President Editorial

The underlying imperative that guides the implementation of our DJOLIBA 2021-2025 Plan is to increase the impact of the Bank’s interventions in order to improve general living conditions in terms of well-being, decent jobs, and resilience to various shocks. Our main goal is to play a key role in helping our Union address multiple development challenges, such as those related to energy and ecological transitions. Indeed, the WAEMU countries are particularly sensitive to the consequences of climate change, notably changing rainfall, the transformation of growing seasons, and sea level rise.

Hence, we are faced with the need to support our member countries in their efforts to overcome the climate change hurdles using a dynamic approach based on adaptation, mitigation, and resilience. In that respect, I am delighted to inform you that our second Environment and Climate Strategy 2021-2025, in line with DJOLIBA orientations, was universally commended by the financial community in Glasgow, Scotland at the 26th Climate Conference of the Parties (COP26). It is supported by a strong attachment to ESG standards and the achievement of the Sustainable Development Goals (SDGs).

In addition to the sizable concerns mentioned above, there are currently many other major topics that require urgent action such as, among others, the strengthening of technical platforms of health structures in connection with the Covid-19 pandemic, the fulfillment of basic social expectations, such as access to quality education and health, as well as food security, and greater control of demographic growth in order to reduce growing pressures on natural resources and energy needs.

To help our member states in meeting these structural challenges, BOAD aims to inject a total funding of 5 billion euros into the WAEMU economies over a five-year period in priority sectors such as (i) infrastructure and digital economy, (ii) energy and natural resources, (iii) agriculture and agro-industry, (iv) health, education, and real estate, and (v) finance. At least 25% of this amount will be dedicated to action on climate change accelerating the shift to cleaner and sustainable economies.

The Bank’s participation in financing low-carbon projects will thus contribute to the achievement of the SDGs and notably make it possible to: (i) avoid 18 million tCO₂; (ii) contribute to the creation of 244,000 additional jobs; (iii) produce 170,000 tons of rice per year and (iv) increase the average production of drinking water by 88,000 m³/day.

However, to achieve these targets, the Bank is eager to increase its financing capacities, in particular by securing long-term funding at low cost, both in debt and in capital. We will peculiarly focus on seeking concessional resources from our main strategic partners, including the biggest climate funds like the Green Fund, the Global Environment Facility, or the Adaptation Fund. We will also endeavor to attract private investments in favor of climate change projects.

We target greater balance sheet agility using financial innovation at the service of development. Indeed, as part of its Djoliba Strategic Plan, BOAD envisages a growth of 50% in its financing activities over the period 2021-2025, when compared to the previous five-year period. To achieve this objective, not only do we need to strengthen our funding capacity, but we must also adopt more proactive and agile balance sheet management. As such, BOAD has just completed in December 2021 an inaugural credit insurance transaction with leading insurance institutions covering part of the Bank receivables. The goal of this insurance is to optimize the use of capital and to increase the magnitude of the Bank’s activity, all the while improving its risk profile.

Finally, we are aiming to ensure this communication channel remains open and accessible on a regular basis so that we can share with you the joy of reaching new milestones.

On behalf of my colleagues, I wish you a very happy holiday season and a peaceful and prosperous New Year.

Serge Ekué
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4. BOAD Recent Projects and Achievements
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The Board of Directors of the West African Development Bank (BOAD) held its 125\textsuperscript{th} and 126\textsuperscript{th} ordinary meetings on 21 September and 23 November respectively, under the chairmanship of Mr. Serge Ekue, President of BOAD and Chairman of the Board of Directors. During these two meetings, the Board approved 7 loan proposals involving a total amount of FCFA 86 bn aiming to finance various projects of agro-industry, housing, infrastructure, telecommunication and Financial sectors within the member countries.

The Board has also approved the provision of a 5\textsuperscript{th} line of credit from the African Development Bank (BAD) in favor of BOAD. This loan aims to support private sector companies in the UEMOA region in various sectors, with an emphasis on projects related to the agriculture, the promotion of women and the improvement of the living conditions of the populations.

BOAD’s President was rewarded with the Development Champion Award by the Rebranding Africa Forum 2021 edition. This annual forum held in Brussels, celebrates leading personalities who, through their daily actions, are tracing the paths of development and are changing others’ opinion on the African continent.

The Board was informed about the progress of the operation to double the Bank’s equity capital. This project, also referred to as the “Peninsula” project, targets a capital increase of at least $1.3 bn and aims at providing BOAD with resources to meet the growing needs of the WAEMU populations, particularly in the transport infrastructure, energy, housing, agriculture, education and health sectors.

On 29 September 2021, Mali borrowed FCFA 50 bn on the WAEMU money market via a double-tranche issuance of treasury stimulus bonds (OAT). This operation, which aroused the enthusiasm of investors, was oversubscribed by 314.49\% with an overall amount of bids reaching FCFA 157.2 bn, i.e three times the amount sought by the country.

WAEMU member states agreed to adopt a uniform legislative framework on stock market offenses. A related bill was examined by the Ministers of economy and finance of the West African Economic and Monetary Union meeting in statutory council on 23 September 2021. The meeting, carried out by videoconference under the chairmanship of HE Sani Yaya, Minister of Finance of the Republic of Togo, aims to ensure “a more effective application of the rules of financials markets by the creation of a community framework for the repression of criminal offenses likely to be committed there”, according to the Togolese Minister of Economy and Finance.
2. Macroeconomic Environment

Latest statistics at a glance

<table>
<thead>
<tr>
<th>Official Languages</th>
<th>French, Portuguese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>127 millions</td>
</tr>
<tr>
<td>Nominal GDP (Q2-2021)</td>
<td>FCFA 91 615,9bn (EUR 139bn)</td>
</tr>
<tr>
<td>Growth Rate (Q2-2021)</td>
<td>7,7%</td>
</tr>
<tr>
<td>Inflation Rate (Q2-2021)</td>
<td>3,3%</td>
</tr>
<tr>
<td>Unemployment Rate (Q2-2021)</td>
<td>12,7%</td>
</tr>
<tr>
<td>Common Central Bank</td>
<td>BCEAO</td>
</tr>
<tr>
<td>Common Currency</td>
<td>West African Franc CFA (XOF)*</td>
</tr>
</tbody>
</table>

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

WAEMU showed growth resilience during covid crisis and is set to outperform its peers

<table>
<thead>
<tr>
<th>Year</th>
<th>World</th>
<th>Emerging Markets</th>
<th>Sub-Saharan Africa</th>
<th>WAEMU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2,8%</td>
<td>3,7%</td>
<td>3,2%</td>
<td>5,7%</td>
</tr>
<tr>
<td>2020</td>
<td>1,8%</td>
<td>-2,1%</td>
<td>-1,8%</td>
<td>1,8%</td>
</tr>
<tr>
<td>2021e</td>
<td>6,0%</td>
<td>6,3%</td>
<td>5,4%</td>
<td>6,4%</td>
</tr>
<tr>
<td>2022e</td>
<td>4,9%</td>
<td>5,2%</td>
<td>4,1%</td>
<td>6,4%</td>
</tr>
</tbody>
</table>

Source: IMF and BCEAO

Inflation in WAEMU due to an increase of domestic consumption

Source: BCEAO

- Consumption increased by 7.8% in the second quarter of 2021, following a 3% increase noted in the previous quarter.
- Gross Investments increased by 11.6% in the second quarter of 2021, compared to the same period of the previous year, after an increase of 9.9% in the previous quarter.

Evolution of unemployment rate in WAEMU

Source: BCEAO

- Young people aged between 15 and 24 year old are more affected by unemployment, with a rate of 19.0% by September 2021, down 1.5% qoq.
- For 25-y to 35-y old population, the unemployment rate also decreased by 0.5% to 16.2%.
- It remained relatively low for adults aged 35-y and over, with a rate of 8.2%, almost stable compared to the previous quarter.
3. Financials at a Glance (1/2)

**BOAD Assets vs. WAEMU GDP Growth**

![Graph showing BOAD Assets vs. WAEMU GDP Growth](Source: WAEMU & BOAD)

**BOAD Financials**

<table>
<thead>
<tr>
<th>FCFA Million</th>
<th>2019</th>
<th>2020</th>
<th>Q3-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Advances to Customers</td>
<td>1,985,427</td>
<td>2,166,679</td>
<td>2,310,812</td>
</tr>
<tr>
<td>Total Assets</td>
<td>3,110,447</td>
<td>3,207,265</td>
<td>3,228,804</td>
</tr>
<tr>
<td>Total Shareholder’s Equity</td>
<td>831,727</td>
<td>903,074</td>
<td>938,249</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>50,057</td>
<td>52,131</td>
<td>43,912</td>
</tr>
<tr>
<td>Net Income</td>
<td>26,812</td>
<td>29,302</td>
<td>23,661</td>
</tr>
<tr>
<td>Return on Average Equity</td>
<td>3.6%</td>
<td>3.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Return on Average Assets</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Capital Adequacy Ratio (Basel II)</td>
<td>25.2%</td>
<td>24.5%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.0%</td>
</tr>
<tr>
<td>NPLs/Gross Outstanding Loans</td>
<td>3.0%</td>
<td>2.7%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Source: BOAD

- The Loans and Advances to Customers has increased by 6.7% from end of 2020 to Q3-2021 driven by the economic recovery in WAEMU region.
- BOAD’s reported non-performing loans (NPLs) declined to 2.6% of gross loans at Q3-2021 from 2.7% at year-end 2020 and 3% at year-end 2019.
- BOAD benefits from a good capitalization and has currently one of the strongest capital ratios among its peers in the region. As of Q3-2021, the Capital Adequacy ratio increased to 28%, well above internal target of 15%.
## Assets Breakdown

(FCFA bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Loans and advances to customers</th>
<th>Cash and Cash equivalents</th>
<th>Debt securities portfolio</th>
<th>Equity investments</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2573</td>
<td>164</td>
<td>1755</td>
<td>38</td>
<td>303</td>
</tr>
<tr>
<td>2018</td>
<td>2569</td>
<td>263</td>
<td>1802</td>
<td>139</td>
<td>271</td>
</tr>
<tr>
<td>2019</td>
<td>3111</td>
<td>342</td>
<td>1985</td>
<td>122</td>
<td>576</td>
</tr>
<tr>
<td>2020</td>
<td>3207</td>
<td>419</td>
<td>2166</td>
<td>108</td>
<td>469</td>
</tr>
<tr>
<td>Q3-2021</td>
<td>3228</td>
<td>135</td>
<td>2310</td>
<td>122</td>
<td>239</td>
</tr>
</tbody>
</table>

Source: BOAD

## Distribution of Gross Outstanding Loan Portfolio

As of 31 December 2020

- **FCFA 2 206bn (EUR 3,36bn)**
  - WAEMU Member States: 72.4%
  - Non WAEMU: 27.6%

Source: BOAD

## Total Gross Outstanding Loan Portfolio

As of 31 December 2020

- **FCFA 2 207bn (EUR 3,36bn)**
  - Benin: 18%
  - Burkina Faso: 12%
  - Ivory Coast: 10%
  - Guinea Bissau: 10%
  - Mali: 15%
  - Niger: 11%
  - Senegal: 6%
  - Togo: 19%

Source: BOAD

## Equity Stakes by country

As of 31 December 2020

- **FCFA 116 bn (EUR 180mn)**
  - Togo: 20%
  - Senegal: 12%
  - Niger: 7%
  - Mali: 6%
  - Ivory Coast: 3%
  - Burkina Faso: 15%
  - Benin: 35%
  - Non WAEMU: 6%

Source: BOAD

## Gross Outstanding Bank Window Loans by Sector

As of 31 December 2020

- **FCFA 609 bn (EUR 930mn)**
  - Industries: 15%
  - Finance and Insurance: 12%
  - Energy, water and information and communication technologies: 6%
  - Hospitality and other services: 32%
  - Transport, town planning and environment: 35%
  - Commercial Infrastructure: 2%
  - Energy and Hotels and other: 94%

Source: BOAD
4. BOAD Recent Projects and Achievements

BOAD granted FCFA 16 bn loan to the construction of the Ouagadougou-Donsin International Airport in Burkina Faso. The project involves the construction of a new international airport at the Donsin site located 35 km north of Ouagadougou, replacing the current Ouagadougou international airport.

[23 November 2021]

BOAD approved FCFA 10 bn loan to finance the Ouédou site in the Municipality of Abomey-Calavi, located in the suburbs of Cotonou. The site covers an area of 235 hectares and offers 10 849 social and economic accommodation units.

As part of “Benin revealed” strategy, this real state program aims to enhance the living environment and reduce poverty. Indeed, the project is set to provide housing for at least 150 000 inhabitants promoting new ways of accessing social housing.

[23 November 2021]

BOAD agreed to lend FCFA 20 bn to the Company Platform Industrial Adétikopé (PIA-Togo) to construct an industrial platform of 132 ha in Adétikopé. This sustainable and inclusive project will create 12 500 jobs and will be major in Togo’s economy growth.

[21 October 2021]

BOAD granted FCFA 20 bn loan for the construction of a logistic platform in the Grand Nokoué agribusiness centre at Abomey-Calavi in the Republic of Benin. With an area of 168 ha, the platform will improve the quality of service of wholesale and export activities of agrifood products in Benin. The project implementation will also contribute to the creation of at least 200 direct jobs (temporary) and 820 indirect and induced jobs. In addition, the preparation and construction work will make it possible to transfer the wholesale activities of the Dantokpa market, and will give women in the Abomey-Calavi commune an opportunity to improve their income by carrying out small-scale trading and catering activities in the vicinity of the project site.

[21 September 2021]
4. BOAD Recent Projects and Achievements

BOAD granted FCFA 20 bn loan to TOGOCOM SA in Togo for extension and upgrading of the telecommunication network. The project involves (i) the construction of 430 new mobile network sites; (ii) the upgrading of 793 sites to 4G standards; (iii) the deployment of 53 new 5G sites in five areas, on a pilot basis; (iv) the connection of 613 sites to fiber-optic; and (v) the expansion of international access capacity from 60 Gpbs to 80 Gpbs. Its implementation will make it possible to cover 98% of the population and 90% of the Togolese territory by 2023.

[21 September 2021]

BOAD committed on FCFA 6.5 bn loan to fund the development of the Tillabéri corniche in the Republic of Niger. This involves the development and asphalting of a 3 km section of the Tillabéri corniche into a 2×1 carriageway lane with two shoulders of 1.5 meters each. It is also planned to build three disembarkation points and three market sheds for trade in the area. The project will therefore contribute to boosting the economy through improved living conditions of the populations and the transportation conditions in the city.

[21 September 2021]

BOAD has approved a third refinancing facility of FCFA 3.5 bn to the Union des Caisses Mutuelles KAFO JIGINEW in the Republic of Mali. This loan is part of the Bank’s efforts to contribute to the strengthening of the stable resources of WAEMU’s microfinance institutions. It is intended for the procurement of off-grid solar electrification equipment for households, micro and small-scaled enterprises, schools and health centers.

[21 September 2021]
Djoliba Strategic Plan 2021-2025 Matrix

- BOAD’s vision is to increase the Bank’s means of intervention on three operational strategic axes while focusing on five sectors of activities.

<table>
<thead>
<tr>
<th>Axis</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regional integration</td>
</tr>
<tr>
<td>2</td>
<td>Value &amp; jobs creation in support of member states and the private sector</td>
</tr>
<tr>
<td>3</td>
<td>Building resilience to climate change</td>
</tr>
</tbody>
</table>

- **Infrastructure transport and ICT / digitization**: Production and equitable access to energy and natural resources; Agricultural and food security; Real Estate including touristic infrastructure and housing, notably social housing; Health and Education.

**BOAD Strategic Achievements & Recent Commitments**

- “With the digital, we can go faster.” Said Mr.Ekue. Infrastructures, energy, agriculture, social housing and health are the fields covered by BOAD which have already financed more than EUR 300 mn of digital projects.  
  [29 October 2021]

- The West African Development Bank and the G5 Sahel signed a protocol of agreement, which will frame and enable the intensification of cooperation between the two structures. The ceremony took place at the bank’s headquarters in Lomé.  
  [25 October 2021]

- Mr.Ekue, BOAD’s president and Mr.Novo, Executive Director head of export for BPI France, agreed to sign a cooperation pact to finance and support the developing of activities and projects notably driven by SMI/SME of the UEMOA zone.  
  [14 September 2021]
6. Sustainability Screen

Overview of BOAD’s ESG Policy Principles

<table>
<thead>
<tr>
<th>Environment</th>
<th>Social</th>
<th>Ethics and Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pollution prevention</td>
<td>• Labor and working conditions</td>
<td>• Policy against money laundering</td>
</tr>
<tr>
<td>• Biodiversity conservation, natural habitats and forest management</td>
<td>• Gender policy</td>
<td>• Policy on anti-competitive practices</td>
</tr>
<tr>
<td>• Sustainable management of natural resources</td>
<td>• Policy on native populations</td>
<td>• Policy combating fraud and corruption</td>
</tr>
</tbody>
</table>

**SDG goals mapping**

**FOCUS: 2025 Climate Investment Acceleration Objective, mainly in Five Sectors**

- **Green Energy & Energy Efficiency**
- **Food Safety Climate-smart Agriculture**
- **Resilience to Climate Shocks**
- **Green Cities Sustainable Urbanization Resilient Infrastructure**
- **Mobilize and Green the Financial Sector**

- **5 Strategic Climate Investment Programs**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Figures/Measurements</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% of the Bank commitments will be dedicated to fight climate change</td>
<td>25%</td>
</tr>
<tr>
<td>People will see their climate resilience enhanced</td>
<td>25 mn</td>
</tr>
<tr>
<td>Tons of avoided or reduced CO₂ eq emission</td>
<td>18 mn</td>
</tr>
<tr>
<td>Funding provided by Climate Funds and other financial partners supporting the bank climate investments</td>
<td>FCFA 175 bn</td>
</tr>
</tbody>
</table>

**BOAD Recent Commitments in Sustainability Projects**

BOAD is working on public guarantees development in collaboration with the Green Climate Fund in order to attract private investment towards local climate and energy efficiency projects in Africa.

[11 November 2021]

Alongside KFW Bankengruppe and African Risk Capacity Group, BOAD actively participated in the summit “Creating fiscal resilience in the face of Climate disasters - The West African Approach”.

[3 November 2021]
7. Trading Eurobonds Performance

BOAD bonds performance on the secondary market

BOAD EUR denominated bond

BOAD USD denominated bonds

**Source:** Bloomberg, as of 15 December 2021

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Date</th>
<th>M’s</th>
<th>S&amp;P</th>
<th>Fitch</th>
<th>Amount</th>
<th>Curr</th>
<th>Maturity</th>
<th>Coupon (%)</th>
<th>Tenor</th>
<th>Price (%)</th>
<th>Yield (%)</th>
<th>Spread (bps)</th>
<th>Δ 3 m</th>
<th>Δ 6 m</th>
<th>Δ YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOAD</td>
<td>27/07/2017</td>
<td>Baa1</td>
<td>-</td>
<td>BBB</td>
<td>850</td>
<td>USD</td>
<td>27/07/2027</td>
<td>5</td>
<td>5.6</td>
<td>110,36</td>
<td>2.98</td>
<td>191</td>
<td>21</td>
<td>-4</td>
<td>-58</td>
</tr>
<tr>
<td>BOAD</td>
<td>22/10/2019</td>
<td>Baa1</td>
<td>-</td>
<td>BBB</td>
<td>830</td>
<td>USD</td>
<td>22/10/2031</td>
<td>4.7</td>
<td>9.8</td>
<td>108,61</td>
<td>3.63</td>
<td>242</td>
<td>24</td>
<td>7</td>
<td>-39</td>
</tr>
<tr>
<td>BOAD</td>
<td>22/01/2021</td>
<td>Baa1</td>
<td>-</td>
<td>BBB</td>
<td>750</td>
<td>EUR</td>
<td>22/01/2033</td>
<td>2.75</td>
<td>11.1</td>
<td>104,90</td>
<td>2.24</td>
<td>218</td>
<td>27</td>
<td>3</td>
<td>-83</td>
</tr>
</tbody>
</table>

**Source:** Bloomberg, as of 15 December 2021

BOAD bonds returns beating both Bloomberg Investment Grade and EM Indices

2021 annual equivalent return of BOAD bonds vs Bloomberg aggregate Indices

**Source:** Bloomberg, as of 15 December 2021
### 8. BOAD Ratings

<table>
<thead>
<tr>
<th>Fitch Support Criteria</th>
<th>Description</th>
</tr>
</thead>
</table>
| Strengthening Support from Key Shareholders | ✓ Recent upgrades of two of the bank's member states: Cote d'Ivoire to 'BB-1' from 'B+' in July, and Benin to 'B+' from 'B' in October.  
✓ BOAD's support-driven rating would now be unchanged even if the French sovereign rating (AA/Negative) was downgraded by one notch, all else unchanged. |
| Solvency | ✓ Strong capitalization with an equity-to-assets and usable capital to risk-weighted assets ratios, both at 29% as of end-2020.  
✓ The loan performance is enhanced thanks to BOAD's preferred creditor status. Non-performing loans accounted for 2.7% of total loans as of end-2020. |
| Liquidity | ✓ Strong coverage of short-term debt by liquid assets and the bank’s proven access to capital market. |

<table>
<thead>
<tr>
<th>Moody’s</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baa1 Negative outlook</td>
<td>BBB Stable outlook</td>
</tr>
</tbody>
</table>

**Fitch Upgrades BOAD's Outlook to Stable from Negative and Affirms at 'BBB'**