on debts represented by a security	-61,785	-61,678
Interest charges on other debts	-12,403	-14,292
Financial costs-Discounting effect	0	0
Income/investments repaid	0	0
Commissions/commitments received	-393	-281
Credit insurance commission	-3,867	-742
TOTAL	**-78,448**	**-76,993**

14.2. Fees

Fees and commissions (income)

Fees and commissions (income)	2023	2022
Commission obtained as processing fees	1,614	1,846
GARI's commission on guarantees	306	181
Other flat commissions	0	32
Commission on guarantees/bond issues	0	0
Commission on financial arrangements and advisory services	1,978	1,288
Commssions on FEM and FA	499	395
Retroceded commissions to partners	0	
TOTAL	**4,397**	**3,741**

Fees and commissions (charges)

Fees and commissions (charges)	2023	2022
Other charges/debts represented by securities	-3,914	-1,533
Other fees on borrowings	-1,045	-912
Charges and losses on investment securities	0	0
Profit or loss on securities portfolio	-31	-4,135
TOTAL	**-4,991**	**-6,580**

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 2023, 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	2023	2022
Exchange gain consumed	2,063	8,083
Potential exchange gain	43,317	0
Sub-total forex gains (A)	***45,380***	***8,083***
Foreign exchange loss consumed	-1,808	-4,020
Potential foreign exchange loss	-6,729	-61,026
Sub-total forex losses (B)	***-8,537***	***-65,046***
Net forex loss of C = (A) + (B)	***36,843***	***-56,963***
Loss/profit on hedging instruments	-20,174	***76,257***
Net profit/loss on currency transactions	**16,669**	**19,294**

NOTE 16. DIVIDENDS RECEIVED

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

Dividends received	2023	2022
Dividends from BRVM	0	84
Dividends from DC BR	91	91
Dividends from BOA Bénin	460	273
Dividends from CIPREL	415	241
Dividends from BOA NG	491	454
Dividends from BDM-SA	1,482	732
Dividends from BNDE	0	0
Dividends from AFREXIM Bank	126	128
Dividends from SONIBANK	0	114
Dividends from PROPARCO	0	102
Dividends from CICA-RE	56	50
Dividends from Fidelis Finance	0	0
Dividends from SOAGA	156	111
Dividends from BDU BF	107	101
Dividends from BDU CI	277	194
Dividends from IB BANK	18	0
Dividends from SICAV ABDOU DIOUF	120	106
Dividends from ORABANK CI	1,272	636
Dividends from ASKY	456	0
TOTAL	**5,528**	**3,419**

NOTE 17. COST OF RISK

The cost of risk as at 31 December 2023 and as at 31 December 2022 is presented as follows:

Cost of risk	2023	2022
Depreciations on receivables from customers	-39,780	-22,628
Write-back of depreciations on receivables from customers	7,283	2,675
Depreciations on securities portfolio	-1,881	-732
Write-back of depreciations on securities portfolio	915	183
Losses on receivables covered by depreciations	-5,256	0
Depreciations on other assets	-14,014	-8,945
Write-back of depreciations on other assets	13,406	618
TOTAL	**-39,327**	**-28,829**

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

Distribution by bucket of the cost of risk	2023	2022
Bucket 1	940	283
Bucket 2	-24,149	-16,785
Bucket 3	-16,118	-12,327
TOTAL	**-39,327**	**-28,829**

The change in depreciation on bucket 2 between the two periods comes mainly from the consideration of the socio-political situation in Mali and Burkina in adjusting the ratings of counterparties based in these countries and, by extension, in estimating expected credit losses.

NOTE 18. OTHER OPERATING INCOME

Other operating income amounts to XOF 59,461 M as at 31 december 2022 against XOF -35,253 M as at 31 december 2023. The breakdown is as follows:

18.1 Endowment of member countries

Endowments of member countries remain unchanged as at 31 December 2023 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	2023	2022
Interest subsidy	-1,556	-1,321
TOTAL	**-1,556**	**-1,321**

18.3 General operating expenditures

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

General operating costs	2023	2022
Staff overheads (*)	-21,763	-18,988
Amortizations and depreciations - Property, equipment and intangible assets	-1,339	-1,257
Other operating costs	-14,408	-12,453
TOTAL	**-37,510**	**-32,698**

(*) The details of staff overheads as at 31 December 2023 and 31 December 2022 are as follows:

Detail of staff overheads	2023	2022
Wages and salaries	-18,747	-16,470
Social security contributions	-1,050	-901
Other short-term benefits	-1,106	-948
Long-term construction contribution - Servicing city BOAD	0	0
Health insurance funds	-106	-89
Defined benefit plan expenses (**)	-754	-580
TOTAL	**-21,763**	**-18,988**

(**) 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 XOF 754 M, recorded in financial expenses (*see note 12*).

NOTE 19. NET INCOME OF THE PERIOD

For the year-end 2022, the Bank recorded a profit of XOF 123,682 M. The exceptional level of the result is explained by 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 purpose of this donation is to allow the strengthening of the Bank's equity capital within the framework of the measures taken by its Management to anticipate any shocks resulting from the economic and financial sanctions taken against Mali.

If this donation is not taken into account, the Bank's profit as of 31 December 2023 would be XOF 36,453 M FCFA against XOF 33,682 M FCFA as of 31 December 2022.

NOTE 20. RISK MANAGEMENT

The main objective of the Bank's risk management is to ensure its long-term financial viability and operational resilience while pursuing its corporate purpose. Accordingly, BOAD adopts and applies international best banking practices (in terms of policies, systems and processes) in order to promote a sound and prudent risk culture across all its activities.

This note provides information on the main types of financial risk to which the Bank is exposed in the course of its activities, in particular credit risk, market risk, liquidity risk and operational risk. It also contains information on the objectives, policies, procedures, limits and controls that enable BOAD to identify, assess, monitor, report, reduce and control these risks.

The Bank is not subject to the regulations of its Member States. However, it has adopted the recommendations of the Basel Committee on Banking Supervision and the best practices of its peers as a reference for its risk management system.
BOAD regularly reviews its risk and control policies, including its monitoring procedures, in line with best banking practice.

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 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).

20.1.1.1 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:

	PD	GEMs	Moodys	SP	Fitch
1	0 00%	GI1	Aaa	AAA	AAA
2	0 00%	GI2	Aa1	AA+	AA+
3	0 00%	GI3	Aa2	AA	AA
4	0 00%	GI4	Aa3	A+	A+
5	0 01%	GI5	A1	A	A
6	0 01%	GI6	A2	A-	A-
7	0 04%	GI7	A3	BBB+	BBB+
8	0 09%	GI8	Baa1	BBB	BBB
9	0 17%	GI9	Baa2	BBB-	BBB-
10	0 42%	GI10	Baa3	BB+	BB+
11	1 34%	Gs1	Ba1	BB	BB
12	1 45%	Gs2	Ba2	BB-	BB-
13	2 06%	Gs3	Ba3	B+	BB-
14	2 74%	Gs4	B1	B	B+
15	3 48%	Gs5	B2	B-	B
16	4 61%	Gs6	B3	B-	B-
17	7 00%	Gs7	Caa1	CCC+	CCC+
18	9 45%	Gs8	Caa2	CCC	CCC
19	19 70%	Gs9	Caa3	CCC-	CCC-
20	32 87%	Gs10	Caa3	CC	CC
21	100 00%	D	D	D	D

20.1.1.2 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.

20.1.2 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 according to the risk appetite matrix as approved by the Council of Ministers in the Bank's Risk Appetite Statement.

Risk appetite statement - Risk appetite matrix

		Appetence	Tolerance	Capacity
	BOAD target rating			
	Bank's rating	BBB+	BBB	BBB-
	Quality of credit portfolio			
	Weighted average rating by outstandings (credit portfolio)	Gs3	Gs4	Gs5
	Liquidity			
	LCR	>210%	>200%	150%
	Month of coverage	>12	>10	9
	Capital adequacy			
	(Outstanding loans + Equity investments)/Effective equity (tier 1 capital) (Moodys approach)	<300%	<350%	400%
	Effective equity (tier 1 capital) / total assets + guarantees (Fitch approach)	>27%	>26%	25%
	Outstanding Equity investments / Outstanding loans	<4%	<4.5%	<5%
	Debt/Effective equity (tier 1 capital)	<275%	<290%	300%
*	Venture Capital Utilisation Rate (Economic Capital / Effective equity (tier 1 capital))	<70%	<80%	90%
	Allocation by type of risk			
*	Venture capital allocated to operations (90.00% of the Bank's total venture capital)	<70%	<80%	90%
*	*Credit risk (75.00% of the Bank's total venture capital)*	<70%	<72.50%	75%
*	*Equity investment (15.00% of the Bank's total venture capital)*	<10%	<12.5%	15%
*	ALM risk (2.00% of the Bank's total risk capital)	<1.5%	<1.75%	2%
*	Operational Risk (3.00% of the Bank's total Venture Capital)	<2.5%	<2.75%	3%
*	Non-material risk (5.00% of the Bank's total venture capital)			5%
	Allocation by counterparty category			
*	Sovereigns (40.00% of the Bank's total risk capital allocated to operations)	<30%	<35%	40%
*	Non-sovereign (60.00% of the Bank's total risk capital allocated to operations)	<50%	<55%	60%
*	*Public companies (10.00% of the Bank's total venture capital allocated to operations)*	*7.5%*	*8.5%*	*10%*
*	*Private companies (25.00% of the Bank's total venture capital allocated to operations)*	*20%*	*22.5%*	*25%*
*	*Banks and financial institutions (25.00% of the Bank's total venture capital allocated to operations)*	*20%*	*22.5%*	*25%*
	Sector allocation (non-sovereign portfolio)			
*	Energy and Water (15.00% of the Bank's total Venture Capital allocated to operations)	10%	12.5%	15%
*	Sanitation, transport and environment (10.00% of the Bank's total venture capital allocated to operations)	5%	7.5%	10%
*	Finance and insurance (25.00% of the Bank's total venture capital allocated to operations)	*20%*	*22.5%*	*25%*
	Concentration Overall regional project, all operations of non-sovereign borrowers (15.00% of the Bank's total venture capital allocated to operations)			
*	Concentration global regional project	10%	12.5%	15%
	Global country concentration, all operations and all borrowers combined (25.00% of the Bank's total venture capital allocated to operations)			
	Global country concentration, all operations and all borrowers combined (25.00% of the Bank's total venture capital allocated to operations)	20%	22.5%	25%
	Single State (5.00% of the Bank's total venture capital allocated to operations)			
	Single State	4%	4.5%	5%
*	**Single country concentration of non-sovereign borrowers across all operations (20.00% of the Bank's total risk capital allocated to operations)**			
	Single country concentration	15,0%	17.5%	20%
*	**Related parties/single group, all operations of non-sovereign borrowers (3.00% of the Bank's total risk capital allocated to operations)**			
	Related parties/single group, all operations of non-sovereign borrowers (3.00% of the Bank's total risk capital allocated to operations)	2%	2.5%	3%
	Sole debtor, all operations combined, of non-sovereign borrowers (1.00% of the Bank's total risk capital allocated to operations)			
*	Sole debtor, all operations combined, of non-sovereign borrowers (1.00% of the Bank's total risk capital allocated to operations)	0.5%	0.8%	1%

20.1.3 Dominant sectors of activity

The outstanding loan is broken down per sector of activity as at 31 December 2023 and 2022:

Sectorial breakdown of commercial portfolio	31 December 2023	%	31 December 2022	%
Energie et ressources naturelles	511,429	20%	466,395	19%
Finance et Assurance	315,587	12%	283,198	11%
Immobilier et habitat	133,439	5%	142,551	6%
Production agricole et sécurité alimentaire	301,745	12%	257,122	10%
Santé et éducation	247,161	10%	254,950	10%
Transport et TIC/digitalisation	1,036,718	41%	1,112,197	44%
TOTAL	**2,546,079**	**100%**	**2,516,414**	**100%**

20.1.4 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).

20.1.4.1 Maximum exposure of the Bank in terms of credit risk

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 2023 and 2022 is as follows:

Maximum exposure of the Bank in terms of credit risk	31 December 2023	%	31 December 2022	%
Loans and advances to banks	4,299	0%	238	0%
Loans and advances to customers (gross outstandings)	2,546,079	86%	2,516,414	85%
Loans and advances to staff	22,136	1%	18,571	1%
Debt securities portfolio (gross outstandings)	322,175	11%	333,591	11%
Receivables from shareholders	5,761	0%	6,448	0%
Derivatives assets*	43,680	1%	94,084	3%
TOTAL	**2,944,130**	**100%**	**2,969,347**	**100%**

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

20.1.4.2 Exposure of the Bank by financial assets categories

Exposures by type of financial asset category and taking into account credit risk mitigation are as follows:

FINANCIAL ASSETS NON-SUBJECTED TO IMPAIRMENT REQUIREMENTS (DESIGNATED AT FAIR VALUE)

in Millions of XOF	31 December 2023	31 December 2022
	Maximum exposure to credit risk	Maximum exposure to credit risk
Equity investments designated at fair value through P&L	10,181	10,025
Equity investments designated at fair value through OCI non-recyclable	149,615	136,414
Derivative exchange rate hedging instruments	43,680	94,084
Total	**203,477**	**240,523**

FINANCIAL ASSETS SUBJECTED TO IMPAIRMENT REQUIREMENTS

in Millions of XOF	31 December 2023		31 December 2022	
	Maximum exposure to credit risk	Credit risk mitigation	Maximum exposure to credit risk	Credit risk mitigation
		Collaterals held		Collaterals held
		Financial guarantees		Financial guarantees
Loans and advances to banks	4,299	-	238	-
of which impaired assets at the reporting date	0	-	-	-
Loans and advances to customers	2,546,079	37,103	2,516,414	43,154
of which impaired assets at the reporting date	67,192	-	73,422	-
Loans and advances to staff	22,126	-	18,571	-
of which impaired assets at the reporting date	0	-	-	-
Debt securities portfolio	322,175	-	333,591	-
of which impaired assets at the reporting date	0	-	-	-
Receivables from shareholders	5,761	-	6,448	-
of which impaired assets at the reporting date	0	-	-	-
Total Financial assets at amortized cost	**2,900,440**	**37,103**	**2,875,263**	**43,154**
of which impaired assets at the reporting date	**67,192**	**-**	**73,422**	**-**

OFF-BALANCE SHEET COMMITMENTS SUBJECTED TO IMPAIRMENT REQUIREMENTS

in Millions of XOF	31 December 2023	31 December 2022
	Maximum exposure to credit risk	Maximum exposure to credit risk
Sureties and other guarantees	**40,000**	**25,000**
of which impaired commitments at the reporting date	-	-
Loans commitments given	**2,275,474**	**1,866,246**
of which impaired commitments at the reporting date	-	-
Total	**2,315,474**	**1,891,246**
of which impaired commitments at the reporting date	**-**	**-**

It should be noted that, in terms of cover for the loans granted by the Bank, the loan contracts provide not only for guarantees and collateral security (mortgages on real estate, pledges or liens on equipment, materials or inventories) but also for personal guarantees (sureties), delegations of insurance policy indemnities, credit guarantees and the setting up of payment mechanism agreements. However, the Bank's model for calculating expected losses only includes financial guarantees as eligible credit risk mitigation tools.

20.1.4.3 Exposure of the Bank per country and per window

The outstanding loans per country and per window is broken down as at 31 December 2023 and 31 December 2022 as follows:

COUNTRIES	31 December 2023			Total 2023	31 December 2022			Total 2022
	FDC	FDE	Bank		FDC	FDE	Bank	
BENIN	137,042	11,281	113,590	261,914	137,493	12,018	94,967	244,478
BURKINA FASO	147,155	14,320	182,359	343,834	150,803	15,238	125,472	291,513
CÔTE D'IVOIRE	100,919	27,031	332,882	460,832	99,454	27,764	337,764	464,981
GUINEE BISSAU	102,593	13,696	6,234	122,524	105,343	13,326	8,476	126,908
MALI	165,697	10,568	160,008	336,273	140,564	11,417	114,700	266,681
NIGER	142,506	25,714	91,977	260,197	144,447	26,499	157,496	328,442
SENEGAL	143,913	24,158	237,764	405,835	136,431	25,681	277,188	439,300
TOGO	154,430	77	200,162	354,669	158,099	1,030	194,981	354,110
TOTAL	**1,094,255**	**126,846**	**1,324,978**	**2,546,079**	**1,072,634**	**132,971**	**1,311,044**	**2,516,414**

20.1.5 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.

20.1.5.1 Sovereign risk and non-sovereign risk

a) <u>Sovereign risk</u>

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.

b) <u>Non-sovereign risk</u>

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

c) <u>Distribution of loan outstandings per risk category and per rating</u>

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	
Appréciation	Rating	Outstanding	%	Outstanding	%	Outstanding	%
Pretty good	Gs3	502,564	26%	161,044	26%	663,608	26%
Acceptable	Gs4	219,285	11%	66,181	11%	285,466	11%
Acceptable	Gs5	62,843	3%	139,537	22%	202,380	8%
Increasing	Gs6	320,669	17%	57,852	9%	378,521	15%
Special attention	Gs7	30,572	2%	126,856	20%	157,429	6%
Special attention	Gs8	279,594	15%	5,341	1%	284,935	11%
Special attention	Gs9	263,006	14%	2,905	0%	265,911	10%
Special attention	Gs10	240,535	13%	-	0%	240,535	9%
Default	D	-	0%	67,295	11%	67,295	3%
Receivables from customers		***1,919,069***	***100%***	***627,010***	***100%***	***2,546,079***	***100%***
Pretty good	Gs3	91,476	33%	6,018	20%	97,494	32%
Acceptable	Gs4	13,333	5%	9,502	31%	22,835	7%
Acceptable	Gs5	0	0%	7,312	24%	7,312	2%
Increasing	Gs6	57,700	21%	0	0%	57,700	19%
Special attention	Gs7	0	0%	7,500	25%	7,500	2%
Special attention	Gs8	44,334	16%	0	0%	44,334	14%
Special attention	Gs9	29,000	10%	0	0%	29,000	9%
Special attention	Gs10	*41,000*	*15%*	*0*	*0%*	*41,000*	*13%*
Default	D	0	0%	0	0%	0	0%
Portofolio securities (*)		***276,843***	***100%***	***30,332***	***100%***	***307,175***	***100%***
Total		***2,195,912***	***100%***	***657,342***	***100%***	***2,853,254***	***100%***

(*) Bonds are excluded due to their very short maturity.

OFF-BALANCE SHEET COMMITMENTS

Portfolio exposure in terms of outstanding amounts by rating		Sovereign		Non sovereign		Total	
Appréciation	Rating	Outstanding	%	Outstanding	%	Outstanding	%
Increasing	Gs6	1,754,391	100%	521,084	100%	2,275,474	100%
Créances à la clientèle		***1,754,391***	***200%***	***521,084***	**0%**	***2,275,474***	0%
Portefeuille titres (*)		***0***	***0%***	***0***	***0%***	***0***	***0%***
Ensemble		***1,754,391***	***200%***	***521,084***	***0%***	***2,275,474***	***0%***

d) Distribution of loan outstandings per financial assets and per risk credit categories

FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES TO CUSTOMERS

in Millions of XOF	Credit risk classes	31 December 2023				31 December 2022			
		Carrying amount				Carrying amount			
		Healthy or impaired assets			Total	Healthy or impaired assets			Total
		Assets subject to ECL one year (Bucket 1)	Assets subject to ECL at maturity (Bucket 2)	Impaired assets (Bucket 3)		Assets subject to ECL one year (Bucket 1)	Assets subject to ECL at maturity (Bucket 2)	Impaired assets (Bucket 3)	
Sovereign	1,7288%<PD<2,3787%	235,022	267,543	-	502,564	258,705	281,752	0	540,457
	2,3787%<PD<3,0915%	107,623	111,662	-	219,285	97,222	102,183	0	199,406
	3,0915%<PD<4,0069%	56,237	6,606	-	62,843	-	-	-	-
	4,0069%<PD<5,6797%	-	320,669	-	320,669	-	-	-	-
	5,6797%<PD<8,1335%	-	30,572	-	30,572	-	-	-	-
	8,1335%<PD<13,6442%	-	279,594	-	279,594	-	619,515	-	619,515
	13,6442%<PD<25,4468%	-	263,006	-	263,006	-	268,655	-	268,655
	25,4468%<PD<100%	-	240,535	-	240,535	-	190,797	-	190,797
Total Sovereign		**398,882**	**1,520,186**	**-**	**1,919,069**	**355,927**	**1,462,903**	**-**	**1,818,830**
Non Sovereign	1,7288%<PD<2,3787%	161,044	-	-	161,044	76,601	-	-	76,601
	2,3787%<PD<3,0915%	42,079	24,103	-	66,181	176,972	92,698	-	269,669
	3,0915%<PD<4,0069%	117,043	22,494	-	139,537	109,859	22,939	-	132,798
	4,0069%<PD<5,6797%	-	57,852	-	57,852	-	51,760	-	51,760
	5,6797%<PD<8,1335%	-	126,856	-	126,856	-	83,977	-	83,977
	8,1335%<PD<13,6442%	-	5,341	-	5,341	-	6,450	-	6,450
	13,6442%<PD<25,4468%	-	2,905	-	2,905	-	2,905	-	2,905
	25,4468%<PD<100%	-	-	-	-	-	-	-	-
	PD=100%	-	-	67,295	67,295	-	-	73,422	73,422
Total Non Sovereign		**320,165**	**239,551**	**67,295**	**627,010**	**363,432**	**260,728**	**73,422**	**697,583**
Depreciations		-4,969	-68,423	-56,418	-129,810	-4,604	-46,545	-59,903	-111,052
Total		**714,078**	**1,691,314**	**10,877**	**2,416,269**	**714,756**	**1,677,086**	**13,519**	**2,405,361**

FINANCIAL ASSETS AT AMORTISED COST - DEBT SECURITIES PORTFOLIO

in Millions of XOF	Credit risk classes	31 December 2023				31 December 2022			
		Carrying amount				Carrying amount			
		Healthy or impaired assets			Total	Healthy or impaired assets			Total
		Assets subject to ECL one year (Bucket 1)	Assets subject to ECL at maturity (Bucket 2)	Impaired assets (Bucket 3)		Assets subject to ECL one year (Bucket 1)	Assets subject to ECL at maturity (Bucket 2)	Impaired assets (Bucket 3)	
Souverain	1,7288%<PD<2,3787%	49,476	42,000	-	91,476	51,107	47,000	-	98,107
	2,3787%<PD<3,0915%	10,000	3,333	-	13,333	7,500	4,000	-	11,500
	3,0915%<PD<4,0069%	-	-	-	-	15,000	-	-	15,000
	4,0069%<PD<5,6797%	-	57,700	-	57,700	0	83,699	-	83,699
	5,6797%<PD<8,1335%	-	-	-	0	0	37,375	-	37,375
	8,1335%<PD<13,6442%	-	44,334	-	44,334	0	47,448	-	47,448
	13,6442%<PD<25,4468%	-	29,000	-	29,000	0	0	-	-
	25,4468%<PD<100%	-	41,000	-	41,000	0	0	-	-
Total Souverain		**59,476**	**217,367**	**-**	**276,843**	**73,607**	**219,522**	**-**	**293,129**
Non souverain	1,7288%<PD<2,3787%	6,018	-	-	6,018	-	-	-	-
	2,3787%<PD<3,0915%	9,502	-	-	9,502	5,917	11,900	-	17,817
	3,0915%<PD<4,0069%	6,312	1,000	-	7,312	6,312	1,333	-	7,645
	4,0069%<PD<5,6797%	-	-	-	-	-	-	-	-
	5,6797%<PD<8,1335%	-	7,500	-	7,500	-	-	-	-
	8,1335%<PD<13,6442%	-	-	-	-	-	-	-	-
	13,6442%<PD<25,4468%	-	-	-	-	-	-	-	-
	25,4468%<PD<100%	-	-	-	-	-	-	-	-
	PD=100%	-	-	-	-	-	-	-	-
Total Non souverain		**21,832**	**8,500**	**-**	**30,332**	**12,229**	**13,233**	**-**	**25,462**
Dépréciations		-294	-3,923	-	-4,217	-338	-1,997	-	-2,336
Total		**81,014**	**221,944**	**-**	**302,958**	**85,497**	**230,758**	**-**	**316,256**

e) Analysis of restructured loans per bucket

in Millions of XOF	Healthy assets		Impaired assets (Bucket 3)
	Assets subject to ECL one year (Bucket 1)	Assets subject to ECL at maturity (Bucket 2)	
Loans and advances to customers	**4,560**	**5,399**	**14,711**
Amortised cost before change	4,560	5,399	15,698
Net gain or loss on modification	0	0	-987

20.1.5.2 Determination of impairments on loans and receivables

a) General principles

The Bank's impairment assessment model is based on the following two steps:

- assessing whether there has been a significant increase in credit risk since initial recognition and ;
- measure the impairment provision on the basis of an expected loss over 12 months if there has been no significant increase in credit risk since initial recognition or on the basis of an expected loss over life (i.e. expected loss at maturity) if there has been a significant increase in credit risk since initial recognition.

All new relationships are subject to a rigorous approval process and require a minimum initial credit rating. The rating of each of the Bank's market counterparties is updated in order to protect itself, to a certain extent, against possible risks of insolvency of its relationships due to either a deterioration in the environment or a lack of good governance that would affect the financial situation of the companies concerned.

Significant increase in credit risk or significant deterioration

The assessment of the significant increase in credit risk is made at the level of each transaction on the basis of indicators and thresholds that vary according to the type of counterparty and its internal rating. The indicator used to assess the significant increase in credit risk is the counterparty's internal credit rating. The internal rating system is described in section 20.1.1. This assessment is based on a relative criterion expressed as the number of notches down from the original rating. The deterioration in credit quality is considered significant, and the transaction is classified in bucket 2, on the basis of an internal credit rating at the valuation date of less than or equal to Gs5 (sensitivity threshold). The rules for transfers between buckets are presented above in note 2.8.2.2.

b) Breakdown of gross outstanding and related ECL per bucket and per category of counterparty

Counterparty categories	2023									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Sovereign	326,889	-678	1,463,609	-50,018	0	0	1,790,497	70%	-50,696	39%
Bank	160,784	-1,513	139,739	-7,408	0	0	300,524	12%	-8,921	7%
Public	81,993	-477	56,578	-2,069	0	0	138,571	5%	-2,546	2%
Private	149,380	-2,300	99,812	-8,928	67,295	-56,418	316,486	12%	-67,647	52%
TOTAL LOANS (A)	**719,047**	**-4,969**	**1,759,737**	**-68,423**	**67,295**	**-56,418**	**2,546,079**	**100%**	**-129,810**	**100%**
Sovereign	59,476	-88	217,367	-3,634	0	0	276,843	90%	-3,722	88%
Bank	13,832	-110	8,500	-289	0	0	22,332	7%	-399	9%
Public	0	0	0	0	0	0	0	0%	0	0%
Private	8,000	-96	0	0	0	0	8,000	3%	-96	2%
TOTAL SECURITIES (B)	**81,308**	**-294**	**225,867**	**-3,923**	**0**	**0**	**307,175**	**100%**	**-4,217**	**100%**
TOTAL ECL (A+B)	**800,355**	**-5,263**	**1,985,604**	**-72,346**	**67,295**	**-56,418**	**2,853,254**	**100%**	**-134,027**	**100%**

Counterparty categories	2022									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Sovereign	355,927	-642	1,462,903	-29,376	0	0	1,818,830	72%	-30,017	27%
Bank	111,435	-803	155,295	-11,394	1,583	0	268,313	11%	-12,197	11%
Public	87,780	-254	34,975	-560	0	0	122,755	5%	-814	1%
Private	164,217	-2,905	70,459	-5,216	71,839	-59,903	306,515	12%	-68,024	61%
TOTAL LOANS (A)	**719,359**	**-4,604**	**1,723,631**	**-46,545**	**73,422**	**-59,903**	**2,516,413**	**100%**	**-111,052**	**100%**
Sovereign	73,607	-111	219,522	-1,687	0	0	293,129	0%	-1,797	77%
Bank	12,229	-108	13,233	-310	0	0	25,462	0%	-419	18%
Public	0	0	0	0	0	0	0	0%	0	0%
Private	10,000	-119	0	0	0	0	10,000	0%	-119	5%
TOTAL SECURITIES (B)	**95,836**	**-338**	**232,756**	**-1,997**	**0**	**0**	**328,591**	**100%**	**-2,336**	**100%**
TOTAL ECL (A+B)	**815,195**	**-4,942**	**1,956,387**	**-48,542**	**73,422**	**-59,903**	**2,845,004**	**100%**	**-113,387**	**100%**

c) Distribution of gross outstanding and related ECL per bucket and per sector

Counterparty categories	2023									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Energy and natural resources	199,748	-1,797	284,487	-13,352	27,194	-27,070	511,429	20%	-42,218	33%
Finance and Insurance	164,384	-1,550	149,619	-7,499	1,583	-1,583	315,587	12%	-10,632	8%
Real estate and housing	29,380	-386	91,479	-4,133	12,580	-9,934	133,439	5%	-14,453	11%
Agricultural production and food security	69,099	-271	223,791	-11,404	8,856	-5,666	301,745	12%	-17,342	13%
Health and education	5,174	-40	235,501	-5,962	6,486	-4,531	247,161	10%	-10,533	8%
Transport and ICT/digitalization	251,262	-924	774,860	-26,073	10,596	-7,634	1,036,718	41%	-34,631	27%
ECL LOANS (A)	**719,047**	**-4,969**	**1,759,737**	**-68,423**	**67,295**	**-56,418**	**2,546,079**	**100%**	**-129,810**	**100%**
Finance and Insurance	21,832	-206	8,500	-289	-	-	30,332	0%	-495	12%
Health and education	9,643	-13	65,447	-729	-	-	75,090	0%	-742	18%
Transport and ICT/digitalization	49,833	-74	151,920	-2,905	-	-	201,754	0%	-2,979	71%
ECL SECURITIES (B)	**81,308**	**-294**	**225,867**	**-3,923**	**-**	**-**	**307,175**	**100%**	**-4,217**	**100%**
TOTAL ECL (A+B)	**800,355**	**-5,263**	**1,985,604**	**-72,346**	**67,295**	**-56,418**	**2,853,254**	**100%**	**-134,027**	**100%**

Counterparty categories	2022									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Agriculture, Rural Development and Social Projects	84,549	-170	574,089	-11,357	-	-	658,637	26%	-11,527	10%
Energy and water	225,239	-1,425	178,504	-6,552	25,911	-25,840	429,654	17%	-33,817	30%
Environment	0	-4	0	-40	0	0	0	0%	-44	0%
Finance and Insurance	90,304	-676	145,005	-11,399	2,902	-1,583	238,211	9%	-13,658	12%
Hospitality and Tourism and other services	8,294	-166	33,941	-1,613	16,316	-11,930	58,551	2%	-13,710	12%
Industries	46,311	-834	43,802	-2,021	17,697	-13,259	107,809	4%	-16,114	15%
Infrastructure and transport equipment, Sanitation and urban development	261,434	-1,209	748,291	-13,564	-	-	1,009,724	40%	-14,773	13%
Information and communication technologies	3,229	-118	-	-	10,596	-7,290	13,825	1%	-7,409	7%
ECL LOANS (A)	**719,359**	**-4,604**	**1,723,631**	**-46,545**	**73,422**	**-59,903**	**2,516,413**	**100%**	**-111,052**	**100%**
Finance	95,836	-338	232,756	-1,997	-	-	328,591	100%	-2,336	100%
ECL SECURITIES (B)	**95,836**	**-338**	**232,756**	**-1,997**	**-**	**-**	**328,591**	**100%**	**-2,336**	**100%**
TOTAL ECL (A+B)	**815,195**	**-4,942**	**1,956,387**	**-48,542**	**73,422**	**-59,903**	**2,845,004**	**100%**	**-113,387**	**100%**

d) Distribution of gross outstanding and related ECL per bucket and per country

	Bucket 1		Bucket 2		Bucket 3		TOTAL 2023			
Country	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	ECL	%
BURKINA FASO	-	-	343,141	-11,932	692	-	343,834	14%	-11,932	9%
IVORY COAST	293,301	-2,287	159,349	-3,720	8,183	-5,770	460,832	18%	-11,778	9%
GUINEE BISSAU	-	-10	122,524	-2,691	-	-	122,524	5%	-2,701	2%
MALI	-	-	322,926	-18,032	13,347	-8,890	336,273	13%	-26,922	21%
NIGER	-	-	258,614	-17,812	1,583	-1,583	260,197	10%	-19,395	15%
BENIN	112,368	-542	145,512	-3,765	4,034	-3,280	261,914	10%	-7,586	6%
SENEGAL	184,422	-1,030	194,732	-3,394	26,681	-27,025	405,835	16%	-31,449	24%
TOGO	128,956	-1,099	212,938	-7,078	12,774	-9,870	354,669	14%	-18,047	14%
TOTAL LOANS	**719,047**	**-4,969**	**1,759,737**	**-68,423**	**67,295**	**-56,418**	**2,546,079**	**100%**	**-129,810**	**100%**
BENIN	10,000	-19	3,333	-16	-	-	13,333	4%	-35	1%
BURKINA FASO	-	-	51,834	-896	-	-	51,834	17%	-896	21%
IVORY COAST	2,143	-3	27,000	-33	-	-	29,143	9%	-36	1%
MALI	-	-	29,000	-654	-	-	29,000	9%	-654	16%
NIGER	-	-	41,000	-1,899	-	-	41,000	13%	-1,899	45%
SENEGAL	55,333	-162	15,000	-4	-	-	70,333	23%	-165	4%
TOGO	13,832	-110	58,700	-422	-	-	72,532	24%	-532	13%
TOTAL SECURITIES	**81,308**	**-294**	**225,867**	**-3,923**	**-**	**-**	**307,175**	**100%**	**-4,217**	**100%**
TOTAL ECL	**800,355**	**-5,263**	**1,985,604**	**-72,346**	**67,295**	**56,418**	**2,853,254**	**100%**	**-134,026**	**100%**

	Bucket 1		Bucket 2		Bucket 3		TOTAL 2022			
Country	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	ECL	%
BURKINA FASO	14,856	-118	275,338	-7,178	1,319	-	291,513	12%	-7,297	7%
IVORY COAST	289,804	-2,033	171,375	-2,429	3,802	-2,718	464,981	18%	-7,179	6%
GUINEE BISSAU	-	-10	126,908	-2,639	0	-	126,908	5%	-2,649	2%
MALI	-	-	253,334	-11,453	13,347	-8,890	266,681	11%	-20,344	18%
NIGER	10,992	-161	315,867	-5,921	1,583	-1,583	328,442	13%	-7,664	7%
BENIN	104,312	-406	136,149	-2,846	4,016	-3,226	244,478	10%	-6,479	6%
SENEGAL	216,707	-804	190,153	-3,211	32,440	-31,428	439,300	17%	-35,443	32%
TOGO	82,688	-1,071	254,507	-10,868	16,914	-12,057	354,110	14%	-23,997	22%
TOTAL LOANS	**719,359**	**-4,604**	**1,723,631**	**-46,545**	**73,422**	**-59,903**	**2,516,413**	**100%**	**-111,052**	**100%**
BENIN	7,500	-7	4,000	-22	-	-	11,500	3%	-29	1%
BURKINA FASO	4,500	-35	43,375	-508	-	-	47,875	15%	-543	23%
IVORY COAST	5,857	-7	32,000	-75	-	-	37,857	12%	-82	4%
MALI	-	-	47,448	-499	-	-	47,448	14%	-499	21%
NIGER	-	-	32,000	-390	-	-	32,000	10%	-390	17%
SENEGAL	55,250	-182	15,000	-21	-	-	70,250	21%	-203	9%
TOGO	22,729	-108	58,933	-482	-	-	81,661	25%	-590	25%
GUINEE BISSAU	-	-	-	-	-	-	-	0%	-	0%
TOTAL SECURITIES	**95,836**	**-338**	**232,756**	**-1,997**	**-**	**-**	**328,591**	**100%**	**-2,336**	**100%**
TOTAL ECL	**815,195**	**-4,942**	**1,956,387**	**-48,542**	**73,422**	**-59,903**	**2,845,004**	**100%**	**-113,387**	**100%**

e) Changes of gross outstanding and related ECL between buckets

in Millions de FCFA	Healthy assets				Impaired assets (Bucket 3)		Total		
	Assets subject to ECL one year (Bucket 1)		Assets subject to ECL at maturity (Bucket 2)						
	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Net carrying amount
As at 1st january 2023	**719,359**	**-4,604**	**1,723,631**	**-46,545**	**73,422**	**-59,903**	**2,516,413**	**-111,052**	**2,405,361**
Transfers of assets during life from one bucket to another	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfers from ECL 12 months (Bucket 1) to ECL Maturity (Bucket 2)	-87,430	1,042	87,430	-1,042	0	0	0	0	0
Return from ECL Maturity (Bucket 2) to ECL 12 months (Bucket 1)	87,327	-484	-87,327	484	0	0	0	0	0
Transfers to ECL Maturity Impaired (Bucket 3)	0	0	0	0	4,250	-185	4,250	-185	4,065
Return from ECL Maturity Impaired (Bucket 3) to ECL Maturity (Bucket 2) / ECL 12 months (Bucket 1)	0	0	0	0	0	0	0	0	0
Total after transfers	**719,257**	**-4,045**	**1,723,734**	**-47,104**	**77,672**	**-60,088**	**2,520,663**	**-111,237**	**2,409,426**
Changes in gross carrying amounts and value adjustments for losses	**-210**	**-924**	**36,004**	**-21,319**	**-10,378**	**3,670**	**25,416**	**-18,573**	**6,843**
New production: purchase, new loans, origination, etc.	54,170	-1,126	106,688	-11,105	0	0	160,858	-12,231	148,627
Derecognition: disposal, repayment, maturity, etc.	-54,380	202	-70,684	-10,214	-790	0	-125,854	-10,012	-135,866
Transfer to loss	0	0	0	0	-9,587	3,670	-9,587	3,670	-5,917
Total	**719,047**	**-4,969**	**1,759,737**	**-68,423**	**67,295**	**-56,418**	**2,546,079**	**-129,810**	**2,416,269**
As at 31 december 2023	719,047	- 4,969	1,759,737	- 68,423	67,295	- 56,418	2,546,079	- 129,810	2,416,269

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in Millions de FCFA	Healthy assets				Impaired assets (Bucket 3)		Total		
	Assets subject to ECL one year (Bucket 1)		Assets subject to ECL at maturity (Bucket 2)						
	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Gross carrying amount	Value adjustments for losses	Net carrying amount
As at 1st january 2023	95,836	338	232,756	1,997	-	-	328,591	2,336	330,927
Transfers of assets during life from one bucket to another	-14,332	39	14,332	-39	-	-	-	-	-
Transfers from ECL 12 months (Bucket 1) to ECL Maturity (Bucket 2)	-19,500	70	19,500	-70	-	-	-	-	-
Return from ECL Maturity (Bucket 2) to ECL 12 months (Bucket 1)	5,168	-30	-5,168	30	-	-	-	-	-
Total after transfers	81,503	378	247,088	1,958	-	-	328,591	2,336	330,927
Changes in gross carrying amounts and value adjustments for losses	-196	-672	-21,221	-5,881	-	-	-21,417	-6,552	-27,969
New production: purchase, new loans, origination, etc.	16,502	-38	29,200	-661	-	-	45,702	-700	45,002
Derecognition: disposal, repayment, maturity, etc.	-16,698	-633	-50,421	-5,219	-	-	-67,119	-5,852	-72,971
Total	81,308	-294	225,867	-3,923	-	-	307,175	-4,217	302,958
As at 31 december 2023	**81,308**	**- 294**	**225,867**	**- 3,923**	**-**	**-**	**307,175**	**- 4,217**	**302,958**

20.1.6 Considerations of forward looking informations

20.1.6.1 Information on macroeconomic scenarios at 31 December 2023

BOAD has identified the main economic variables that could have an impact on its credit risk and expected credit losses. Among the main economic variables, the GDP growth rate appears to be the relevant indicator given the Bank's risk profile.

The impact of this economic variable on expected credit losses was determined by performing a principal components analysis to estimate the historical impact of changes in this variable on the default rate of the market in which the Bank's customers operate and on the components of expected credit losses.

Forecasts of this economic variable (the "central economic scenario") are derived from reliable external sources such as the WAEMU Commission and represent the best estimate of the economy over the next few years. The impact of this economic variable on PD was determined by performing a statistical regression analysis to understand the historical impact of variations in this variable on default rates. In addition to the base economic scenario, the bank uses two other scenarios (Optimistic Scenario and Pessimistic Scenario) in the model to calculate expected credit losses. These probability-weighted expected credit losses are determined by running each of the scenarios through the expected credit loss model and multiplying by the appropriate scenario weighting. The weights attached to the Central Scenario, the Optimistic Scenario and the Pessimistic Scenario are 9%, 1% and 90% respectively. The scenario weights are determined by a combination of statistical analysis and expert credit judgement, taking into account the range of possible outcomes that each scenario represents.
The GDP history used and presented in the table below was obtained from the WAEMU Commission website.

Year	2022	2023	2024	2025	2026
GDP growth rate_Optimistic	6.33%	8.73%	8.01%	7.59%	7.53%
GDP growth rate_Central	5.94%	8.34%	7.62%	7.19%	7.14%
GDP growth rate_Pessimistic	5.54%	7.94%	7.22%	6.8%	6.74%

Projections under the optimistic and pessimistic scenarios are obtained by adding or subtracting one standard deviation (calculated on the basis of historical data for the variable) from the projections made by the commission.

At the end of December 2023, allocations net of reversals of Stage 1/Stage 2 provisions represented 84.86% of WADB's cost of risk, compared with 15.14% for the share of Stage 3 proven risk (XOF 18,955.95M).

20.1.6.2 Sensitivity analysis of macroeconomic scenarios for calculating expected credit losses on bucket 1 and 2 loans

Variation in ECL of a switch to 100% of the scenario		
Central scenario	Optimistic scénario	Pessimistic scenario

-0.87%	-8.21%	+0.18%

This sensitivity on ECLs defined according to central parameters may be subject to adjustments under local forward looking which, if necessary, could reduce or increase it.

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, 2023, hedge ineffectiveness is considered not significant

Notional schedule

As of December 31, 2023, 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 31 December 2023 and 2022 respectively:

		31 December 2023			31 December 2022		
Financial instruments	**Notes**	**Assets**	**Liabilities**	**Notional/ Outstanding**	**Assets**	**Liabilities**	**Notional/ Outstanding**
Derivative assets-fair value hedge	8	-	-	-	-	-	-
Derivative assets-cash flow hedge		43,680	-	1,142,322	94,084	-	1,189,322
Derivatives liabilities-fair value hedge	12	-	3,488	58,849	-	306	62,693
Derivatives liabilities-cash flow hedge		-	-	-		-	
Total		**43,680**	**3,488**	**1,201,171**	**94,084**	**306**	**1,252,015**

The derivative assets come from the positive variation of the value of all the derivatives instruments (on the dollar and SDR credit lines and on 2027 and 2031 Eurobonds at 31 December 2023).

20.2.1.2 Debt structure as at 31 December 2023

The debt structure of the principal of the other borrowings from external partners and debts represented by securities are presented as at 31 December 2023 as follows:

Debt structure as at 31 December 2023							
Currencies	**Currency amount**	**Exchange rate as at 31/12/2022**	**Present outstanding amount (millions of XOF)**		**% of total borrowings (D)**	**excluding Euro (A)**	**borrowings (B)**
USD	1,770,354	594	1,050,935		49%	96%	49%
DTS	61,505	797	49,047		2%	4%	2%
TOTAL EXCLUDING Euros (A)	0	-	**1,099,982**	**51%**	51%		
Euro	1,609,096	656	1,055,498	**49%**	49%		49%
TOTAL EXCLUDING F CFA (B)			**2,155,480**				
			-				
F CFA for domestic bond issues ('C)					0%		
TOTAL BORROWINGS D= (B)+('C)			**2,155,480**		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 (31/12/2023) 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:

Périmètre (sans les engagements hors bilan)	31/12/2023			31/12/2022		
	Variation	Impact sur le résultat 2024	Impact sur le résultat 2023	Variation	Impact sur le résultat 2023	Impact sur le résultat 2022
Bank activity only	+ 100 points de base	+ 5815	+ 586	+ 100 point	+ 8016	+ 686
Bank activity only	- 100 points de base	- 5815	- 586	- 100 points	- 8016	- 686
FDC activity only	+ 100 points de base	- 1834	+ 191	+ 100 point	- 2895	+ 224
FDC activity only	- 100 points de base	+ 1834	- 191	- 100 points	+ 2895	- 224

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 nul.

20.3. <u>Liquidity risk</u>

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 2023 as follows:

	DURING 2024			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	341,016	0	0	0	0	341,016
Term deposits	0	78,500	0	0	0	78,500
Assets held for sale	0	0	12,711	0	0	12,711
Loans and advances to banks	0	0	4,299	0	0	4,299
Loans and advances to customers	22,570	112,852	260,063	1,095,378	971,129	2,461,992
Loans and advances to staff	422	2,065	2,844	10,119	6,685	22,136
Debt securities portfolio	7,917	65,301	21,542	170,036	62,835	327,631
Equity investments	0	0	0	0	159,796	159,796
Shareholders receivables	0	0	5,761	0	0	5,761
Derivatives assets	0	0	0	19,247	24,434	43,680
Accruals assets	0	0	4,338	0	0	4,338
Other assets	0	0	0	0	11,879	11,879
TOTAL ASSETS excluding tangible and intangible assets (A)	**371,925**	**258,717**	**311,558**	**1,294,780**	**1,236,759**	**3,473,740**
Deposits from banks (CAURIS, ROPPA, AFD)	6,814	0	0	0	0	6,814
Debts securities issued	0	0	28,908	499,516	979,024	1,507,447
Other debts	1,420	22,873	28,195	322,064	242,690	617,241
Subordinated debts	0	0	0	0	59,363	59,363
Earmarked funds	0	0	0	0	79,638	79,638
Provisions	0	0	0	0	11,938	11,938
Derivatives liabilities	0	0	0	3,488	0	3,488
Accruals liabilities	0	0	14,393	0	0	14,393
Other liabilities	0	0	0	0	5,031	5,031
TOTAL LIABILITIES (excluding equity) (B)	**8,233**	**22,873**	**71,496**	**825,068**	**1,377,684**	**2,305,354**

Details on maturities of assets and liabilities as at 31 December 2022 are presented as follows:

	DURING 2023			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	253,082	0	0	0	0	253,082
Term deposits	0	31,010	0	0	0	31,010
Assets held for sale	0	0	2,245	0	0	2,245
Loans and advances to banks	0	0	238	0	0	238
Loans and advances to customers	19,423	134,710	221,373	1,096,080	968,340	2,439,926
Loans and advances to staff	354	1,733	2,386	8,490	5,609	18,571
Debt securities portfolio	3,042	45,001	24,077	195,950	72,525	340,595
Equity investments	0	0	0	0	146,440	146,440
Shareholders receivables	0	0	6,448	0	0	6,448
Derivatives assets	0	0	0	41,625	52,459	94,084
Accruals assets	0	0	11,560	0	0	11,560
Other assets	0	0	0	0	9,877	9,877
TOTAL ASSETS excluding tangible and intangible assets (A)	**275,901**	**212,454**	**268,327**	**1,342,145**	**1,255,249**	**3,354,076**
Deposits from banks (CAURIS, ROPPA, AFD)	7,171	0	0	0	0	7,171
Debts securities issued	0	19,558	0	546,696	996,225	1,562,479
Other debts	1,420	25,137	63,625	242,014	233,300	565,496
Earmarked funds	0	0	0	0	92,305	92,305
Provisions	0	0	0	0	10,006	10,006
Derivatives liabilities	0	0	0	306	0	306
Accruals liabilities	0	0	15,400	0	0	15,400
Other liabilities	0	0	0	0	4,475	4,475
TOTAL LIABILITIES (excluding equity) (B)	**8,590**	**44,695**	**79,025**	**789,016**	**1,336,311**	**2,257,638**

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. <u>Operational risk</u>

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.

20.5 Climate-related risks

Risks induced by climate change may have future negative effects on the Bank's activities. These risks include transition risks (e.g. changes to sustainability regulations and reputational risks) and physical risks (although the risk of physical damage is low due to the Bank's activities and geographical location).

20.5.1 Integrating ESG aspects into the Bank's activities and risk management system

This integration follows a complementary movement of ambition and commitment on the part of the WADB in terms of compliance with E&S standards and the strengthening of regulatory requirements. Within this framework, the Bank is carrying out several actions, namely joining several task forces and launching programmes. The actions most relevant to the application of the new IFRS S sustainability standards are as follows:

- the task force on climate-related financial disclosures (TCFD): this is an initiative born out of COP21 to make companies' climate strategy transparent. The Bank's implementation of the task force's recommendations puts it in a better position to apply IFRS sustainability standards;

- the Task Force on Nature and Biodiversity (TCND): after joining, the Bank is currently testing the framework in a pilot;
- the 'ESG by design' programme launched by the Bank in March 2022, particularly its E&S Risk management (ESRM) component.

This programme is designed to anchor our action in sustainability and systematise ESG in all strata of the Bank and its processes through three actions which consist of:

(i) clarify E&S norms and standards: broaden the analysis framework and extend the exclusion list, with a focus on the transition to financing more environmentally sustainable and socially responsible projects,
(ii) produce a new risk map, including extra-financial standards and the duty of care: include a declaration of extra-financial performance, which must present information on the way in which the Bank takes into account the social and environmental consequences of its activity,
(iii) formalising three (3) lines of defence or levels of analysis (LOD 1, LOD 2 and LOD 3): strengthening the system of lines of defence in terms of environmental, social and governance analysis and integrating additional players for second opinions between the lines, particularly in the event of divergence.

The final objective for line of defence 2 is to take into account the impact of climate change on risk-weighted assets (RWA). It is imperative to understand that a climate risk can turn into a credit risk, and will therefore require an additional capital charge and/or an adjustment to the pricing of the transaction.

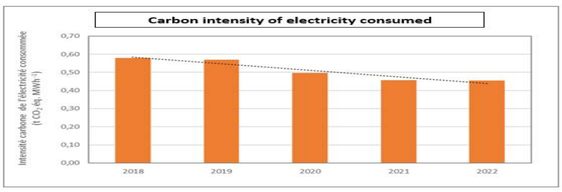
20.5.2 Commitment to a carbon neutral project

The Bank has indicated that it is committed to an internal process aimed at achieving carbon neutrality (this provision is part of IFRS S2) by 2030. The year 2022 was chosen as the reference year for the inventory. This carbon audit was carried out by a specialist consultancy in close collaboration with the Bank for the collection of data, the selection of emission factors and the analysis of the results. This inventory concerns only Scope 1, Scope 2 and Scope 3 (excluding category 15, which relates to GHG emissions associated with the portfolio of projects financed by the BOAD).

The results of this first carbon assessment are as follows:

BOAD's carbon footprint

Categories of emissions	t CO2eq. year-1	Contribution (%)
Scope 1	672	22.3%
Scope 2	1 126	37.5%
Scope 3	1 210	40.2%
Carbon footprint	**3 008**	**100%**
GHG emissions per employee	9.14 t CO2eq per employee	



The carbon footprint per employee for the 329 employees of BOAD reached 9.14 tCO2eq in 2022, which is well below the 20 t CO2eq. per employee of the *Agence Française de Développement* (French Development Agency) at the beginning of its carbon neutrality process in 2007.

Headquarters	$t\ CO_2eq.\ year^{-1}$	Contribution (%)
Scope 1	**630,735**	**22.6%**
vehicle fleet	63,990	2.3%
Generators	24,289	0.9%
Air-conditioning systems	542,456	19.4%
Scope 2	**958,697**	**34.2%**
Electricity – *CEET (Power Company)*	958,697	34.3%
Solar electricity	0,000	0.0%
Scope 3	**1 209,561**	**43.2%**
business trips	681,782	24.4%
Commuting	413,722	14.8%
Management of Resident Missions	3,500	0.1%
Internet et telecommunication.	8,441	0.3%
consumables	9,179	0.3%
Computer hardware	92,937	3.3%
Total	2 798,992	100.0%

The BOAD is firmly committed to reducing its GHG emissions through an NZI (Net Zero

Initiative) approach. The next stage of the exercise will be to define a net zero trajectory for each of the Bank's entities responsible for emissions.

With regard to scope 3 (category 15), the Bank has chosen to carry out, with the assistance of experts, a materiality analysis of its balance sheet over two financial years in terms of the Climate and Biodiversity impacts of the operations financed in line with the Climate strategy approved by its Board of Directors. In addition, the review of sectoral policies currently being finalised has introduced the notion of sustainability.

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 2023.

21.1 Classification of financial instruments

As at 31 december 2023, 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	through OCI non recyclable			
- Cash and cash equivalents	-	-	-	419,516	419,516	419,516
- Loans and advances to banks	-	-	-	4,299	4,299	4,299
- Debt Securities portfolio	-	-	-	327,631	327,631	327,631
- Loans and advances to customers	-	-	-	2,461,992	2,461,992	2,461,992
- Loans and advances to staff	-	-	-	22,136	22,136	22,136
- Shareholders receivables	-	-	-	5,761	5,761	5,761
- Equity investments	10,181	-	149,615	-	159,796	159,796
- Derivative assets	43,680	-	-	-	43,680	43,680
Total amount of financial assets	**53,862**	**-**	**149,615**	**3,241,336**	**3,444,812**	**3,444,812**
Borrowings	0	-	-	2,190,865	2,190,865	2,190,865
Derivative liabilities	3,488	-	-	-	3,488	3,488
Total amount of financial liabilities	**3,488**	**-**	**-**	**2,190,865**	**2,194,353**	**2,194,353**

As at 31 december 2022, 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	through OCI non recyclable			
- Cash and cash equivalents				284,092	284,092	284,092
- Loans and advances to banks				238	238	238
- Debt Securities portfolio				340,595	340,595	340,595
- Loans and advances to customers				2,439,926	2,439,926	2,439,926
- Loans and advances to staff				18,571	18,571	18,571
- Shareholders receivables				6,448	6,448	6,448
- Equity investments	10,025		136,414	-	146,440	146,440
- Derivative assets	94,084			-	94,084	94,084
Total amount of financial assets	**104,110**	**-**	**136,414**	**3,089,870**	**3,330,393**	**3,330,393**
Borrowings				2,135,146	2,135,146	2,135,146
Derivative liabilities	306				306	306
Total amount of financial liabilities	**306**	**-**	**-**	**2,135,146**	**2,135,452**	**2,135,452**

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Derivative assets	0		43,680	94,084			43,680	94,084
Equity investments designated at fair value through P&L	0		10,181	10,025			10,181	10,025
Equity investments designated at fair value through OCI non-recyclable	10797 22365	12,728	-	-	138,817	123,687	149,615	136,414
Total amount of financial assets	**10,797**	**12,728**	**53,862**	**104,109**	**138,817**	**123,687**	**203,477**	**240,523**
Derivative liabilities	-		3,488 26	306	-		3,488	306
Total amount of financial liabilities	**-**	**-**	**3,488**	**306**	**-**	**-**	**3,488**	**306**

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 techniques	Significant unobservable inputs	Fair value 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
Equity investments/securities	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.	- Risk-adjusted disopunted rate ; - Percentage of interest in the shareholding and the net asset	The estimated fair value would increase (decrease) if: - Risk-adjusted disopunted rate were lower (higher); - -Percentage of interest in the shareholding and the net asset increase (decrease).

NOTE 22. LEASES

22.1. As a lessor

22.1.1 Future minimal payments

As at 31 décember 2023, the amount of future minimum payments for non-cancellable lease contracts is as follows:

In millions of F CFA	2023	2022
Less than one year	91	77
Between one and five years	421	357
More than five years	657	557

22.1.2 Amounts recognized as net income

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

Items	2023	2022
Office rental income	91	74
Income from investment properties	0	3
TOTAL	**91**	**77**

22.2. As a lessee

22.2.1 Future minimal payments

As at 31 December 2023, future minimum payments for non-cancellable simple lease contracts are as follows:

In millions of F CFA	2023	2022
Less than one year	196	187
Between one and five years	872	865
More than five years	1,371	1,348

22.2.2 Amounts recognized as net income

Items	2023	2022
Conditional rent payments	182	182
TOTAL	**182**	**182**

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 2023 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	81	147,155	14,320	95,162	17,718	274,354	14 3%	156,440
BURKINA	106	137,042	11,281	54,462	7,108	209,894	11 0%	283,545
IVORY COAST	52	102,593	13,696	6,234	0	122,524	6 4%	73,671
GUINEE BISSAU	76	165,584	10,568	63,173	23,568	262,893	13 7%	175,791
MALI	91	142,646	25,714	118,669	8,000	295,029	15 4%	255,524
NIGER	89	100,919	27,031	73,894	34,869	236,713	12 4%	345,168
SENEGAL	110	143,913	24,158	115,140	40,279	323,490	16 9%	280,994
TOGO	69	154,430	77	33,783	0	188,289	9 8%	183,259
TOTAL	**674**	**1,094,282**	**126,846**	**560,517**	**131,541**	**1,913,187**	**100 0%**	**1,754,391**

Loans granted to member countries are subject to intervention limits presented in Note 20.1.1. 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 XOF 15,647 M as at 31 december 2023 for a guaranteed amount of XOF 7,287 M.
Details of these outstandings and their guarantees are as follows:

Items	Outstanding amounts as at 31 December 2023	Guaranteed part	Guarantee ratio
NIGERLAIT	0	0	30 0%
USINE PHARMAC. DO-PHARMA	3,428	1,150	33 6%
MODERN. USINE PHARMAQUICK	528	264	50 0%
PHARMIVOIRE RCI	2,428	1,116	46 0%
MDS BURKINA	692	415	60 0%
SCS CARTONNERIE	2,751	1,380	50 2%
MOULIN MODERNE DU MALI	2,916	1,458	50 0%
PARENTERUS	2,905	1,453	50 0%
TOTAL	**15,647**	**7,236**	**46%**

23.3. Remunerations of senior executives and corporate officers

The remuneration of senior executives and corporate officers is as follows

Items	2,023	2,022
Salaries and gratuities	7,822	6,872
Pension contributions	463	401
Financial costs and services/pension	418	292
Costs of past services/pension	355	320
Compensation to Board of Directors	64	86
Sub-total 1	**9,122**	**7,971**
Pension benefit obligations	6,490	4,879
Sub-total 2	**6,490**	**4,879**

The remuneration of the President and Vice-Presidents 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 2023	31 December 2022
Loan commitments to be drawn (a)	349,541	190,318
Guarantees received from Regional Funds (b)	12,562	18,972
Guarantees received from international insurers (c)	301,980	24,182
Total	**664,083**	**233,473**

a) Commitments to be drawn are the remainder of loans yet to be mobilized on loans obtained from donors.
b) The Bank receives for its loans guarantees that are not financial (mortgage, pledge, collateral, etc.).
c) The Bank covers the credit risk of part of its outstanding loans through insurance policies signed with international insurers. The guarantee on the outstanding amount covered by these policies as at 31 December 2023 amounts to XOF 301,980 M.

24.2 Commitments given

The commitments given are mainly related to loan and equity agreements signed with various beneficiaries of BOAD's financing. These commitments are presented as follows:

Commitments given	31 December 2023	31 December 2022
Loan commitments given (a)	2,275,474	1,866,246
Advances for the financing of studies	30,026	24,066
Equity investment commitments (b)	60,745	54,197
Sureties and other guarantees	40,000	25,000
Credit insurance premiums to be paid (c)	22,708	4,978
Total	**2,428,953**	**1,974,487**

(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. The detail is presented as follows:

COMMITMENTS FOR EQUITY INVESTMENTS (in XOF 'M)	31 December 2023	31 December 2022
Cauris Croissance II Fund	1,791	1,791
African Renewable Energy Funds	-	-
Amethis West Africa (AWA)	282	282
Investors and Partners for Development Fund 2	482	719
Investment fund dedicated to the development of financial services in WAEMU	6,078	5,219
I&P Afrique Entrepreneurs 2 (IPAE2) Fund	694	932
Cauris Croissance IV fund	5,000	5,000
ECP Africa Fund IV	334	0
AFIG Fund II	408	408
ADIWALE FUND I	1,319	1,608
MANSA BANK	-	-
Seed Funds	12,000	12,000
Infrastructure Funds	26,238	26,238
Infrastructure Acceleration Fund (IAF)	6,120	-
TOTAL	**54,627**	**54,197**

(c) During the 2023 financial year, the Bank concluded credit insurance policies with insurers having a better international rating (A, A+, etc.). The purpose of this transaction is to reduce the Bank's exposure risk and to benefit from the effect of the better rating of these insurers which should enable the Bank, in time, to improve its own rating. The cost of committing to future payments under these policies amounts to XOF 22,708 M as at 31 December 2023 compared to XOF 4,978 M as at 31 December 2022.

NOTE 25. EFFECTS OF THE SECURITY AND SOCIO-POLITICAL SITUATION ON THE FINANCIAL STATEMENTS OF THE BANK

25.1 Conflict in Ukraine

The conflict between Russia and Ukraine, which began in February 2022, is having an impact on the WAEMU zone, particularly through the increase in the price of fuel and certain essential goods, leading to widespread inflation in the zone. Public counterparties, the Bank's main customers, could be impacted by this situation, which would increase their deficit and therefore their credit quality. Private counterparties are also facing this difficult economic situation. Nevertheless, it should be noted that at the balance sheet date, no counterparty had been prevented from fulfilling its obligations to BOAD as a result of this situation.

25.2 Conflict in the Gaza Strip

Since 7 October 2023, there has been a conflict in the Gaza Strip. This conflict has repercussions on the UEMOA zone, in particular through the increase in the price of fuel and certain products that must use the Asia-Africa route. Certain counterparties could be affected by this situation. However, at the balance sheet date, no counterparty had been prevented from fulfilling its obligations to the WADB in connection with this situation.

25.3 Security and socio-political context within the ECOWAS zone

The 2023 financial year was marked by sanctions imposed by the Economic Community of West African States (ECOWAS) against Niger. These sanctions resulted in the suspension of operations with Niger on 30 July 2023.

At the level of the WADB, the known impacts of these sanctions to date, as well as those resulting from their lifting, have been taken into account in the context of these financial statements.

NOTE 26. SUBSEQUENT EVENTS

26.1 Withdrawal of the AES from ECOWAS

On 28 January 2024, the Sahel States Alliance (SSA) countries of Burkina Faso, Mali and Niger jointly announced in a communiqué their withdrawal from the Economic Community of West African States (ECOWAS) with immediate effect. The effective withdrawal of the three (03) Member States could have significant economic, commercial and financial repercussions.

The impacts known to date have been taken into account in these financial statements.

The Bank is closely monitoring the situation with counterparties based in the three (03) countries concerned. It will continue to anticipate and report other financial effects arising from developments in the security and socio-political context within the ECOWAS zone in its financial statements as and when they become known and estimable.

26.2 Lifting of sanctions against Niger

At an extraordinary summit held on Saturday 24 February 2024, ECOWAS announced the lifting of sanctions imposed on Niger, including the closure of land and air borders between ECOWAS countries and Niger, the establishment of an ECOWAS no-fly zone for all commercial flights to and from Niger, and the suspension of all commercial and financial transactions between ECOWAS member states and Niger. Since the announcement of the lifting of ECOWAS sanctions, several economic and financial partners, including the World Bank, have announced the resumption of their activities with Niger.

These subsequent events in no way call into question the Bank's financial equilibrium. At the date of closing of the accounts at 31 December 2023 by the BOAD Board of Directors, the Bank's Management has not noted any other subsequent event likely to call into question the Bank's ability to continue as a going concern.