

# BOAD Newsletter

Latest news and developments



December 2022

# President's Editorial



*W*e are glad to share with you that the WAEMU Council of Ministers has approved BOAD's capital increase in an equivalent amount of USD 900 million. The unanimous involvement of our regional shareholders in this capital build-up, further reaffirms their unconditional support to our institution. This additional capital provides BOAD more firepower to serve WAEMU member countries and finance their strategic projects, thereby boosting their growth prospects while meeting the local communities' basic needs, at a time when macroeconomic trends turned less supportive. As at FYE2022, inflation stood at 8% across the WAEMU region, pushing trade deficit up in several countries. This has left foreign exchange reserves under strain, whilst public debt peaked at 57%.

More than ever aware that the challenges facing Africa require a coordinated and multifaceted approach, involving all public and private development players, we have intensified bilateral and group initiatives by taking part in a series of international development events. From COP 27, COP 15 to IMF meetings, not to mention Africa Financial Industry Summit, Italia-Africa Business Week and US-Africa Leaders Summit, we have actively participated in innovative and constructive events spanning over three continents. We have not spared any effort to initiate new partnerships with other development institutions as we believe that this approach will help embed even deeper a sustainable economic growth in our region.

We thrive to support our member countries in their fight against inflation pressure and notably in a context of slowing global economy, higher interest rates, scarcer liquidity and a stronger US dollar, deeply and directly impacting their import costs. Although our region has shown good resilience with an expected growth rate of 5.7% in 2022, basic commodities' prices uptrend is a real threat for food security and public healthcare in our countries.

We remain committed to play a major role by financing our region growth as per our 2021-2025 strategic plan "Djoliba", with the objective of investing over a five-year period a total funding of €5 billion in the WAEMU economies, in priority sectors such as (i) infrastructure and digital economy, (ii) energy and natural resources, (iii) agriculture and agribusiness, (iv) health, education and real estate, and (v) finance. At least 25% of this amount will be devoted to action on climate change, thereby accelerating the shift to cleaner and sustainable economies.

Not only we support our member countries in each of their development plans, but we also stimulate region-wide projects, creating synergies across WAEMU. With the 100 million trees initiative, aimed at the fight against desertification and climate change, we strive to create jobs, improve the living standard of local communities and raise their awareness of environmental issues.

On behalf of BOAD team, I would like to thank all our partners for putting their trust in our institution and for their cooperation year after year. Beyond their contribution towards strengthening BOAD's success and leadership as a leading development bank in the WAEMU region, their cooperation is paramount for the safety of our population and for the future of our entire region.

We wish you all a peaceful, safe and prosperous New Year.

*Serge Ekoué*



# Table of Contents

- 1. Key Developments**
- 2. Financials at Glance**
- 3. BOAD's Recent Projects and Achievements**
- 4. Strategy Focus**
- 5. Trading Eurobonds Performance**
- 6. BOAD Ratings**



# 1. Key Developments

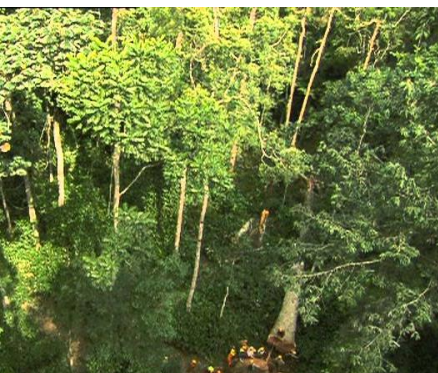


On 30 December 2022, the WAEMU Council of Ministers approved **BOAD's capital increase in an equivalent amount of USD 900 million.**



For the 5<sup>th</sup> edition of the **Financial Afrik Awards** held on 8 December 2022 in Lomé, under the theme of Green Finance, the President of BOAD, Mr Serge Ekué had received recognition as "**Financier of the Year**".

- As an active institutional partner of the unprecedented event, Africa Financial Industry Summit (AFIS), held from 28 to 29 November 2022 in Lomé, BOAD has shown its commitment to contribute to fair, steady and sustainable development leading to the emergence of economies in the WAEMU region. Mr. Serge Ekué took part in the opening ceremony, alongside the President of the Togolese Republic, His Excellency, Mister Faure Gnassingbe, senior officials from international and regional institutions and leaders of the international financial industry. This provided an opportunity for a constructive dialogue between various institutions and partners operating in the region.



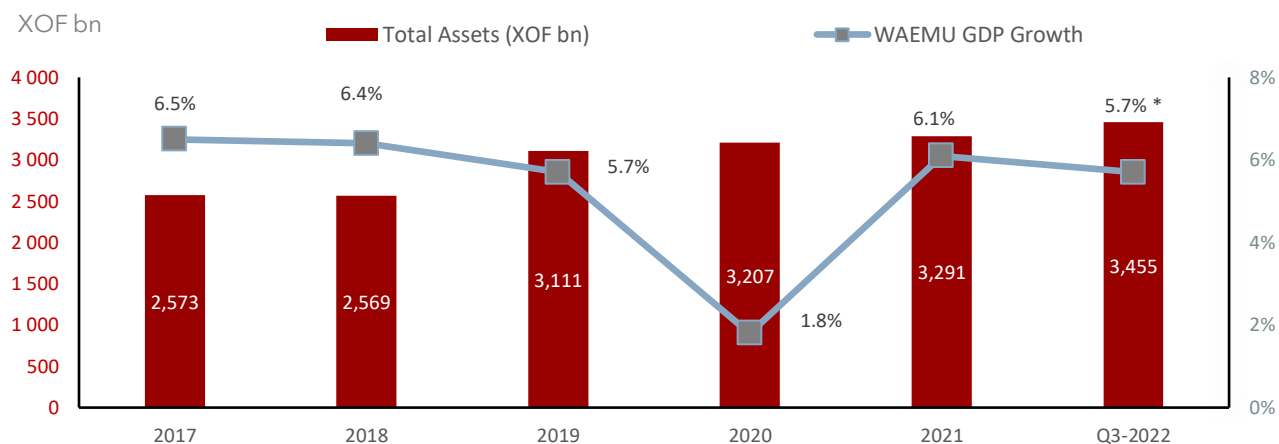
- BOAD has provided funding to the "100 million trees" project, implementing a reforestation strategy spanning over the WAEMU region starting from 2024 to 2034. The project aims to enrich the soil and preserve biodiversity. As part of the "Great Green Wall" initiative supported by the African Union, this solution is a major tool in the fight against desertification, thereby creating a sustainable ecosystem for all stakeholders. In addition to the fight against climate change, the project thrives to create jobs, improve the living standard of local communities and raise their awareness of environmental issues.

- BOAD has actively participated in the COP 27 and COP 15 meetings that took place in Egypt and Canada respectively. In line with its ESG strategy, BOAD has once again strengthened its position as a leading bank and key player in climate and biodiversity actions.



## 2. Financials at a Glance

### BOAD Assets vs. WAEMU GDP Growth



Source: WAEMU & BOAD  
 (\*) Forecast of GDP Growth in 2022

### BOAD Financials

XOF Million	2019	2020	2021	Q3-2022
<b>Loans and Advances to Customers</b>	1,985,427	2,166,679	2,368,457	2,406,631
<b>Total Shareholder's Equity</b>	831,727	903,074	951,049	1,083,017
<b>Total Assets</b>	3,110,447	3,207,265	3,291,286	3,454,686
<b>Net Interest Income</b>	50,057	52,131	60,160	52,369
<b>Net Income</b>	26,812	29,302	30,824	26,445
<b>Return on Average Equity</b>	3.6%	3.4%	3.3%	2.6%
<b>Return on Average Assets</b>	0.9%	0.9%	0.9%	0.8%
<b>Capital Adequacy Ratio (Basel II)</b>	25.2%	24.5%	28.0%	26.7%
<b>Net Interest Margin</b>	1.4%	1.4%	1.3%	1.1%
<b>NPLs/Gross Outstanding Loans</b>	3.0%	2.7%	2.9%	2.9%

Source: BOAD

- The Loans and Advances to Customers increased by 1.6% in Q3-2022 to XOF 2,406.6 bn from XOF 2,368.4 bn at YE2021.
- BOAD recorded a net income of XOF 26,4 bn in Q3-2022 i.e. a 12% increase compared to Q3-2021 (XOF 23.6 bn).
- BOAD benefits from a good capitalization and has currently one of the strongest capital ratios among its peers in the region. As of Q3-2022, the Capital Adequacy ratio slightly decreased to 26.7%, well above internal target of 15%.
- NPL ratio stood at 2.9% in Q3-2022, unchanged vs YE2021.



### 3. BOAD's Recent Projects and Achievements (1/2)



BOAD has approved a XOF 25 bn loan for the replenishment of the food security stock for the 2023 financial year in the Republic of Mali. The project will make it possible to meet the food demand of the Malian population, build capacity to prevent shocks and crises, improve food accessibility, particularly for vulnerable communities, and reduce nation wide grain market distortions.

2 December 2022



BOAD has granted a XOF 11 bn for drinking water supply, in rural areas, in the regions of Dosso, Maradi, Tahoua and Tillabéri, in Niger. This will involve the construction of 45 drinking water supply systems, serving 92 localities. The project also provides for the construction of 334 latrine blocks in schools and health centers.



2 December 2022



BOAD has agreed to provide XOF 25 bn funding for the development of urban roads in the city of Niamey, including the construction of the urban section of the trunk road RN25 and rehabilitation of the Niamey-Nyala road section, in the Republic of Niger. The project intends to improve mobility over these sections and notably, to reduce the average travel time as well as the number of traffic accidents by more than 60%, and vehicle operating cost by approximately 40%, from the first year of commissioning of the road.

2 December 2022



BOAD has committed to provide a XOF 10 bn loan for the servicing of the Ouedo site, as part of the construction of 10849 social and economic housing units in the Municipality of Abomey-Calavi. The development work will ensure a quality electricity supply thanks to the electric power grid upgrade throughout the project site and the construction of a water treatment plant and a 500 m<sup>3</sup> water tower.



2 December 2022

### 3. BOAD's Recent Projects and Achievements (2/2)



XOF 10 bn

BOAD has approved a XOF 10 bn loan to support ASUSU SA's financial inclusion activities in the Republic of Niger. The project will help maintain access for the communities excluded from the traditional banking system and low-income and economically vulnerable groups, especially women, professionals and young people, to diversified and innovative financial services.

2 December 2022



BOAD has granted a refinancing facility as well as a subordinated loan to NSIA Banque Benin SA with a total amount of XOF 18.5 bn as part of BOAD program to support WAEMU's economic recovery following the Covid-19 health crisis.



XOF 18.5 bn

2 December 2022



XOF 10 bn

BOAD has agreed to provide a XOF 10 bn refinancing facility for Vista Bank Burkina Faso. The facility will allow Vista Bank to increase its medium-term financing activity, consolidate its development, and contribute to the growth of the national economy.

2 December 2022





## 4. Strategy Focus (1/2)

### BOAD's recent activities

#### New agreement between BOAD and KFW for the digitalization of public administration

BOAD and KFW signed a EUR 16.2 million financing agreement for the establishment of the Digital Transformation Fund (FTD) in West Africa.

16 December 2022



#### Partnership agreement between BOAD and CILSS

Mr. Luis Soares Cassama, Vice-President of BOAD and Dr. Abdoulaye Mohamadou, Executive Secretary of the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), signed a Memorandum of Understanding, formalizing the cooperation of these two institutions, in favor of sustainable development in the countries of the Sahelo-Saharan and WAEMU areas.



The cooperation between the two parties will focus, inter alia, on food security, natural resources management and the fight against desertification. Besides, the MoU includes joint financing of development projects and programs, eligible for BOAD and for other CILSS partners.

8 December 2022

#### BOAD becomes the 27<sup>th</sup> Member of the Sahel Alliance

At the 10<sup>th</sup> Operational Steering Committee meeting of the Sahel Alliance, BOAD officially joined this community of development partners as the 27<sup>th</sup> member and 18<sup>th</sup> full member.

This membership will enable the Bank to contribute to the efforts of partners operating in a region where development challenges, in terms of infrastructure, energy, food security, health and education as well as major security, demographic and social issues, require strong synergy of action to generate a lasting impact.

*"The Sahel Alliance is an international coordination platform for the stabilization and development of the G5 Sahel countries including Mauritania, Mali, Burkina Faso, Niger and Chad. It was launched in July 2017, in Paris, in the presence of the President of the French Republic, the German Chancellor and the High Representative of the European Union. The Alliance offers a mechanism for strengthening the coordination of the development partners for faster, more effective, better targeted, and above all, more impactful support. Its main objective is to fight against the root causes of the crisis in the Sahel, by accelerating the deployment and absorption of financial support and assistance. In synergy with the G5 Sahel, it contributes to the development pillar of the Sahel Coalition."*



*"The Sahel Alliance is an international coordination platform for the stabilization and development of the G5 Sahel countries including Mauritania, Mali, Burkina Faso, Niger and Chad. It was launched in July 2017, in Paris, in the presence of the President of the French Republic, the German Chancellor and the High Representative of the European Union. The Alliance offers a mechanism for strengthening the coordination of the development partners for faster, more effective, better targeted, and above all, more impactful support. Its main objective is to fight against the root causes of the crisis in the Sahel, by accelerating the deployment and absorption of financial support and assistance. In synergy with the G5 Sahel, it contributes to the development pillar of the Sahel Coalition."*

[7 December 2022]



## 4. Strategy Focus (2/2)

### BOAD's recent activities

#### Niger Economic and Social Development Plan (PDES) 2022-2026 Financing Round Table

Placed under the chairmanship of His Excellency Mr. Mohamed BAZOUM, President of the Republic of Niger, the event was organized in partnership with the World Bank Group, the United Nations System, the French Republic and the European Union.

The new priorities, indicated in the PDES for 2022-2026, focus on top priority sectors such as education, rural development, food security and infrastructure, which are fully in line with the strategic directions of BOAD's strategic plan "Djoliba". The Bank affirms its commitment to Niger's PDES for 2022-2026, with a contribution of total direct funding of XOF 450 bn over the period.

5 December 2022



#### New funding resources mobilized for SMEs and renewable energy projects

The Board of Directors approved the granting of a EUR 50 mn or XOF 32.8 bn line of credit from the OPEC Fund.

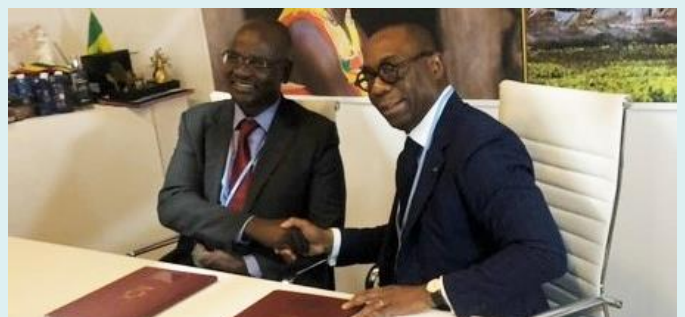
The facility proceeds will be allocated to the financing of small and medium-sized enterprises (SMEs) and renewable energy projects in West Africa.



2 December 2022

#### BOAD and DBSA signed a partnership agreement to foster inter-regional cooperation

On the side-lines of the COP 27, Mr. Serge Ekue, President of BOAD, and Mr. Patrick Dlamini, President of the Development Bank of Southern Africa (DBSA), signed a Memorandum of Understanding establishing broader cooperation between the WAEMU region and Southern Africa for sustainable development and regional integration.

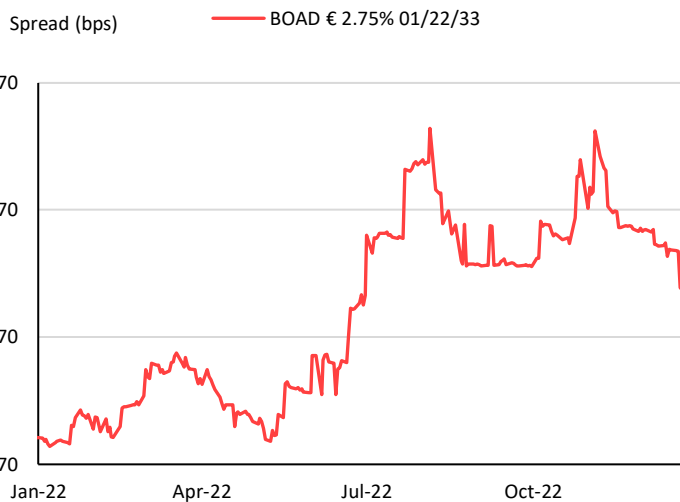


10 November 2022

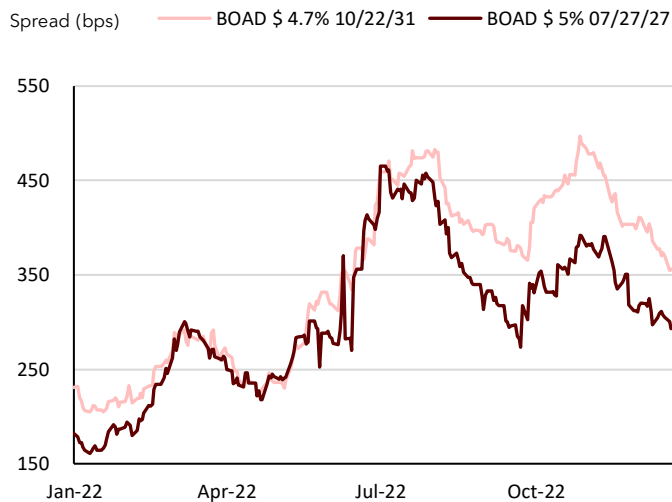
# 5. Trading Eurobonds Performance

## BOAD bonds performance on the secondary market

### BOAD Euro-denominated bond



### BOAD USD-denominated bonds



Source: Bloomberg, as of 22 December 2022

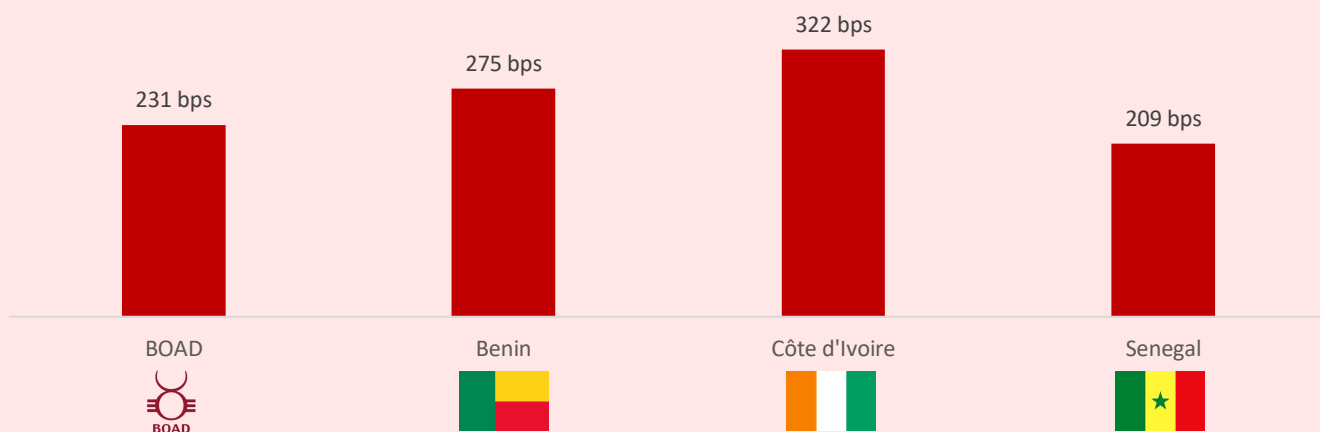
Source: Bloomberg, as of 22 December 2022

Issuer	Issue Date	M's	S&P	Fitch	Amount	Curr	Maturity	Coupon (%)	Tenor (years)	Price (%)	Yield (%)	Spread (bps)	Δ 1 m	Δ 3 m	Δ YTD
BOAD	27/07/2017	Baa1	-	BBB	850	USD	27/07/2027	5	4.6	94.28	6.46	297	-45	24	114
BOAD	22/10/2019	Baa1	-	BBB	830	USD	22/10/2031	4.7	8.8	85.75	6.88	357	-45	-22	126
BOAD	22/01/2021	Baa1	-	BBB	750	EUR	22/01/2033	2.75	10.1	75.72	6.04	307	-50	-19	7

Source: Bloomberg, as of 22 December 2022

## BOAD and WAEMU issuers outperform the EMBI Index

YTD Weighted Average<sup>(1)</sup> Bond Spread vs EMBI index



Source: Bloomberg, as of 22 December 2022

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



## 6. BOAD Ratings

### Ratings of BOAD and its peers in the region

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

### Ratings of the WAEMU Sovereigns

Issuer	Moody's	S&P	Fitch
Benin	B1	B+ (Stable)	B+ (Stable)
Burkina Faso	-	CCC+ (Stable)	-
Ivory Coast	Ba3 (Stable)	BB- (Stable)	BB- (Stable)
Guinea Bissau	-	-	-
Mali	Caa2 (Stable)	-	-
Niger	B3 (Stable)	-	-
Senegal	Ba3 (Stable)	B+ (Stable)	-
Togo	B3 (Stable)	B (Stable)	-

