



BOAD Newsletter

Latest news and developments

April 2024



Table of Contents

- 1. Key Developments**
- 2. Recent Developments in the WAEMU zone**
- 3. Macroeconomic Environment**
- 4. Financials at a Glance**
- 5. Strategy Screen**
- 6. BOAD's Recent Projects and Achievements**
- 7. Trading Eurobonds Performance**
- 8. BOAD Ratings**



President's Editorial

April 2024

*D*ear investors, partners and friends of BOAD,



I would like to take a moment to thank all of you who have contributed to our successes over the past year. Your unwavering support and collaboration have been instrumental in achieving significant milestones, as evidenced by the remarkable progress we have made together in 2023.

In particular, I wish to express my gratitude for the invaluable support demonstrated during the investor day held on the sidelines of the IMF meeting in Marrakech in October 2023. This event served as a testament to our fruitful partnerships, where we showcased our commitment to our region's development.

In 2023 alone, BOAD approved an impressive 40 new projects amounting to XOF 993.9 billion. Additionally, I am delighted to announce that we have reached a record net income of XOF 36.6 billion. These achievements underscore our dedication to fostering economic growth and prosperity across West Africa.

We are pleased to announce that the capital increase has been subscribed to 80%, and we express our sincere gratitude to our longstanding shareholders. We extend a warm welcome to our new shareholder, BADEA, who has injected XOF 18.47 billion into BOAD's capital. This milestone underscores our dedication to long-term financial stability and strategic partnerships with key financial institutions. Notably, our strengthened equity position was achieved through the successful issuance of the first-ever subordinated debt bond by a Multilateral Development Bank, fully subscribed by BADEA.

Furthermore, I am pleased to highlight our relentless efforts in optimizing our financing activities to better serve the needs of our region. We recently launched a groundbreaking XOF 150 billion transaction through BOAD Titrisation, facilitating the financing of our strategic plan Djoliba 2021-2025. Moreover, we have introduced BOAD's first sovereign insurance policy, covering nearly XOF 556 billion in loans. These initiatives exemplify our commitment to innovative financing solutions that drive sustainable development in West Africa.

Moreover, Fitch has recently confirmed BOAD's 'BBB' rating. Besides, we have been re-accredited by the Green Climate Fund, reaffirming our commitment to environmentally sustainable development. These accolades are a testament to our continuous commitment to maintaining the highest standards of financial governance and sustainability.

As we embark on a new year, I am confident that with our dedication and collaboration, we will build upon the successes of the past year and achieve even greater milestones. Together, let us work tirelessly to advance our shared vision of a prosperous and resilient West Africa.

Thank you.

Sincerely,

Serge Ekué

1. Key Developments

On the 21st of December 2023, BOAD announced the entry of BADEA in its capital. This major step came after the announcement of the Historic Subordinated Debt Private Placement at the COP28 earlier in 2023, which marked the first-ever Subordinated Debt bond issued by a Multilateral Development Bank.



- The Council of Ministers of the WAEMU has approved the financials of BOAD for the year ended 31 December 2023, showcasing continuous improvements in the institution's key indicators. Net banking income rose by **19.33% to XOF 111.033 bn**, compared with XOF 93.051 bn for the 2022 financial year. BOAD recorded a net profit of **XOF 36.453 bn**, compared with XOF 33.682 bn at the end of 2022, an increase of **8.23%**. The profit generated strengthens the institution's equity capital and the specific funds created in its books to support governments.



29 March 2024



- On the 20th of December 2023 and on the 25th of March 2024, BOAD held its 140th and 141st Board's meeting. During the meetings, the Board approved nineteen (19) new loans totaling XOF 407.983 bn, bringing the bank's total commitments (all operations combined) to XOF 8,561 since commencement of its operations in 1976.

25 March 2024

- From February 26th to 28th, 2024, BOAD hosted the second of its two annual Sherpa meetings for the International Development Finance Club in Lomé. These meetings serve as a platform for sherpas to convene before the Steering Group Meeting, allowing them to prepare the IDFC's contribution to the international agenda and outline the roadmap for the working groups.



29 February 2024



- From January 25th to 27th, 2024, BOAD President Serge Ekué took part in the 2024 African Prosperity Dialogues in Accra, Ghana. The event's objective was to foster collaboration and support intra-African investments for sustainable prosperity in Africa, particularly through the implementation of the African Continental Free Trade Area (AfCFTA).

27 January 2024

2. Recent Development in the WAEMU zone (1/2)

Overview of the ECOWAS and the WAEMU : Two Separate Institutions



ECOWAS (CEDEAO)



WAEMU (UEMOA)

About

- ◆ ECOWAS (Economic Community of West African States) encompasses a broader regional collaboration involving 15 West African countries

- ◆ WAEMU (West African Economic and Monetary Union) is a subset within ECOWAS, consisting of 8 West African countries with a shared currency, the CFA Franc

Governance Structure

- ◆ Founded in 1975: ECOWAS's foundational treaty dates back to 1975
- ◆ Leadership - Heads of State: The supreme body in ECOWAS is led by the Heads of State of its member nations

- ◆ Established in 1994: WAEMU's guiding treaty was signed in 1994
- ◆ Leadership - Heads of State: The highest authority in WAEMU is the assembly of Heads of State

Institutional Focus

- ◆ ECOWAS focuses on economic cooperation, peace, and security

- ◆ WAEMU emphasizes monetary and financial integration among its member states

Role in Regional Dynamics

- ◆ ECOWAS promotes free trade and economic integration

- ◆ WAEMU specifically aims at currency stability and harmonized economic policies.

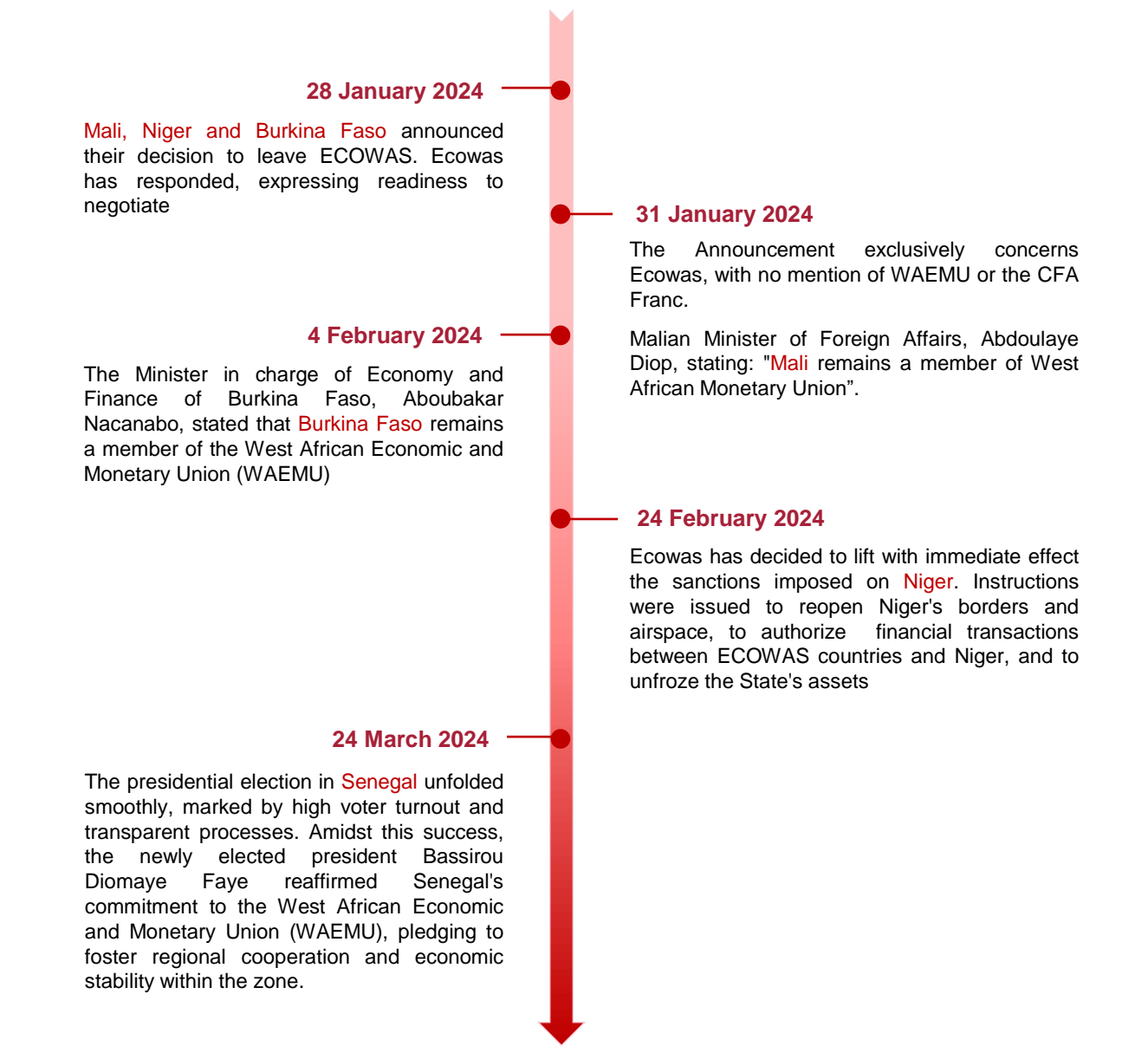
Development Bank

- ◆ EBID (ECOWAS Bank for Investment and Development)

- ◆ BOAD (Banque Ouest Africaine de Développement)

2. Recent Developments in the WAEMU zone (2/2): No impact on BOAD

Timeline of Recent Developments in the WAEMU zone



Implications of Niger, Burkina Faso, and Mali's Exit from ECOWAS

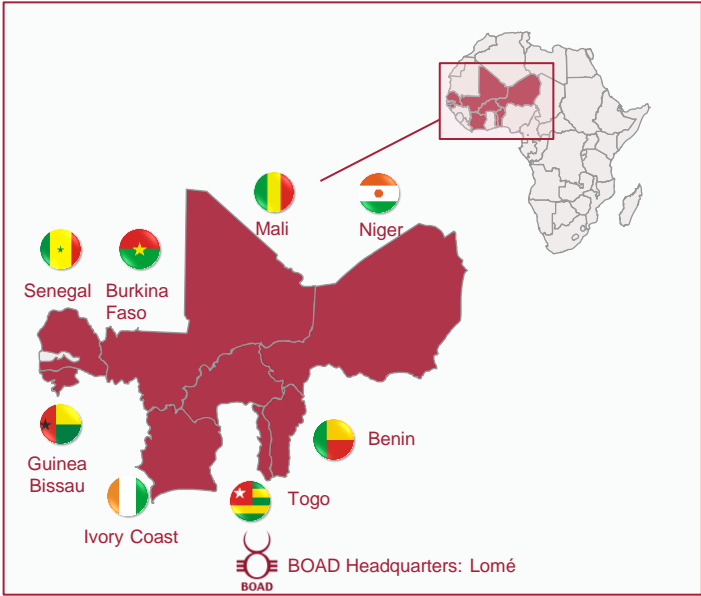
Potential impact on WAEMU & BOAD	Potential impact on the region
✓ Both are unimpacted	<div>! Disruption to the free movement of goods and people</div> <div>! Potential impact on regional economic activities and trade</div> <div>! Challenges to the principles of integration and cooperation within ECOWAS</div>

3. Macroeconomic Environment

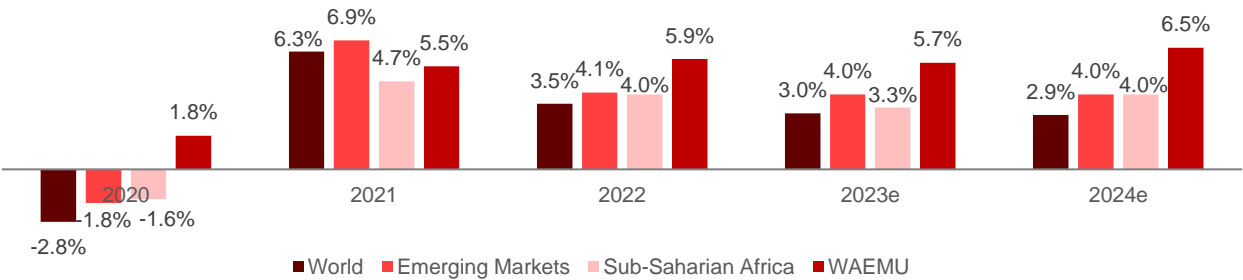
Latest statistics at a glance

Official Languages	French, Portuguese
Population	142 millions
Nominal GDP (3Q-2023)	XOF 119 trillion (EUR 180 bn)
Growth Rate (3Q-2023)	5.8%
Inflation Rate (3Q-2023)	2.9%
Unemployment Rate (3Q-2023)	12.2%
Common Central Bank	BCEAO
Common Currency	West African CFA Franc (XOF)*

Source: BCEAO
(*) 1 EUR = 655,957 XOF

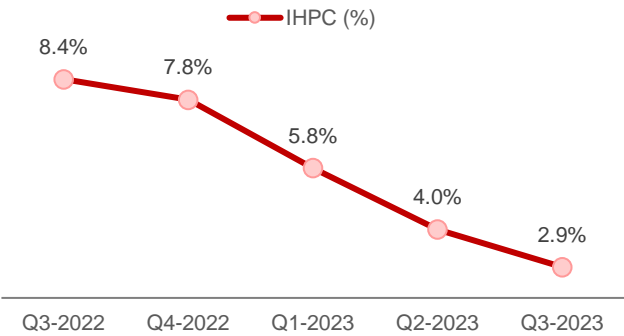


WAEMU expected recovery in 2023 outperforming other regions in terms of GDP growth



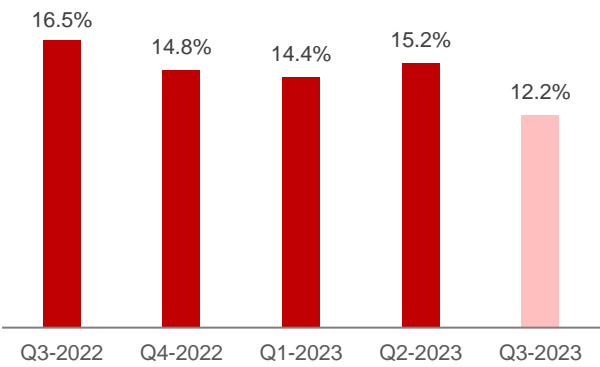
Source: IMF and BCEAO

Tamed inflation in the WAEMU mostly driven by lower Food sector prices



Source: BCEAO, as of February 2024

Decreasing unemployment rate in WAEMU

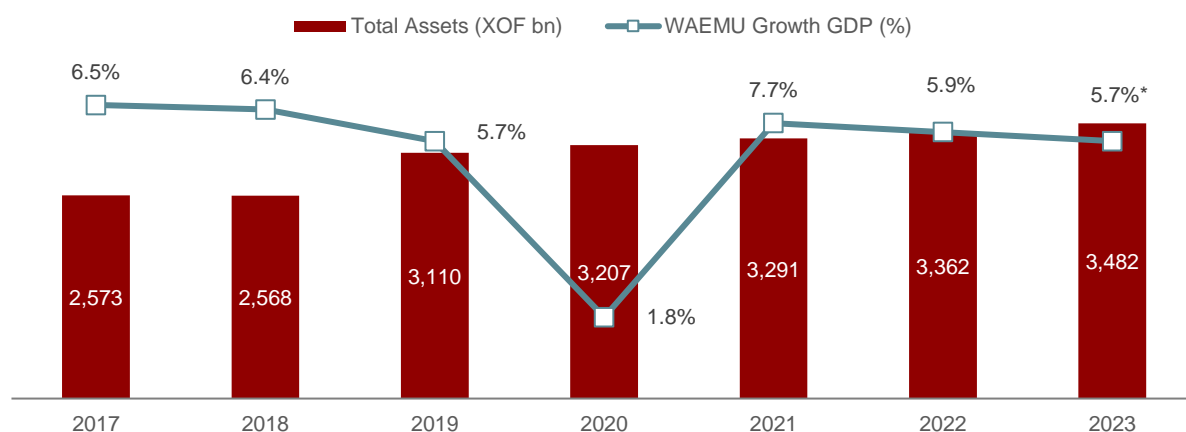


Source: BCEAO, as of February 2024

- The inflation rate in WAEMU decreased to **2.9%** in the third quarter of 2023, from **4.0%** in the previous one.
- Price deceleration was particularly driven by monetary policy measures, stabilizing food prices following the increase in cereal supplies from all EU countries, and the global fall in prices on international markets.
- The Inflation rate is expected to decrease to 3.7% (yoy) in YE2023 vs 7.4% in YE2022.
- In 3Q-2023 the unemployment rate in the WAEMU region has fell to **12.2%** from **15.2%** in the previous quarter.

4. Financials at a Glance (1/2)

BOAD Assets vs. WAEMU GDP Growth



Source: BCEAO & BOAD

(*) BCEAO Forecast of GDP Growth in 2023

BOAD Financials

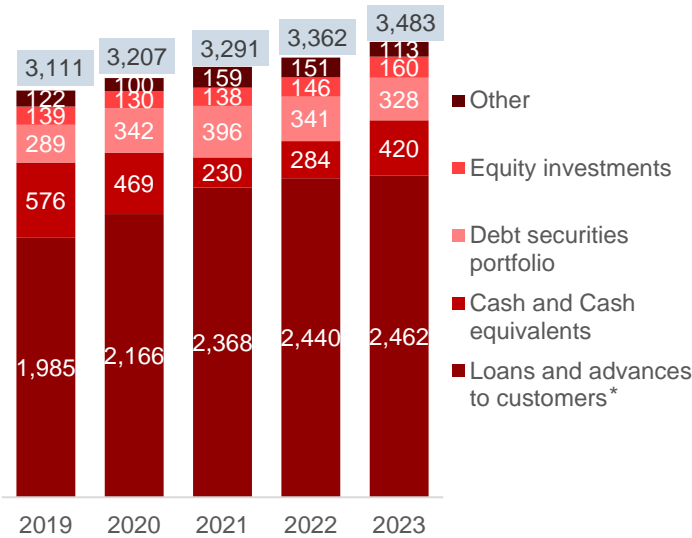
XOF Million	2020	2021	2022	2023
Loans and Advances to Customers	2,166,679	2,368,457	2,439,926	2,461,992
Total Equity	903,074	951,049	1,104,641	1,236,031
Total Assets	3,207,265	3,291,286	3,362,279	3,482,022
Margin on interest	52,131	60,160	72,627	89,274
Net Income	29,302	30,824	33,682	36,453
Return on Average Equity	3.38%	3.32%	3.28%	3.11%
Return on Average Assets	0.93%	0.95%	1.01%	1.07%
Equity/Assets	27.2%	27.9%	31.4%	34.9%
Capital Adequacy Ratio (Basel II)	23.90%	23.40%	26.50%	27.46%
Net Interest Margin	2.41%	2.54%	2.98%	3.63%
NPLs/Gross Outstanding Loans	2.71%	2.90%	2.92%	2.64%

- The Loans and Advances to Customers have slightly increased by 0.9% in 2023 to XOF 2,461.9 bn from XOF 2,439.9 bn in 2022.
- BOAD recorded a Net Income of XOF 36.5 bn in 2023 i.e. 8.2% increase compared to 2022 (XOF 33.7 bn).
- BOAD continues to benefit from a good capitalization and has currently one of the strongest capital ratios among its peers in the region. As at 31st of December 2023, the Capital Adequacy ratio increased to 27.46%, well above internal target of 15%.
- NPL ratio has improved to 2.64% in 2023 from 2.92% in 2022.

4. Financials at a Glance (2/2)

Assets Breakdown

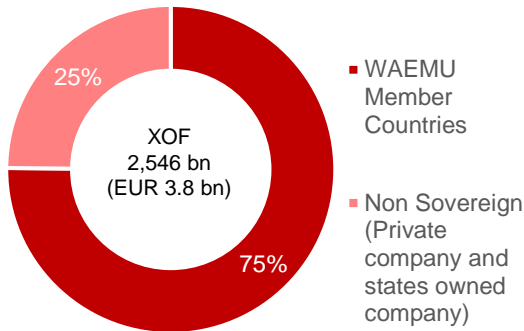
As at 31 December 2023 (XOF bn)



*Net loans and advances to customers

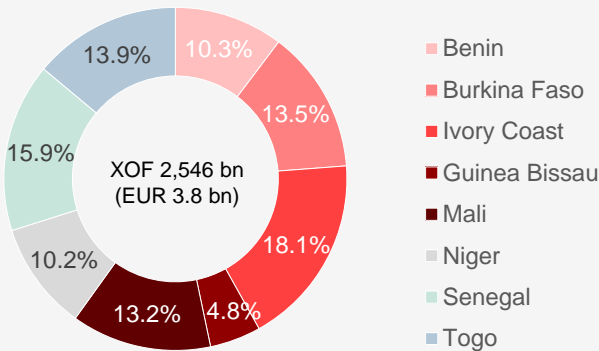
Distribution of Gross Outstanding Loan Portfolio

As at 31 December 2023



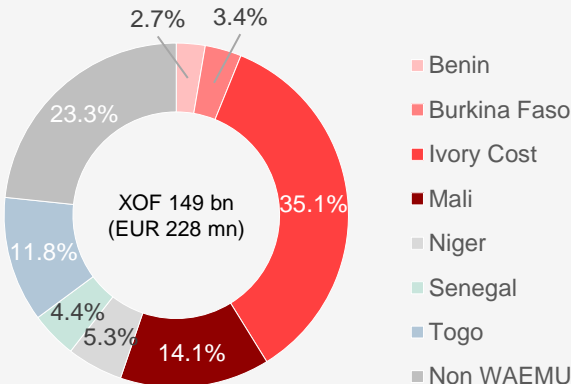
Total Gross Outstanding Loan Portfolio

As at 31 December 2023



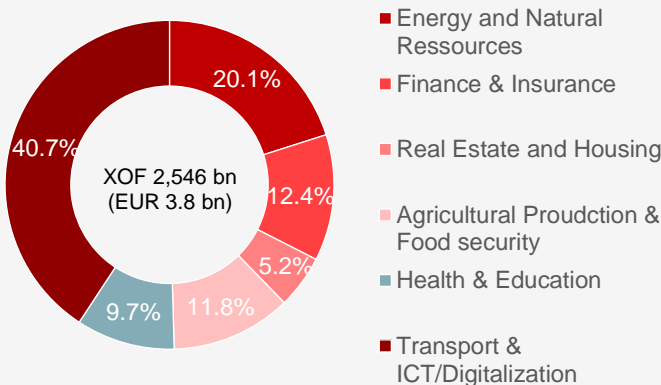
Equity Stakes by country

As at 31 December 2023



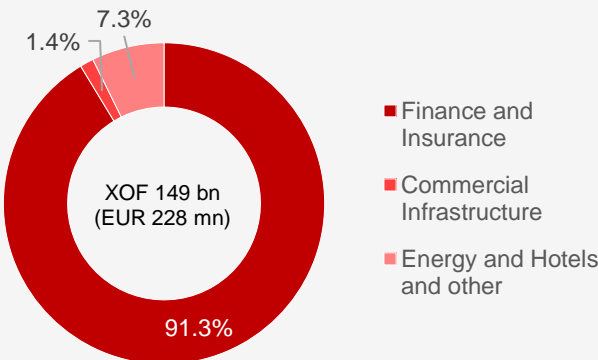
Gross Outstanding Loans by Sector

As at 31 December 2023



Equity Stakes by sector

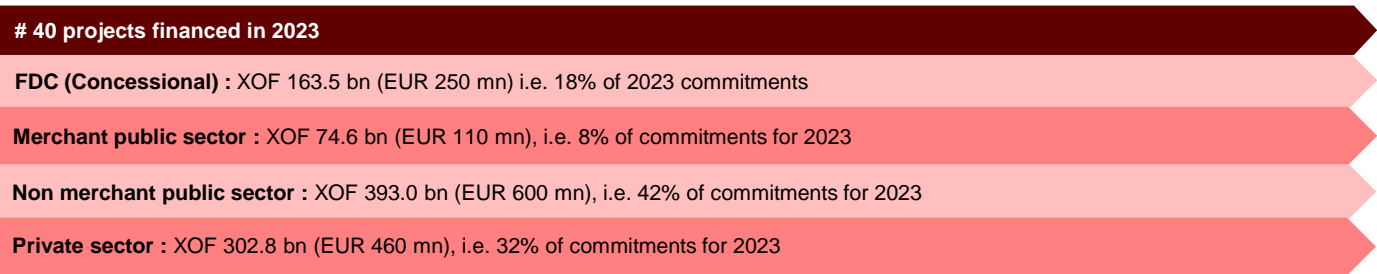
As at 31 December 2023



5. Strategy Screen : 2023 Achievements

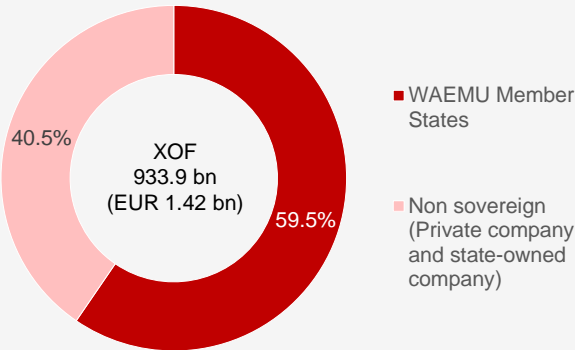
- Since January 2021, BOAD has been implementing its 2021-2025 strategic plan called DJOLIBA plan, the vision of which is to position the BOAD as *“the leading bank for a sustainable impact in West Africa”*.
- The Djoliba plan is part of the bank's ambition to contribute to the achievement of the Sustainable Development Goals (SDGs) of the region. It provides for an average annual commitments of XOF 658.7 bn (about EUR 1 bn), i.e. a total of XOF 3,293.5 bn (EUR 5 bn) over the next five years.

BOAD is implementing its Djoliba plan with XOF 939.9 bn Total Commitments in 2023



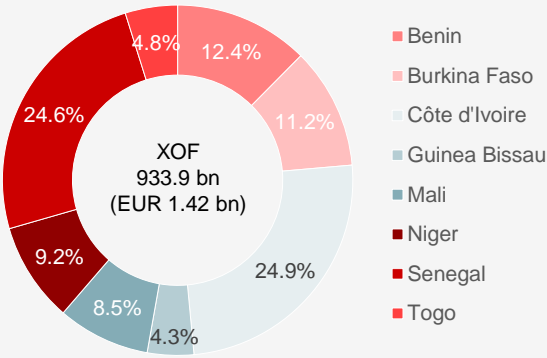
Loans granted in 2023 per client type

As at 31 December 2023



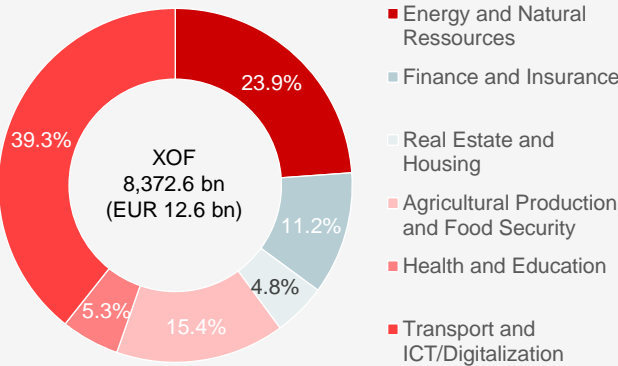
Loans granted in 2023 per country

As at 31 December 2023



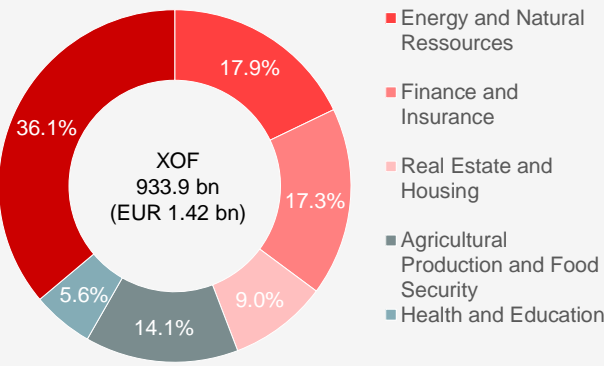
Cumulated gross loans since the commencement of its activity per sector of activity

As at 31 December 2023



Loans granted in 2023 per sector of activity

As at 31 December 2023



6. BOAD's Recent Projects and Achievements (1/4)



Refinancing facility to BGFI Bank Cote d'Ivoire (BGFI Bank CI), Abidjan, Republic of Côte d'Ivoire. This involves a short-term facility intended to partially finance the 2023-2024 cocoa and cashew seasons in Côte d'Ivoire and a medium-term facility to support micro, small and medium-sized enterprises (MSMEs). The two operations totaling respectively XOF15 billion and XOF10 billion, are meant to strengthen the production and cashflow capacities of companies benefitting from the support of BGFI Bank CI.



XOF 5 bn

Refinancing facility to African Lease Togo, Lomé, Republic of Togo. The loan is meant to provide the institution with adequate resources to efficiently offer inclusive services tailored to the needs of micro, small and medium-sized enterprises.



Short-term loan to Manzima Holding SAS, Abidjan, Republic of Côte d'Ivoire. The objective is to provide financial support to the main shareholder of the NSIA Group for acquiring the stake of Amethis Africa Finance Fund in the capital of NSIA Participations SA. Ultimately, the operation will, among other things, modify the organizational structure of the NSIA Group by creating two (2) sub-holdings responsible for banking activities and insurance activities respectively.



XOF 22.9 bn



XOF 1.9 bn

BOAD's participation in the capital increase of the Caisse Régionale de Refinancement Hypothécaire de l'UEMOA (CRRH-UEMOA), Lomé, Republic of Togo. This operation aims to increase the tier-one equity of CRRH-UEMOA in order to preserve its credit rating and continue to mobilize long-term competitive resources for its mortgage refinancing activities.



Construction and operation of a cashew nut processing industrial complex by Benin Cashew SA in the Glo Djigbé Industrial Zone (GDIZ), Djibé, Republic of Benin. This project, a clear testimony of the Beninese Government's determination to promote local processing of raw cashew nuts, aims to add value to the sector. As such, five (5) industrial units for processing raw cashew nuts with an annual nominal capacity of 100,000 tonnes each, and one (1) industrial unit for extracting cashew nutshell oil with an annual capacity of 20,000 tonnes, will be constructed and put into operation.



XOF 10 bn

6. BOAD's Recent Projects and Achievements (2/4)



Construction of the Kobo-Kanawolo road section (47.3 km) of the Autoroute du Nord (northern highway), in the Republic of Côte d'Ivoire. In line with the national development plan, this project aims to support the increase in traffic along this corridor connecting the Abidjan Port to the hinterland countries, in order to sustain national economic growth.



XOF 30 bn



XOF 23 bn

Labé-Mali (Guinea)-Senegal border-Kédougou-Fongolembi (Senegal) regional road upgrading project. This project is aimed at opening up the above-mentioned areas in order to facilitate economic and social exchanges at national and regional levels.



Rehabilitation of two administrative buildings known as “Tour C” and “Sebroko” in Abidjan, Republic of Côte d'Ivoire. The purpose is to increase the State's real estate assets for the benefit of public service users so as to control the State's rental costs and meet the public service requirements in terms of office facilities that comply with international standards.



XOF 30 bn



XOF 21.6 bn

Project for the construction of civic service centres in the Republic of Côte d'Ivoire. Under this project, ten (10) civic service centres will be built in the cities of Dimbokro, Bondoukou, Man, San Pedro, Séguéla, Odienné, Abengourou, Gagnoa, Abidjan and Yamoussoukro to provide technical training to support the integration of vulnerable youth whilst developing their civic engagement.



2023-2024 cotton season in the Republic of Burkina Faso. This loan will contribute to the purchase and processing of approximately 427,500 tonnes of cottonseed into cotton fibre for the 2023-2024 season.



XOF 15 bn

6. BOAD's Recent Projects and Achievements (3/4)



XOF 14 bn

Emergency project for the production of mineral fertilisers, Ouagadougou, Republic of Burkina Faso. The purpose of the project is to purchase raw materials for the production of 29,000 tonnes of mineral fertilisers and strengthen the logistical capacity of the Société d'Exploitation des Phosphates du Burkina (SEPB). The project, once implemented, will contribute to improving the agricultural productivity and production and will facilitate small farmers' access to quality fertilisers at competitive prices.



Second phase of the Irrigation Development Programme in the Bani Basin and Sélingué (P2-PDI-BS), in the Moyen Bani region, Republic of Mali. The project aims to increase food and nutritional security and reduce poverty in the intervention area. Its implementation will, among other things, increase producers' incomes and build people's capacity to better address climate risks.



XOF 30 bn



XOF 30 bn

Road network upgrading project in the Republic of Senegal. The overall objective is to improve the mobility of people and goods on the major road network by eliminating areas of advanced deterioration and restoring comfort and safety for users.



Development and asphaltting of the Petit Nassian-Kafolo-Tehini road, Republic of Côte d'Ivoire. The project's overall objective is to support the revival of the national economy by facilitating trade between the various localities located in its direct intervention area.



XOF 30 bn



XOF 30 bn

Widening and upgrading of trunk road No4, "RD125 - RD40 junctions", including access road to University Thomas Sankara (UTS) in Ouagadougou, Republic of Burkina Faso. The project will make it possible to : improve mobility on the urban section of the RN4 by reducing journey times by around 50% or from around 50 to 25 minutes, reduce the number of traffic accidents as well as the vehicle operating costs.



6. BOAD's Recent Projects and Achievements (4/4)



XOF 24.5 bn

Construction of a Digital Technology Park (DTP) in the urban pole of Diamniadio, Republic of Senegal. The construction and equipment of this facility over an area of 25 hectares, will provide Senegal with a world-class digital infrastructure, making the country one of the largest sub-regional platforms for digital services.



Construction of the northern section of The 225 kV Loop around Bamako and electrical substations, Republic of Mali. This double-circuit line connecting the localities of Kodialani, Kambila, Safo, Kénié and Dialakorobougou will strengthen the transport network infrastructure to contribute to the transformation of the economy and improve the lives of communities.



XOF 30 bn



XOF 25 bn

Strengthening of potable water supply systems for fluvial centers in Richard Toll, Dagana, Podor and Matam, Republic of Senegal. This project will help improve access to potable water for the local population and reduce the prevalence of water-borne diseases resulting from the consumption of non-potable water.



Renewal of the partial counter-guarantee of the guarantee provided by Société Générale Côte d'Ivoire (SGCI) to AZITO Energie SA on behalf of CI-ENERGIES. This transaction will enable the Government of Cote d'Ivoire to secure the payment of energy bills owed to AZITO Energie SA by CI ENERGIES under phases 3 and 4 of the AZITO power plant project.



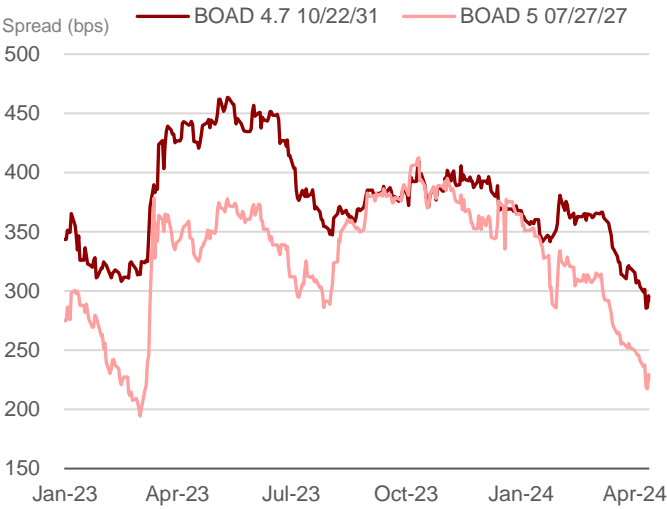
XOF 10 bn



7. Trading Eurobonds Performance

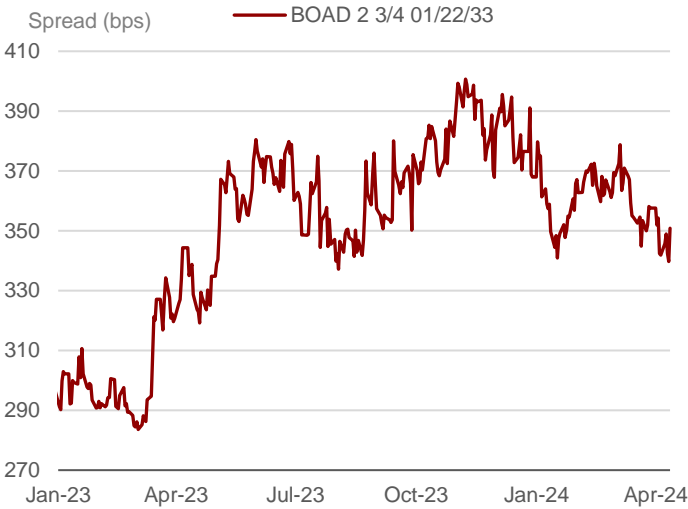
BOAD bonds excellent performance on the secondary market

BOAD USD-denominated bonds



Source: Bloomberg, as of 12 April 2024

BOAD EUR-denominated bond



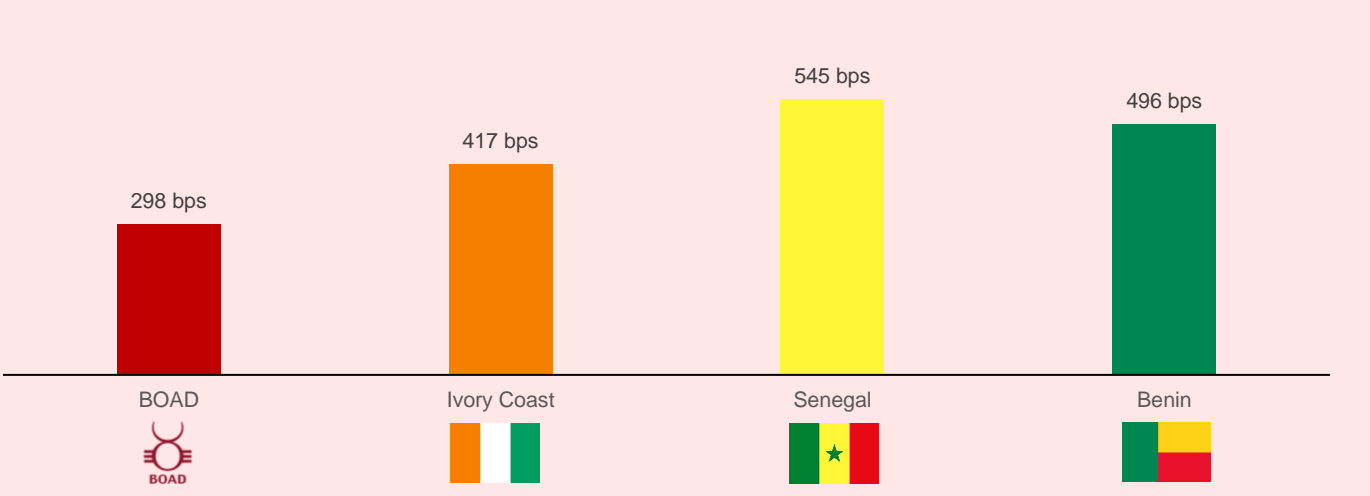
Source: Bloomberg, as of 12 April 2024

Issuer	Issue Date	M's	S&P	Fitch	Amount	Curr	Maturity	Coupon (%)	Tenor (y)	Price (%)	Yield (%)	Spread (bps)	Δ 1m	Δ YTD	Δ 6m
BOAD	27/07/2017	Baa1	-	BBB	850	USD	27/07/2027	5	3.3	94.89	6.76	230	-57	-135	-165
BOAD	22/10/2019	Baa1	-	BBB	830	USD	22/10/2031	4.7	7.5	86.26	7.09	296	-56	-72	-104
BOAD	22/01/2021	Baa1	-	BBB	750	EUR	22/01/2033	2.75	8.8	77.48	6.15	351	-16	-17	-34

Source: Bloomberg, as of 12 April 2024

BOAD and WAEMU issuers performance on the secondary market

Weighted Average⁽¹⁾ Bond Spread



Source: Bloomberg, as of 12 April 2024

(1) For each issuer, the Weighted Average Spread is based on USD eq. issued amount for each outstanding bond

8. BOAD Ratings

Ratings of BOAD and its peers in the region

Issuer	Moody's	S&P	Fitch
BOAD	Baa1 (Negative)	-	BBB (Negative)
Africa Finance Corporation (AFC)	A3 (Negative)	-	-
African Export-Import Bank (AFREXIM)	Baa1 (Stable)	-	BBB (Stable)
Eastern and Southern African Trade and Development Bank (TDB)	Baa3 (Negative)	-	BB+ (Stable)

Source: Bloomberg, as of 25 April 2024

- On the 25th of April 2024, Fitch maintained BOAD’s ‘BBB’ rating and revised its outlook to negative from stable. This change is explained by the extension of Guinea-Bissau's debt maturity (IMF HIPC initiative) and Niger's late payments following the financial sanctions imposed by the Economic Community of West African States in July 2023, which were lifted on February 24th.
- The Guinea Bissau budget deficit has increased due to lower export earnings and higher spending in subsidies to fight inflation. Following the IMF restructuring, Guinea Bissau will stop subsidies for energy and basic commodities, and will develop Cashew Agri-industry to boost production and national export revenues. This will be made possible thanks to the reduction of debt service for the country. Indeed, other than BOAD, the MDBs have transformed their exposures to Guinea Bissau to grants. To assist its Member Country, which represents 4.8% of its total loan portfolio, BOAD has decided to (i) double the loan maturities, (ii) introduce a principal payback grace period of 5 years, and (iii) keep the same interest rate throughout the doubled loan lifetime. Theses measures would help the country consolidate its public finances and support its economy. Therefore, unlike the other MDBs, BOAD would not face any loss on Guinea Bissau.
- Additionally, progress is being made in Niger. The repayment of the delayed funds process is underway and is expected to be terminated in the coming weeks.

