



WEST AFRICAN DEVELOPMENT BANK (BOAD)

BOAD INTERIM FINANCIAL REPORT AS AT 30 JUNE 2016

SEPTEMBER 2016

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ACTIVITY REPORT AS AT 30 JUNE 2016

1- CONTEXT

The global economy experienced a macro-economic situation marked by uncertainties after the United Kingdom voted in a referendum to leave the European Union. Global growth forecasts for 2016 were reviewed slightly downward by the IMF¹ compared to forecasts in April 2016. Global production was expected to increase by 3.1% in 2016, compared to an initial forecast of 3.2%, with more pronounced impacts in advanced countries in Europe and limited direct impact of Brexit on the US economy.

Economic activity in developing and emerging countries is expected to improve to 4.1% in 2016 compared to 4% in 2015. Brexit could have a slight impact on the Chinese economy, given the close trade and financial relations with the United Kingdom.

Economic activity in sub-Saharan Africa slowed down for the second consecutive year. Growth is expected to shrink to 1.6% compared to 3.3% in 2015 and 5.1% in 2014, triggered by the falling prices of commodities, especially in Nigeria and South Africa.

Growth in the WAEMU region is expected to remain robust in 2016. It would stand at 7.1%, driven by an increase in investment. This positive trend is expected to continue over the medium term. Inflation would remain moderate in view of the expected increases in oil prices, prices of commodities in the international market and prices of food products in the Union.

2- SIGNIFICANT EVENTS

BOAD's activity is consistent with its 2015-2019 strategic plan.

Significant events during the period under review include:

2.1. 2016 annual review of BOAD's rating

Since 2015, BOAD has been rated by international credit rating agencies, Moody's and Fitch. In accordance with established international practices, the agencies annually conduct a review of the ratings awarded. In this regard, they conducted an evaluation mission to update their rating of the Bank's risk quality. At the end of their mission, these two agencies confirmed the risk quality by placing BOAD in the *investment grade category*, whereby Moody's gave the Bank a "Baa1" rating, while Fitch awarded "BBB".

2.2. Issuance of the first Eurobond by BOAD

On 28 April 2016, BOAD issued its first Eurobond in the international capital market for an amount of US\$750 million over a 5-year maturity. After a swap operation, this amount came to €661,862 million or XOF434,153 billion at a rate of 3.83%.

2.3. Resumption of funding through the FDC window

The Bank resumed concessional funding, through the FDC window, in June 2016 after it had suspended such activity between July 2014 and December 2015 due to the scarcity of concessional resources. The resumption followed the decision by the Council of Ministers at its meeting of 17 December 2015, to establish an interest subsidy mechanism for the Bank's concessional funding activities

¹ Update of the World Economic Outlook, July 2016.

The Bank's Board of Directors, on 20 June 2016, authorized the funding of three (3) development projects involving a total of XOF19 billion through the Bank's FDC window.

2.4. Loan approvals and disbursements

The total amount of funding granted as at 30 June 2016 in the form of loans and equity investments stood at XOF226.4 billion.

Disbursement on loans, equity investments and studies in the first two (2) quarters stood at XOF130.25 billion.

2.5. Financial results

The Bank's total balance sheet stood at XOF2,283 billion compared to XOF1,784 billion as at 31 December 2015. Total balance sheet stood at XOF1,658 billion as at 31 December 2014. The Bank's financial position remains sound. At the end of June 2016, equity accounted for 28.8% of its total assets, while outstanding loans/equity capital (debt ratio) had gone up to 224% out of a statutory threshold of 300%.

3- PROSPECTS

In view of these achievements, the Bank's aim must be to maintain or improve the quality of its international financial standing to mobilize more resources to adequately support its member countries in their development efforts. It will therefore strive to strengthen its risk management framework and exercise greater control over its funding in line with its capital.

-B-
FINANCIAL STATEMENTS AS AT 30 JUNE 2016

Statement of financial position (in XOF'mln)		
ASSETS	30/06/2016	31/12/2015
Cash and cash equivalents	569 780	194 317
Loans and receivables at amortized cost	1 603 444	1 487 624
- Interbank receivables	854	530
- Receivables from customers	1 430 303	1 360 100
- Loans to staff	6 637	6 270
- Securities portfolio	68 364	15 227
- Receivables from shareholders	97 207	105 420
- Others	79	77
Equity investments	80 256	78 123
Other assets	21 598	14 793
Intangible assets	792	879
Tangible assets	7 618	7 904
TOTAL ASSETS	2 283 490	1 783 640
LIABILITIES	30/06/2016	
Liabilities at amortized cost	1 482 266	1 015 058
- Interbank debts	45 331	34 704
- Debts represented by a security	1 035 749	557 265
- Others	401 185	423 088
Other liabilities	53 336	28 561
- Funds	34 039	13 231
- Others	19 297	15 330
Provisions	6 232	5 873
TOTAL LIABILITIES	1 541 834	1 049 491
Capital	268 746	268 746
- Subscribed capital	1 097 750	1 097 750
- Callable capital	-821 805	-821 805
- Cost related to the paying-up of capital	-7 200	-7 200
Share premium	2 622	2 622
Reserves	470 287	462 781
- Reserves allocated for development activities.	76 050	76 050
- Fair value reserves on AFS-rated securities	13 475	13 475
- Cashflow hedge reserves	2 011	
- Other reserves	26	26
- Retained earnings	370 229	364 390
- Income for the financial year	8 495	8 839
TOTAL EQUITY	741 655	734 149
TOTAL LIABILITIES AND EQUITY	2 283 490	1 783 640

Comprehensive income statement (in XOF'M)

Comprehensive income statement			
Profit and loss account	30/06/2016	30/06/2015	31/12/2015
Interests and related income	40 297	33 230	72 167
Interests and related charges	-27 036	-19 272	-40 993
<i>Sub-total</i>	<i>13 261</i>	<i>13 958</i>	<i>31 175</i>
Fees (income)	2 706	2 514	5 512
Fees (charges)	-671	-519	-1 246
<i>Sub-total</i>	<i>15 296</i>	<i>15 953</i>	<i>35 440</i>
Exchange gains	37	6	12
Exchange losses	-8 041	-4 035	-5 120
Gains/losses on hedging instruments	8 552	-	-247
Gains/losses on foreign exchange	548	-4 029	-5 355
<i>Sub-total</i>	<i>15 845</i>	<i>11 924</i>	<i>30 085</i>
Dividends received	2 855	1 135	2 529
Gains/losses on financial assets available for sale	0	0	0
Net banking income	18 699	13 059	32 614
Cost of risk	-4 433	-3 965	-6 964
Endowment from member countries	3 200	3 200	3 200
Other operating income	149	407	984
Charges related to development activities	-785	-795	-1 530
General operating costs	-8 305	-9 249	-19 395
- Staff overheads	-4 671	-5 315	-11 226
- Amortization	-595	-567	-1 187
- Others	-3 039	-3 366	-6 983
Other operating charges	-29	-28	-69
Other operating income	-5 770	-6 465	-16 811
Income for the period	8 495	2 629	8 839
Other items of the comprehensive income			
Items likely to be recognized as income			
Revaluation of intangibles			
Cashflow coverage	2 011		
Variation of fair value on AFS-rated securities	0	15 731	-2 967
Items not likely to be recognized as income			
Revaluation of net liabilities under fixed benefits scheme	-50	-129	-50
Other items in the comprehensive income	1 961	15 602	-3 017
Comprehensive income	10 457	18 230	5 822

Cashflow statement (in XOF'M).

Cashflow table				
Cashflow for operational activities	Notes	30/06/2016	31/12/2015	30/06/2015
Income for the period		8 495	8 839	2 629
<i>Adjustments related to non-monetary and other items</i>				
Unrealised gains/losses		-522	5 057	3 816
Exchange gains		-37	-9	-6
Exchange losses		10	307	219
Amortization		595	1 187	567
Depreciation		0	0	0
Cost of risk		4 433	6 964	3 965
Gains/losses on financial assets available for sale		0	0	0
Other items		915	-13 119	-7 220
		5 394	387	1 341
<i>Variations of assets and liabilities from operations</i>				
Interbank loans		-323	-190	-265
Disbursements on receivables from customers		-115 061	-313 055	-122 127
Repayment on receivables from customers		47 253	121 987	54 173
Other receivables from customers		-4 301	-6 503	-2 507
Staff loans		-367	-174	-478
Securities portfolio		-53 138	7 320	1 282
Other receivables		-2	-2	-3
Other assets		-6 805	-2 831	444
Interbank debt		10 627	24 246	1 664
Other debt		6 466	6 861	2 531
Other liabilities		24 776	-5 933	-3 613
		-90 876	-168 276	-68 899
Cashflow from operations		-76 987	-159 049	-64 929
Cashflow from investment activities				
		30/06/2016	31/12/2015	30/06/2015
Acquisition of tangible assets		-211	-860	-461
Sale of tangible assets		4	17	0
Acquisition of intangible assets		-17	-58	9
Sale of intangible assets		0	0	0
Acquisition of shares		-2 133	-16 014	-11 693
Sale of shares		0	1 277	285
Cashflow from investments		-2 357	-15 638	-11 860
Cashflow from financing activities				
		30/06/2016	31/12/2015	30/06/2015
Resources from capital paying-up		7 911	7 676	7 350
Redemption of shares		0	0	0
Debt issuance		505 791	211 209	99 696
Repayment/debts represented by a security		-37 319	-88 041	-34 278
Repayment/other loans		-21 577	-43 742	-22 174
Cashflow from financing activities		454 807	87 103	50 595
Net increase/(decrease) of cash and cash equivalents		375 463	-87 584	-26 194
Cash and cash equivalents at opening	4	194 317	281 902	281 902
Cash and cash equivalents at closing	4	569 780	194 317	255 708
		30/06/2016	31/12/2015	30/06/2015
ADDITIONAL INFORMATION				
Operating cashflow from interests and dividends:				
Interest paid		26 989	41 106	19 537
Interest received		40 535	72 702	33 599
Dividends received		2 855	2 529	1 135

Variations in equity capital (in XOF'M)

	Variations in equity capital									Total
	Capital			Share premium	Reserves			Losses or gains resulting from the evaluation of AFS securities classified by OCI	Retained earnings	
	Subscribed capital	Callable capital	Cost related to deferred paying-up of capital (1)		Reserves transferred for development activities	Other reserves	Revaluation of net liabilities under fixed benefits scheme			
Equity capital as at 1 January 2015	1 050 550	-786 405	-8 327	2 622	76 050	26	-129	16 442	364 569	715 398
<i>Increase in capital</i>	47 200	-35 400								11 800
Results as at 31 December 2014									8 839	8 839
<i>Other items on the comprehensive income</i>							-50	-2 967	0	-3 017
Variations of fair value on AFS rated securities								-2 967	0	-2 967
Revaluation of net liabilities under fixed benefits scheme							-50		0	-50
<i>Other variations</i>			1 127							1 127
<i>Income allocation</i>										0
Transfers										0
Equity capital as at 1st January 2016	1 097 750	-821 805	-7 200	2 622	76 050	26	-179	13 475	373 409	734 148
<i>Increase in capital</i>	0	0								0
Income as at 30 June 2016									8 495	8 495
<i>Other variations</i>									-3 000	-3 000
<i>Other items on the comprehensive income statement</i>										0
Variation of fair value on AFS rated securities								0		0
Revaluation of net liabilities under fixed benefits scheme								0		0
Variation in OCI of hedging instruments								2 011		2 011
Sub-total of other items in the comprehensive income							0	2 011		2 011
										0
Balance as at 31 December 2015	1 097 750	-821 805	-7 200	2 622	76 050	26	-179	15 487	378 904	741 655

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.

As an international public institution, BOAD has its headquarters in Lomé (Togo) located at 68 avenue de la Libération, 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 BCEAO (Central Bank of West African States), three European countries (Germany, France and Belgium), African Development Bank (AfDB), European Investment Bank (EIB), People's Bank of China and Eximbank of India. The Kingdom of Morocco joined the shareholders in 2013. BOAD became operational in 1976.

As provided under Article 2 of its Articles of Association, BOAD seeks to "promote balanced development of member countries and foster economic integration within West Africa" by financing priority development projects. The Bank supports projects in the following areas: rural development, basic infrastructure, modern infrastructure, telecommunications, energy, industry, agribusiness, transport, tourism and other services.

Under Article 44 of the Bank's Articles of Association, income, assets, transactions and operations of the Bank are exempt from direct and indirect taxes. Bonds issued by the

Bank or interests accruing thereof are exempt from taxes either by individual governments or collectively by the Union, irrespective of the holder of such bonds.

NOTE 2. SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

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

2.01 Basic financial reporting principles

The principles that serve as a basis for financial reporting are as follows:

The interim financial statements as at 30 June 2016 were prepared in accordance with IAS 34 – *Interim financial reporting*, as published by the IASB, which provides for the presentation of selected explanatory notes.

The interim notes do not contain all the required information for the comprehensive annual financial statements and should be read together with the financial statements closed as at 31 December 2015.

The interim financial statements as at 30 June 2016 were prepared in accordance with the same principles as those of the financial statements of 31 December 2015, subject to specific requirements under IAS 34.

Moreover, since the Bank's activities are not seasonal or cyclical, financial statements as at 30 June 2016 are not influenced by these factors.

2.02 Key bases for evaluation

The financial statements are based on historical cost except for items measured at fair value as described in this annex.

2.03 Critical accounting judgments and key sources of uncertainty for estimates

The preparation of financial statements, in accordance with IFRS, requires that Management provides estimates, assumptions and judgments that affect the value of assets, liabilities, income and expenditure. Estimates and judgments 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:

a) Key assumptions

The Bank's accounting policy requires that assets and liabilities are recorded into different accounting categories during their acquisition. This decision requires detailed meaningful judgment in the following categories:

- The classification and evaluation of financial assets in accordance with IAS 39 (loans and receivables, equity investments and investment portfolio).
- The Bank's review of the recommendations of IFRS 10 to determine if any of the entities it controls is present.

b) Key estimates

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

Assessing the fair value of equity investments: for each balance sheet, 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 and/or amount of depreciation, if any.

2.04 Interim financial statements

The interim financial statements as at 30 June 2016, which cannot be used as a basis to prejudge the full year, take into account only accounting entries up to the end of the period considered necessary by the Bank's management to present a fair report.

Actuarial calculations are made as part of budgetary procedure, while valuation of the provisions as at 30 June 2016 is based on projected actuarial calculations at the end of the previous year.

2.05 Functional 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'M), unless otherwise stated.

2.06 Events after closing of accounts

The Bank carries out 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 balance sheet date.

If these events occurred after the date of closing of the accounts but require disclosure, the balance sheet, income statement, cashflow table and the table of changes in equity are not adjusted. The nature and potential impact of these events are captured in note 18 below.

2.07 Statement of accounts

BOAD's individual accounts as at 30 June 2016 were approved by the Board of Directors at its meeting of 23 September 2016.

NOTE 3 - EFFECT OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations contained in the Bank's financial statements as at 31 December 2015 were supplemented by provisions of the new standards and interpretations for the 2016 financial year. These include amendments to the following IAS/IFRS standards:

- Amendment to IAS 1 "Presentation of financial statements " – Disclosure,
- Amendment to IAS 16 and IAS 38 "Acceptable methods of depreciation and amortization ",
- Amendment to IAS 27 : Equity methods in separate financial statements,
- Amendment à IFRS 11 - Partnerships: Accounting for the acquisition of interests in a joint operation,
- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: application of exemption from consolidation",
- Amendments regarding annual improvements in the 2012-2014 IFRS cycle modifying the following standards: IFRS 5, IFRS 7 and IAS 19 and IAS 34.

The entry into force of these amendments had no impact on the Bank's financial statements as at 30 June 2016.

Moreover, when the early application of standards and interpretations published by IASB is optional over a period, the option is not used by the Bank, unless otherwise specified. Thus, the standards and interpretations issued but not yet in force could have an impact on the financial statements of the Bank for their entry into force. This relates to, particularly :

- The new version of IFRS 9 "Financial instruments", published in July 2014, which is applicable to financial years beginning on or after 1 January 2018. It was not applied in advance in preparing these financial statements. The implementation of this standard will impact the valuation and classification of the Bank's financial instruments;

- IFRS 15: Revenue from contracts with customers whose entry into force is scheduled for 1 January 2018;
- IFRS 16: Lease contract scheduled to enter into force from 1 January 2019 ;
- Amendment to IAS 7 "Disclosure initiative" which will enter into force on 1 January 2017;
- Amendment to IFRS 15 "Clarifications" which will enter into force on 1 January 2018.

NOTE 4. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and demand deposits.

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 change 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 comprise the following:

	30/06/2016	31/12/2015
Cash accounts	41	54
BOAD HQ current account	32 993	213
Deposit accounts for Resident Missions at BCEAO	325 384	72 252
Japan Eximbank Special account*	15	15
Kingdom of Belgium Special account**	4 205	4 205
FDE P/C BOAD Contribution account	51 167	51 167
FDE P/C Contribution account***	1 985	1 985
BOAD Settlement account Lomé	56 978	1 018
Operating account for Resident Missions	430	446
Bank and correspondent bank accounts	1 563	960
Short-term bank deposits (a)	95 019	62 000
	569 780	194 317

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

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

*** 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.

(a) Short-term bank deposits include:

	30/06/2016	31/12/2015
BOA-CI, special liquidity account	1 009	1 009
BOA-BENIN liquidity account	1 010	991
Term deposit with BOA Group	4 000	4 000
Term deposit with Coris Bank Group	38 000	12 000
Term deposit with Diamond Bank Group	14 000	3 000
Term deposit with ORABANK Group	18 000	13 000
Term deposit with BSIC Group	6 000	3 000
Term deposit with Banque Atlantique Togo	3 000	
Term deposit with UTB	10 000	15 000
Term deposit with Ecobank Group		10 000
	95 019	62 000

NOTE 5. LOANS AND RECEIVABLES AT AMORTIZED COST

The item on loans and receivables at amortized cost is as follows:

	30/06/2016	31/12/2015
- Interbank debts	854	530
-Receivables from customers	1 430 303	1 360 100
- Loans to staff	6 637	6 270
- Security portfolio	68 364	15 227
- Receivables from shareholders	97 207	105 420
- Other	79	77
Total	1 603 444	1 487 624

Interbank receivables include deposits of over 1 year and interbank loans and related interests. As at 30 June 2016, all these receivables were due in less than a year.

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

5.1 The Bank's loan portfolio includes loans granted to:

- Non-commercial public sector,
- Commercial public sector,
- Private sector,
- Energy sector.

All the Bank's loans are granted at fixed rates. Borrowers have the option to make early repayments of such amounts subject to conditions contained in the loan agreements.

Gross outstanding loans also include bad debts that have evolved as follows:

	30/06/2016	31/12/2015
Gross amounts	39 086	36 911
Depreciations	- 27 502	- 24 931
	11 584	11 980

5.2 The breakdown of the securities portfolio is as follows:

	30/06/2016	31/12/2015
Treasury bonds Senegal	5 875	6 800
Treasury bonds RCI 6	1 050	1 050
Bonds CAA BN 2011-2016	31 250	1 750
Bonds BF 2010-2015	20 667	667
CRRH Bonds	3 000	3 325
Treasury bonds Togo	5 000	
BOA Group Bonds	862	862
Certificate of deposit	200	200
	67 903	14 653
Interests receivable	461	573
	68 364	15 227

Repayments received on bonds as at 30 June 2016 stood at XOF1,750 M as against XOF55,000 M in new subscriptions.

5.3- The item on "receivables from shareholders" includes endowments and amounts due but not yet paid in (XOF7,519 M), grant amounts not yet paid for loan revaluation (XOF2,615 M) and the called-up capital not yet paid in (XOF87,073 M). The last two amounts were as a result of discounting as at 31 December 2015 at average rates of 5.55% (rate applied in 1996 to non-commercial public sector loans) and 2.45% (rate applied in 2014 to non-commercial public sector loans) for payments expected on their scheduled repayment dates.

NOTE 6. EQUITY INVESTMENTS

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

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

The Bank's new equity investment strategy is as follows:

- **Objective** : to fulfill the Bank's development agenda by placing more emphasis on financial viability in line with its strategic outlook.
- **Areas of intervention** : all sectors eligible for financing by the Bank.
- **Forms of intervention** : when entering into a transaction, the Bank must have sufficient visibility of exit modalities, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.

- **Membership in the governing bodies:** the Bank's equity investments shall be subject to 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 new equity investment strategy, BOAD has taken measures to (i) adapt to the evolution and the requirements of WAMU's financial sector (increase of minimum capital of banks and financial institutions) and (ii) take into account the peculiar nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.1- Intervention thresholds through equity investments

The maximum commitment that the Bank can provide in the form of equity investment is limited per operation and per company to five percent (5%) of its tier 1 equity capital for projects other than for national financial institutions (NFIs) and organizations that promote SMEs, privatization projects, regional projects and those in areas such as mining and energy, not exceeding twenty five percent (25%) of the company's share capital.

This threshold is 10% of the Bank's tier 1 equity for projects being undertaken by national financial institutions (NFIs) and organizations that promote SMEs, privatization projects, regional projects and those in areas such as mining and energy without exceeding twenty-five percent (25%) of the company's share capital.

The threshold in terms of overall volume of equity is set at 50% of the Bank's tier 1 equity capital. However, for entities in which BOAD plays a role of principal promoter, the capital of the company may be held temporarily at one hundred percent (100%); the Bank should however aim at reverting to its fifty-one percent (51%) threshold, within a reasonable time and with a clear exit strategy.

All the equity investments are considered available for sale. They will be valued at fair value and any change in fair value is recognized as "Other items under the comprehensive income statement".

6.2- Investments captured in the statement of financial position concern the following institutions:

Country	Securities	Gross out-standing	Depreciation	Carry-over by OCI	Unrealised gains/losses	Balance sheet value	Gross out-standing	Depreciation	Carry-over by OCI	Unrealised gains/losses	Balance sheet value
BN	SOAGA	103			70	172	103	-	-	70	172
BN	FOAI	2 500			1 140	3 640	2 500	-	-	1 140	3 640
TG	CAURIS CROISSANCE	1 341			58	1 399	1 341	-	-	58	1 399
SN	BNDE	1 000			1 556	2 556	1 000	-	-	1 556	2 556
h-uemoa	CAURIS CROISSANCE II	4 942			1 104	3 838	4 888	-	-	1 104	3 784
TG	GARI S. A.	1 500			808	2 308	1 500	-	-	808	2 308
MA	BDM Mali	600			2 891	3 491	600	-	-	2 891	3 491
BN	BOA Bénin	98			1 309	1 407	98	-	-	1 309	1 407
NG	SONIBANK Niger	1 082			2 046	3 127	1 082	-	-	2 046	3 127
CI	BHCI Côte d'Ivoire	150	79		68	3	150	79		68	3
NG	BOA Niger	165			1 542	1 707	165	-	-	1 542	1 707
TG	BIA Togo	392			276	668	392	-	-	276	668
BN	African Investment Bank (AIB) (1)	250	250			-	250	250		-	-
h-uemoa	Afreximbank	2 500			1 417	3 917	2 500	-	-	1 417	3 917
SN	Banque Régionale de Marché (BRM)	400			836	1 236	400	-	-	836	1 236
CI	BRIDGE BANK Côte d'Ivoire	300	193	193	142	442	300	193	193	142	442
BF	Banque de l'Habitat du BF	200			45	245	200	-	-	45	245
NG	BRS-HOLDING	-				-	-	-	-	-	-
CI	Bourse Régionale de Valeurs Mobilières (BRVM)	56			56	112	56	-	-	56	112
CI	DC/BR (BRVM)	140			234	374	140	-	-	234	374
TG	CICA RE	999	219	219	374	1 373	999	219	219	374	1 373
MA	MANDE Hotel	50	12		14	24	50	12		14	24
CI	SIALIM (1)	100	100			-	100	100		-	-
CI	AIR AFRIQUE (1)	2 500	2 500			0	2 500	2 500		-	0
CI	CIPREL	584			736	1 320	584	-	-	736	1 320
BN	COTEB (1)	272	272			-	272	272		-	-
	Total amount to be carried over	22 224	3 625	412	14 351	33 362	22 169	3 625	412	14 351	33 307

- The amount of dividends from these investments, recorded in the income statement stood at XOF2,855 M as at 30 June 2016 compared to XOF1,710 M as at 30 June 2015.
- As at 30 June 2016, the Bank had not presented any consolidated accounts despite holding up to 99.99% of *BOAD TITRISATION S.A.* and about 49.5% in Cauris, given its insignificance to the Bank's total balance sheet. Indeed, the total assets of these two companies combined stands at XOF4,306 M compared to BOAD's total assets of XOF2,283,490 M, or 0.19%.

NOTE 7. OTHER ASSETS

Other assets include the following:

	30/06/2016	31/12/2015
Advances on mission expenses	49	56
Payday advances	29	0
Expenses to be adjusted	9 501	13 992
Exchange risk hedging instruments	10 316	
Sundry debtors	1 167	444
Charges paid in advance and accruals	438	203
Prefinancing of studies from external research funds	97	97
	21 598	14 793

Expenditure to be rectified include advances made by the Bank as part of the construction of the BOAD staff quarters (XOF7,856 M).

The item on "foreign exchange risk hedging instruments" recorded the value of the derivative instrument (XOF10,316 M) established by the Bank to cover exchange rate fluctuations. The share of this item in the income statement makes up for forex losses incurred in dollars and SDRs.

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

- INTANGIBLE ASSETS

Intangible assets include only software. These will be amortized on a straight line over a period of 3 to 5 years Their values are as follows:

	30/06/2016	31/12/2015
Gross value	1 391	1 373
Cumulative amortizations and depreciations	-598	-494
	792	879

Procurement of software (in XOF)		Cumulative amortizations and depreciation of software	
Balance as at 1 January 2016	1 373	Balance as at 1 January 2016	494
Acquisitions	17	Acquisitions	104
Transfers		Transfers	0
Classified as being held for sale	-	Classified as being held for sale	0
Balance as at 30 June 2016	1 391	Balance as at 30 June 2016	598
Net balance sheet value as at 30 June 2016	792		

The monthly amortization charges are stated in the income statement under the "Depreciations" item of general operating expenses.

- **TANGIBLE ASSETS**

The summary of tangible assets is as follows:

	<u>30/06/2016</u>	<u>31/12/2015</u>
Cost of acquisition	25 465	25 309
Cumulated amortizations and depreciations	-17 846	-17 405
	<u>7 618</u>	<u>7 904</u>

Acquisition of tangible fixed assets (in XOF)		Cumulative amortizations and depreciations of tangible fixed assets	
Balance as at 1 January 2016	25 309	Balance as at 1 January 2016	17 405
Acquisitions	373	Acquisitions	491
Transfers	218	Transfers	-50
Classified as being held for sale	-	Classified as being held for sale	0
Balance as at 30 June 2016	52 464	Balance as at 30 June 2016	17 846
Net balance sheet value as at 30 June 2016			7 618

Monthly amortization charges are also captured as income under "Amortization" in the general operating expenses.

NOTE 9. LIABILITIES AT AMORTIZED COST

Liabilities at amortized cost consist of loans contracted by the bank and their receivables (interests and commissions accrued not yet due). These include interbank debts, debts represented by securities or other debts.

Interbank liabilities correspond to investments made by partner institutions (ROPPA, AFD,...) in the books of BOAD.

Debts evidenced by a security equate to the outstanding debt securities issued by BOAD.

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

Details of this item, as at 30 June 2016 and 31 December 2015, are as follows (in XOF'million):

	30/06/2016	31/12/2015
I-Debts represented by a security		
Bond loans	558 467	122 058
BOAD bonds	415 931	337 701
Maturities of less than one year/debts repr. by securities	46 350	83 669
<i>Sub-total I</i>	<i>1 020 748</i>	<i>543 428</i>
II- Other loans from foreign partners		
Loans for funding long-term projects	359 695	360 513
Loans for funding long-term project studies	506	506
Maturities of less than one year/loans	37 748	59 324
<i>Sub-total II</i>	<i>397 949</i>	<i>420 344</i>
Total I+II	1 418 697	963 772
III- Debts attached to loans and & debts repr.		
Accrued interests on debts represented by a security	16 929	15 682
Deferred charges on notes and bonds	- 1 928	-1 845
Interests and fees accrued on other loans	3 309	3 045
Deferred charges on other loans	- 73	-301
<i>Sub-total III</i>	<i>18 237</i>	<i>16 582</i>
IV- Interbank debts (Cauris ROPPA, AFD...)	45 331	34 704
Total I+II+III+IV	1 482 266	1 015 058

Under Article 7 of its statutes, the amount of the Bank's callable capital shall be used as guarantee for loans it may contract.

Moreover, under Article 37 of the statutes, the WAMU Council of Ministers decided to limit the Bank's total outstanding borrowings, at any time, to three times its equity. As at 30 June 2016, the Bank's outstanding borrowings represented 224% of its equity capital out of the regulatory threshold of 300%.

During the first half of 2016, the Bank floated its first bond issue of US\$750,000,000 in the international capital market. This amount was immediately converted into euros using a swap operation. The Bank also issued debt securities (bonds) in the regional capital market for XOF78,230 M. Repayments of XOF58,895 M have been made including XOF21,577 M for credit lines and XOF37,319 M for the debt securities.

NOTE 10. OTHER LIABILITIES

Other liabilities include funds that are liabilities to BOAD and other suspense accounts. The breakdown is as follows:

	30/06/2016	31/12/2015
Belgian Technical Assistance Fund	172	169
Dutch Fund	34	34
IDA Matching Fund	111	183
AFD Research Fund	310	310
AFD Matching Fund	237	349
NIMAO Fund	-	-
Environmental Partnership Fund	67	67
KfW Counterpart Fund	6 541	6 676
China Cooperation Fund	139	139
AFD IV Capacity Building Fund	24	30
Energy Development Fund	1 985	1 985
Crop Insurance Fund	3 164	3 164
Regional Collaboration Centre (RCC)	133	124
New Interest Subsidy Facility	21 123	
<i>Sub-total Funds</i>	<i>34 038</i>	<i>13 231</i>
Suppliers	596	553
Rémunérations dues au personnel	-	-
Staff remuneration	1 528	1 638
Charges payable	2 246	1 864
Income to be adjusted	10 216	7 069
Income recorded in advance	511	7
Kingdom of Belgium current account	4 200	4 200
<i>Sub-total for suspense and sundry accounts</i>	<i>19 297</i>	<i>15 331</i>
	53 335	28 561

The increase in income to be adjusted is due to the volume of pending loan repayments as at 30 June 2016.

NOTE 11- EQUITY CAPITAL

Capital	30/06/2016	31/12/2015	31/12/2014
Subscribed capital	1 097 750	1 097 750	1 050 550
Callable capital	- 821 805	- 821 805	- 786 405
Cost related to the paying-up of capital	- 7 200	- 7 200	- 8 327
Total	268 746	268 746	255 819
Share premium	2 622	2 622	2 622
Reserves			
Reserves transferred for development activities	76 050	76 050	76 050
Fair value reserve for top-class AFS security	13 475	13 475	16 442
-Reserves for cashflow hedge	2 011		
Other reserves	26	26	26
Retained earnings	370 229	364 390	106 041
	461 792	453 942	198 559
Income for the financial year	8 495	8 839	258 399
Total equity	741 655	734 149	715 398

The item on “cost related to the deferred paying-up of capital” refers to the difference between the nominal amount of the unpaid called-up capital and the discounted amount following the capital payment schedule.

The Bank’s capital is divided into shares at a face value equal to XOF50,000,000.

The Bank's capital is divided between the two categories of shareholders: category A shareholders are member countries of the WAEMU and BCEAO, while category B shareholders include non-regional shareholders.

The table below outlines the Bank's capital structure as at 30 June 2016 in nominal value and share distribution. Each share confers the same rights and responsibilities on its holder.

CAPITAL STRUCTURE AS AT 30 JUNE 2016							
SHAREHOLDERS	SUBSCRIBED CAPITAL	%	Number of shares	CALLED-UP CAPITAL	PAID UP CAPITAL	UNPAID CAPITAL	CALLABLE CAPITAL
	(1)=(2)+(5)			(2)=(3)+(4)	(3)	(4)	(5)
CATEGORY A							
BENIN	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
BURKINA	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
COTE D'IVOIRE	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
GUINEA BISSAU	64 650 000 000	5,89	1 293	16 163 000 000	5 639 590 582	10 523 409 418	48 487 000 000
MALI	58 750 000 000	5,35	1 175	14 688 000 000	10 768 000 000	3 920 000 000	44 062 000 000
NIGER	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
SENEGAL	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
TOGO	64 650 000 000	5,89	1 293	16 163 000 000	10 768 000 000	5 395 000 000	48 487 000 000
BCEAO	517 200 000 000	47,11	10 344	129 304 000 000	86 144 000 000	43 160 000 000	387 896 000 000
	1 028 500 000 000	93,69	20 570	257 133 000 000	167 159 590 582	89 973 409 418	771 367 000 000
CATEGORY B							
France	38 400 000 000	3,50	768	9 600 000 000	6 720 000 000	2 880 000 000	28 800 000 000
Germany	2 000 000 000	0,18	40	2 000 000 000	2 000 000 000	-	-
Belgium (1)	5 600 000 000	0,51	112	1 400 000 000	1 400 000 000	-	4 200 000 000
EIB	4 000 000 000	0,36	80	1 000 000 000	1 000 000 000	-	3 000 000 000
AfDB	6 000 000 000	0,55	120	1 500 000 000	1 042 856 844	457 143 156	4 500 000 000
EXIM BANK OF INDIA	750 000 000	0,07	15	187 500 000	131 249 998	56 250 002	562 500 000
CHINA	12 000 000 000	1,09	240	3 000 000 000	2 100 000 000	900 000 000	9 000 000 000
MOROCCO	500 000 000	0,05	10	125 000 000	119 375 000	5 625 000	375 000 000
	69 250 000 000	6,31	1 385	18 812 500 000	14 513 481 842	4 299 018 158	50 437 500 000
	1 097 750 000 000	100,00	21 955	275 945 500 000	181 673 072 424	94 272 427 576	821 804 500 000
UNSUBSCRIBED CAPITAL	57 250 000 000		1 145				
AUTHORIZED CAPITAL	1 155 000 000 000		23 100				

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

Between 1 January and 30 June 2016, the Bank received payments from WAEMU countries (XOF3,920M), BCEAO (XOF3,920 M) and AfDB (XOF71M) as part of the called-up capital due as at 31 December 2015.

NOTE 12 –NET BANKING INCOME

Details of this item are as follows:

1-Income and interest charges		30/06/2016	30/06/2015	31/12/2015
	Interests and fees on loans	39 901	33 634	73 177
	Interests and investment income	2 916	1 835	4 002
	Sub-total interest income (A)	42 817	35 469	77 179
	Interests and charges on debts represented by a securit	- 19 452	- 13 888	- 28 988
	Interests and charges on loans	- 8 255	- 5 903	- 13 251
	Sub-total interest charges (B)	- 27 707	- 19 791	- 42 239
	Margin on interests and fees C= (A)-(B)	15 110	15 678	34 940
2.1-Exchange gains and losses				
		30/06/2016	30/06/2015	31/12/2015
	Consumed exchange gain	37	6	9
	Potential exchange gain	0	-	3
	Sub-total exchange gain (D)	37	6	12
	Consumed exchange loss	- 10	- 219	- 307
	Potential exchange loss	- 8 030	- 3 816	- 5 060
	Sub-total exchange loss (E)	- 8 040	- 4 035	- 5 367
	Net exchange loss F=(D)-(E)	- 8 003	- 4 029	- 5 355
	2.2-Gains/losses on hedging instruments (G)	8 552		
2-	Net gains/losses on foreign exchange (G)-(F)	550	- 4 029	- 5 355
3-	Other banking income (dividends , fees on guarantees)	3 039	1 409	3 030
4-	Net banking income = (1)+(2)+(3)	18 699	13 059	32 614

Foreign exchange gains and losses are due to resource mobilization in foreign currencies by the Bank, excluding euros, from its financial partners and in the international capital market for project financing. These exchanges losses are covered by swap and hedging operations.

NOTE 13 – COST OF RISK

The cost of risk as at 30 June 2016 is as follows:

	30/06/2016	30/06/2015	31/12/2015
Reversal of provision for customer receivables	222	695	2 758
Depreciations related to customer receivables	- 4 655	-4 214	-8 069
Loan losses hedged by depreciations			-1 225
Depreciation on other assets		-445	-429
	-4 433	-3 965	-6 964

NOTE 14 – CHARGES RELATED TO DEVELOPMENT ACTIVITIES

This item includes charges related to BOAD's development activities, including subsidies on loans, non-commercial projects and preliminary studies for the financing of development activities.

	30/6/2016	30/6/2015	31/12/2015
Interest subsidy	-785	-795	-1530
	-785	-795	-1530

NOTE 15- NET INCOME FOR THE PERIOD

The net income as at 30 June 2016 was XOF8,495 M as against XOF2,629 M by 30 June 2015. Increases in the net income was due to the introduction of currency hedging on the Bank's foreign currency loans at the end of 2015 and at the beginning of 2016. These made it possible to neutralize the impact of exchange rate variations on the bank's income. Given the profit and losses made on currency and hedging instruments, the net income is expected to go up by 19%, in line with improvements in loan products

NOTE 16- RISK MANAGEMENT

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

The goals and regulations regarding financial risk management are consistent with those applied to individual accounts as at 31 December 2015.

NOTE 17- OFF-BALANCE SHEET COMMITMENTS

Commitments received

These commitments are loans approved to the Bank by foreign lenders and the guarantees received from regional funds for customers.

The breakdown of these commitments are as follows:

	<u>30/06/2016</u>	<u>31/12/2015</u>
Loan commitments to be drawn	24 164	24 134
Guarantees received from Regional funds	18 551	22 320
	42 715	46 454

- Commitments to be drawn represent the yet-to-be-mobilized balance of loans.

Commitments given

Commitments given include lending and equity investment agreements signed with various beneficiaries of BOAD loans. These are presented as follows:

	<u>30/06/2016</u>	<u>31/12/2015</u>
Loans commitments given (a)	1 381 139	1 313 313
Advances for the financing of studies	10 367	10 949
Commitments for equity participations (b)	34 101	25 441
Securities and other guarantees		22 140
	1 425 607	1 371 843

- (a) Loan commitments given include financing agreements whose execution is dependent upon compliance with conditions precedent or whose actual disbursement is pending drawing requests from the borrower;
- (b) Commitments for equity investments relate to BOAD's participation in the capital of companies.

NOTE 18- EVENTS AFTER CLOSING

As of the date of closing of the accounts, we had not recorded any subsequent events likely to influence the financial position and results of the Bank as at 30 June 2016.