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IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs THAT ARE ALSO QPs (AS SUCH TERMS ARE DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**") following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer and/or Joint Lead Managers (as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY SUCH FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR OR THIS TRANSMISSION IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE OFFERING CIRCULAR.

Confirmation of your representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the Notes, prospective investors must be either (1) qualified institutional buyers (within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act) ("**QIBs**") that are also qualified purchasers ("**QPs**") within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended and the rules and regulations thereunder (the "**Investment Company Act**"), or (2) persons who are not U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States.

The Offering Circular is being sent to you at your request, and, by accessing the Offering Circular, you shall be deemed to have represented to the Issuer and Joint Lead Managers that (1) either (a) you and any customers you represent are QIBs that are also QPs or (b) you and any customers you represent are non-U.S. persons located outside of the United States, (2) unless you are a QIB that is also a QP, the electronic mail address that you gave us and to which this transmission has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia, (3) you are a person who is permitted under applicable law and regulation to receive the Offering Circular and (4) you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Lead Manager(s) or any affiliate (as defined under Rule 501(b) of Regulation D under the Securities Act) of the Joint Lead Manager(s) is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Manager(s) or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular may only be distributed to, and is directed at: (a) persons who are outside the United Kingdom; (b) persons in the United Kingdom who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (c) high net worth entities falling within article 49(2)(a) to (d) of the Order; and (d) other persons to whom it may be lawfully communicated

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(all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and, consequently, none of the Issuer and Joint Lead Managers, any person who controls them or any of their directors, officers, employees, agents, or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.



BANQUE OUEST AFRICAINE DE DEVELOPPEMENT

U.S.$ 500,000,000 Non-Call 5 Year Deeply Subordinated Sustainable Fixed Rate Resettable Notes due 2055

Issue Price: 98.798%

Banque Ouest Africaine de Développement (the "**Issuer**") is offering (the "**Offering**") U.S.$500,000,000 Non-Call 5 Year Deeply Subordinated Sustainable Fixed Rate Resettable Notes due 2055 (the "**Notes**"). Application will be made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Luxembourg Stock Exchange's regulated market (the "**Market**"). In this Offering Circular, references to "**regulated market**" shall mean a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on the markets in financial instruments, and references to the "**Group**" refer to the Issuer and its Subsidiaries and affiliates.

The Notes are, and the Issuer's obligations under the Notes in respect of payments of principal, interest and any other amount (including any Arrears of Interest and any Additional Interest Amounts thereon) constitute, direct, general, unconditional, deeply subordinated and unsecured obligations of the Issuer which rank and will at all times rank: (i) *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured and deeply subordinated obligations of the Issuer ranking or expressed by their terms to rank *pari passu* with the Notes (including, for the avoidance of doubt, the €100,000,000 Deeply Subordinated Sustainable Notes issued on 2 August 2024 and the $100,000,000 Deeply Subordinated Sustainable Notes issued on 28 December 2023) ("**Parity Securities**"); (ii) *junior* to all present and future senior or unsubordinated obligations of the Issuer; (iii) *junior* to all other present and future subordinated obligations of the Issuer ranking or expressed by their terms to rank senior to the Notes; and (iv) *senior* to all other present and future (a) classes of share capital irrespective of their category, whether represented by ordinary shares or (if any) preference shares, paid, unpaid or callable, issued by the Issuer and (b) equity-like financial instruments issued by the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Securities, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. See "*Terms and Conditions of the Notes—4. Status*".

The Notes do not contain any negative pledge or events of default.

The Issuer shall only have the right to redeem or purchase the Notes in accordance with "*Terms and Conditions of the Notes*" (the "**Conditions**"). Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may redeem the Notes in whole, but not in part, on the First Reset Date (as defined below) and on any Interest Payment Date (as defined below) thereafter at their outstanding principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption together with any Arrears of Interest (as defined in the Conditions) (including any Additional Interest Amount (as defined in the Conditions) thereon). In addition, the Issuer will have the right to: (i) redeem the Notes upon the occurrence of an Accounting Event, a Rating Agency Event, a Substantial Repurchase Event or a Withholding Tax Event or (ii) exchange or vary the terms of the Notes as further described in the Conditions upon the occurrence of an Accounting Event, a Rating Agency Event or a Withholding Tax Event, without the consent or approval of the Noteholders, each as further described in "*Terms and Conditions of the Notes—10. Redemption and Purchase, Substitution and Variation*".

Unless previously redeemed in accordance with "*Terms and Conditions of the Notes—10. Redemption and Purchase, Substitution and Variation*", and subject in any case to any Optional Interest Deferral or Mandatory Interest Deferral as further described below and in "*Terms and Conditions of the Notes—8. Interest Deferral and Mandatory Interest Deferral*", the Notes shall bear interest at a rate of interest payable semi-annually in arrear on 13 February and 13 August in each year (each, an "**Interest Payment Date**"), commencing on 13 August 2025, which will be reset on the First Reset Date (as defined below) and every date which falls 5 years, or a multiple of 5 years thereafter (each a "**Reset Date**"), on their principal amount as follows:

(1) from (and including) 13 February 2025 (the "**Issue Date**") to (but excluding) 13 February 2030, (the "**First Reset Date**"), at a rate of interest of 8.200% *per annum*;

(2) from (and including) the First Reset Date to (but excluding) the next following Reset Date falling on 13 February 2035 (the "**Second Reset Date**"), at a rate of interest per annum which shall be equal to the sum of the Reset Reference Rate (as defined in the Conditions) plus a margin of 4.215% *per annum*.

(3) from (and including) the Second Reset Date to (but excluding) the next following Reset Date, and with respect to each Reset Period thereafter, at a rate of interest per annum which shall be equal to the sum of the Reset Reference Rate plus a margin of 5.215% *per annum*.

Payments on the Notes will be made without deduction for or on account of any taxes, in accordance with, and subject to, as further described in "*Terms and Conditions of the Notes—11. Taxation*".

The Issuer may elect at any time to defer in whole or in part any Interest Payment (as defined in the Conditions) due and payable on any Optional Deferral Interest Payment Date (as defined in the Conditions) otherwise scheduled to be paid on that Interest Payment Date and shall defer an Interest Payment upon the occurrence of a Mandatory Deferral Interest Payment Date (as defined in the Conditions). The deferral of any Interest Payment shall not constitute a default or event of default for any purpose on the part of the Issuer. A Mandatory Deferral Interest Payment Date occurs on any Interest Payment Date which corresponds to the second consecutive Interest Payment Date in respect of which the Issuer has determined that the Equity to Assets Ratio (as defined in the Conditions) is below 18% as calculated in relation to each such Interest Payment Date and as further described in the Conditions (the

"Equity Deficiency"), and/or an Equity Deficiency would occur immediately following, and as a result of, the making of the Interest Payment falling due on each such Interest Payment Date. Any interest not paid on an Optional Deferral Interest Payment Date or a Mandatory Deferral Interest Payment Date and deferred in accordance with the Conditions shall so long as the same remains outstanding constitute arrears of interest (the "Arrears of Interest"). Any Arrears of Interest may be payable (together with any Additional Interest Amount), at the option of the Issuer in whole or in part at any time (provided that no Equity Deficiency has occurred and is continuing) and all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full as further described in "*Terms and Conditions of the Notes—8(c). Interest Deferral and Mandatory Interest Deferral – Compulsory Payment of Arrears of Interest*".

This Offering Circular does not constitute a prospectus for the purpose of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") nor for the purpose of Prospectus Regulation as it forms part of United Kingdom (the "**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") and may only be used for the purpose for which it is published. Accordingly, this document has not been and will not be submitted for approval to any competent authority within the meaning of the Prospectus Regulation and, in particular, the Luxembourg *Commission de Surveillance du Secteur Financier* ("**CSSF**"), in its capacity as competent authority for the purposes of the Prospectus Regulation.

INVESTING IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "*RISK FACTORS*".

Notes which are offered and sold in reliance on Regulation S (as defined below) will be represented by beneficial interests in a permanent global Note certificate (the "**Unrestricted Global Note Certificate**") in registered form, without interest coupons attached, which will be registered in the name of Citivic Nominees Limited as nominee for, and shall be deposited on or about the Issue Date with a common depositary for, and in respect interests held through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"). Notes which are offered and sold in reliance on Rule 144A (as defined below) will be represented by beneficial interests in one or more permanent global Note certificates (the "**Restricted Global Note Certificate(s)**" and, together with the Unrestricted Global Note Certificate, the "**Global Note Certificates**") in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with Citibank. N.A., as custodian for, and registered in the name of Cede & Co. as nominee for The Depository Trust Company ("**DTC**"). The Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. See "*Terms and Conditions of the Notes—1. Form, Denomination and Title*". Interests in the Restricted Global Note Certificate will be subject to certain restrictions on transfer. See "*Form of the Notes and Transfer Restrictions*". Beneficial interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream and their participants. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Note Certificates.

THE NOTES HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") IN RELIANCE UPON THE EXCEPTION PROVIDED BY SECTION 3(C)(7) THEREOF. THE NOTES MAY BE OFFERED AND SOLD ONLY (I) OUTSIDE OF THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS AS DEFINED IN AND IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT AND (II) IN THE UNITED STATES TO PURCHASERS THAT ARE QUALIFIED INSTITUTIONAL BUYERS ("QIBs"), AS DEFINED IN RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT, THAT ARE ALSO QUALIFIED PURCHASERS ("QPs"), AS DEFINED IN SECTION 2(A)(51)(A) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER, IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR THE ACCOUNT OF ONE OR MORE QIBs THAT ARE ALSO QPs IN RELIANCE ON AND IN COMPLIANCE WITH RULE 144A. See "*Form of The Notes and Transfer Restrictions*".

The Issuer may be a "covered fund" as defined in Section 13 of the Bank Holding Company Act and its implementing regulations (the "**Volcker Rule**"). While the Issuer does not believe that an investment in the Notes would constitute an acquisition of an "ownership interest" (as defined in the Volcker Rule) in a covered fund, each investor should consult its own advisers concerning the impact of the Volcker Rule on its investment. See "*Subscription and Sale—Covered Fund*".

The Notes are expected to be rated Baa3 by Moody's Investors Service Ltd. ("**Moody's**"). The Issuer's current long-term rating by Moody's is Baa1 and Fitch Ratings Limited ("**Fitch**") is BBB. Each of Moody's and Fitch is established in the United Kingdom and is registered in accordance with Regulation (EC) № 1060/2009 on credit rating agencies as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). Each of Moody's and Fitch is not established in the European Union (the "**EU**") and has not applied for registration under Regulation (EC) № 1060/2009 (as amended) (the "**CRA Regulation**"). The rating issued by Moody's has been endorsed by Moody's Deutschland GmbH ("**Moody's Deutschland**") and the rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**"), each in accordance with the CRA Regulation. As such, each of Moody's Germany and Fitch Ireland is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

Interest on the Notes payable from (and including) the First Reset Date will be calculated by reference to the CMT Rate which is published in "H.15" under the caption "treasury constant maturities (nominal)", which is provided by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). As at the date of this Offering Circular, the Federal Reserve is not included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") or the register of administrators of the FCA under Article 36 of Regulation (EU) No 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**" and, together with the EU Benchmarks Regulations, the "**Benchmarks**

Regulations"). As far as the Issuer is aware, under Article 2 of the Benchmarks Regulations, the Federal Reserve as the administrator of the CMT Rate is not required to obtain authorisation or registration under the Benchmarks Regulations.

Joint Bookrunners and Joint Lead Managers

BNP PARIBAS	**HSBC**	**J.P. Morgan**	**SMBC**	**Société Générale Corporate & Investment Banking**

The date of this Offering Circular is 11 February 2025.

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The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular includes certain statistical and other data, which the Issuer believes are useful in helping investors to understand the markets in which the Issuer operates. Unless indicated otherwise, these data are based on internal calculations and estimates and have not been independently verified. Accordingly, no assurance can be given that such internal calculations and estimates are accurate, and investors should not place undue reliance on such data included in this Offering Circular. Where information has been extracted from third-party sources, such as, International Monetary Fund ("**IMF**") reports, rating agency documents and publications by West African Economic and Monetary Union ("**WAEMU**") institutions, such as, the BCEAO or the WAEMU Commission (each as defined below), the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the Joint Lead Managers (as defined in "*Subscription and Sale*") nor Citicorp Trustee Company Limited (the "**Trustee**") nor any of their respective directors, affiliates, advisers or agents has made an independent verification of the information contained in this Offering Circular in connection with the Offering and no representation or warranty, express or implied, is made by the Joint Lead Managers, the Trustee or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Offering Circular is, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Joint Lead Managers, the Trustee or any of their respective directors, employees, affiliates, advisers or agents in any respect. The contents of this Offering Circular are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in this Offering Circular in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Trustee or the Joint Lead Managers or any of their respective directors, employees, affiliates, advisers or agents. The delivery of this Offering Circular does not imply that there has been no change in the business and affairs of the Issuer since the date hereof or that the information herein is correct as at any time subsequent to its date.

Neither this Offering Circular nor any other information supplied in connection with the Offering (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee or any of their respective directors, employees, affiliates, advisers or agents that any recipient of this Offering Circular or any other information supplied in connection with the Offering should subscribe for or purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation and appraisal of the condition (financial or otherwise) of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Offering constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this Offering Circular and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Offering Circular may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful.

In particular, this Offering Circular does not constitute an offer of securities to the public in the United Kingdom. Consequently this document is being distributed only to, and is directed at (a) persons who are outside the United Kingdom, (b) persons in the United Kingdom who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (c) high net worth entities falling within article 49(2)(a) to (d) of the Order, and (d) any other persons to whom it may be lawfully communicated (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession this Offering Circular may come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Offering Circular and other offering material relating to the Notes is set out under "*Subscription and Sale*" and "*Form of the Notes and Transfer Restrictions*".

The Notes are not being offered directly or indirectly in France, other than to qualified investors (*investisseurs qualifiés*), as referred to in Article L. 411-2, 1° of the French *Code monétaire et financier* and as defined in Article 2(e) of the

Prospectus Regulation and, therefore, this Offering Circular has not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France, other than to such qualified investors.

The Notes have not been, nor will they be, registered under the Securities Act or under the applicable securities laws of any state of the United States, and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as such terms are defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes and Transfer Restrictions*".

The Notes may be offered and sold only (i) outside of the United States to persons other than U.S. persons as defined in and in accordance with Regulation S and (ii) in the United States to purchasers that are QIBs that are also QPs, in each case acting for their own account or the account of one or more QIBs that are also QPs in reliance on and in compliance with Rule 144A. Each U.S. purchaser of Notes is hereby notified that the offer and sale of any Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OR THE ACCURACY OR THE ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Circular does not constitute a prospectus pursuant to Part II of the Luxembourg law on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 16 July 2019 ("**Luxembourg Prospectus Law**") or a simplified prospectus pursuant to Chapter 2 of Part III of the Luxembourg Prospectus Law. Accordingly, this Offering Circular does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and it has not been, and will not be, submitted for approval to any competent authority within the meaning of the Prospectus Regulation and in particular the CSSF, in its capacity as competent authority under the Luxembourg Prospectus Law.

This Offering Circular has not been prepared in the context of a public offering as this term is defined by Article 81 of the Uniform Act of the *Organisation pour l'Harmonisation en Afrique du Droit des Affaires* relating to commercial companies ("**AUSC&GIE**"). Therefore, prior approval of the *Conseil Régional de l'Epargne Publique et des Marchés Financiers de l'UEMOA* is not required. Consequently, neither AUSC&GIE provisions nor WAEMU regulations in force in the Togolese Republic are applicable to this Offering Circular or the Notes.

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "**Stabilisation Manager**") (or any person acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules. The Stabilisation Manager has acknowledged that the Issuer has not authorised the issuance of more than U.S.$500,000,000 in aggregate principal amount of Notes.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's the target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) № 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market

assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Singapore SFA Product Classification: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).

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IMPORTANT NOTICE RELATING TO SUSTAINABILITY BONDS

The Notes are issued as Sustainability Bonds. Prospective investors should have regard to the information set out in the "Use of Proceeds" section of this Offering Circular and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer, the Joint Lead Managers or the Trustee that the use of such proceeds for any Eligible Green and/or Social Projects (as defined below) will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws, investment policy or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green and/or Social Projects or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Green and/or Social Projects.

At the request of the Issuer, Vigeo-Eiris issued a second party opinion dated December 2020 (the "**Second Party Opinion**") in relation to the Issuer's Sustainability Bond Framework confirming that the Issuer's Sustainability Bond Framework is aligned with the four core components of the International Capital Markets Association Green Bond Principles 2018 (the "**Green Bond Principles**") and Social Bond Principles 2020 ("**Social Bond Principles**"), which is available on the Issuer's website (https://admin.boad.org/wp-content/uploads/2025/01/BOAD-Sustainability-bond-Framework.pdf). No assurance or representation is given by the Issuer, the Joint Lead Managers or the Trustee as to the suitability or reliability for any purpose whatsoever of the Sustainability Bond Framework, the Second Party Opinion or any opinion, review or certification of any third party (including any post-issuance reports prepared by an external reviewer) (whether or not solicited by the Issuer) made available in connection with the issue of the Notes and, in particular, with any Eligible Green and/or Social Projects to fulfil any environmental, sustainability, social and/or other criteria. The Second Party Opinion and any such additional opinion, review, certification or post-issuance reports is only current as of the date it was issued and is not, nor should be deemed to be, a recommendation by Joint Lead Managers or the Trustee to sell or hold any Notes, and the providers of such opinions, reviews, certifications or post-issuance reports are not currently subject to any specific oversight or regulatory or other regime. For the avoidance of doubt, the Sustainability Bond Framework and any such opinion, review, certification or post-issuance reports (including the Second Party Opinion) is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular.

None of the Joint Lead Managers or the Trustee has undertaken, or is responsible for, any assessment of any environmental, sustainability, social and/or other criteria for selecting investments in Eligible Green and/or Social Projects, any verification of whether the Notes meet any environmental, sustainability, social and/or other criteria or the monitoring of the use of proceeds, required by prospective investors or the delivery or contest of any opinion, review, certification or post-issuance reports of any third party (whether or not solicited by the Issuer), including the Second Party Opinion, available in connection with the issue of the Notes.

GLOSSARY AND CONVENTIONS

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed thereto in the Terms and Conditions of the Notes or any other section of this Offering Circular.

Unless otherwise specified or the context so requires, references to FCFA or CFA Franc are to the currency of the WAEMU under the auspices of which the Issuer was established, references to "**U.S. Dollars**" and "**U.S.$**" are to United States Dollars and references to "**Euros**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Unless otherwise specified, where financial information in relation to the Issuer has been translated into Euro, it has been so translated, for convenience only, at the rate of €1 = FCFA 655.957, which is the fixed exchange rate between the Euro and the FCFA.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The language of the Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

References to a billion are to a thousand million.

Certain Definitions

In this Offering Circular:

"**ADB**" means the Asian Development Bank;

"**AF**" means the climate change Adaptation Fund;

"**AFD**" means *Agence Française de Développement* or the French Development Agency;

"**AfDB**" means *Banque Africaine de Développement* or the African Development Bank;

"**AGF West Africa**" means the African Guaranties Fund West Africa or *Fonds de Garantie des Investissements Privés en Afrique de l'Ouest* or the Guarantee Fund for Private Investment in West Africa, previously named GARI;

"**ALM**" means Asset/Liability Management;

"**ALM Committee**" means the ALM committee of the Issuer;

"**AMP**" means *Accords de Mécanisme de Paiement* or Payment Mechanics Agreements;

"**BADEA**" means *La Banque Arabe pour le Développement Economique en Afrique* or the Arab Bank for Economic Development in Africa whose headquarters are located in the Republic of Sudan;

"**BCEAO**" means *Banque Centrale des Etats de l'Afrique de l'Ouest* or the Central Bank of the West African States;

"**BCP**" means the business continuity plan;

"**Benin**" means the Republic of Benin;

"**BOAD**" means *Banque Ouest Africaine de Développement* or the West African Development Bank;

"**Board of Directors**" means the board of directors of the Issuer;

"**BRVM**" means *Bourse Régionale des Valeurs Mobilières* or the WAEMU regional stock exchange;

"**Burkina Faso**" means the Republic of Burkina Faso;

"**By-laws**" means the by-laws of the Issuer, as last modified in March 2023;

"**CAG**" means *Comité d'Agrément* or the Project Approval Committee;

"**CDB**" means the Chinese Development Bank;

"**CDM**" means the Clean Development Mechanism;

"**CDR**" means the Commitments and Risks Directorate;

"**CIDA**" means the Canadian International Development Agency;

"**CMDT**" means the Malian Company for Textile Development;

"**Commitments Committee**" means the commitments committee of the Issuer;

"**Côte d'lvoire**" means the Republic of Côte d'Ivoire;

"**Credit Committee**" means the credit committee of the Issuer;

"**CREPMF**" means *Conseil Régional de I'Epargne Publique et des Marchés Financiers de I'UEMOA*;

"**CRRH-UEMOA**" means the *Caisse Régionale de Refinancement Hypothécaire de l'UEMOA* or the WAEMU regional mortgage refinancing bank;

"**DC/BR**" means the *Dépositaire Central et Banque de Règlement or* central depositary and settlement bank of the WAEMU;

"**DEFIC**" means the Direction of Environment and Climate Finance;

"**DFI**" means Development Finance Institution;

"**DTC**" means The Depository Trust Company;

"**ECO**" means the name for the proposed common currency of the ECOWAS;

"**ECOWAS**" means the Economic Community of West African States;

"**EIB**" means the European Investment Bank;

"**ERP**" means the Enterprise Resource Planning software system;

"**ESMP**" means the Environmental and Social Management Plan;

"**ESMU**" means the Environmental and Social Management Unit;

"**EU**" means the European Union;

"**FAGACE**" means *Fonds Africain de Garantie et de Coopération Economique* or the African Guarantee Fund for Economic Cooperation;

"**FCFA**" means the *Franc de la Communauté Financière Africaine,* the currency of the WAEMU;

"**FDC**" means the Development and Cohesion Fund;

"**FDE**" means the Energy Development Fund;

"**Financial Services Investment Fund**" means the Yeelen Financial Fund L.P. (Fund), an investment fund sponsored by the Issuer;

"**FSA**" means *Fonds de Solidarité Africain* or the African Solidarity Fund;

"**GCF**" means the Green Climate Fund;

"**GEF**" means the *Fonds pour l'Environnement Mondial* or the Global Environment Facility;

"**Guinea Bissau**" means the Republic of Guinea Bissau;

"**HDI**" means the Human Development Index;

"**Headquarters Agreement**" means the headquarters agreement dated 19 July 1977 between Togo and the Issuer;

"**ICD**" means the Islamic Corporation for the Development of the Private Sector, a member of the IDB Group;

"**ICT**" means information and communications technology;

"**IDA**" means the International Development Association of the World Bank Group;

"**IDB**" means the Islamic Development Bank;

"**IMF**" means the International Monetary Fund;

"**Immunities Protocol**" means the additional protocol № 3 dated 10 May 1996 relating to the rights, privileges and immunities of (*inter alia*) the WAEMU;

"**IMP**" means the Information Master Plan;

"**JICA**" means the Japan International Cooperation Agency;

"**KfW**" means the *Kreditanstalt für Wiederaufbau* or the German Agency for Financial Cooperation;

"**Mali**" means the Republic of Mali;

"**MSMEs**" means micro, small and medium-sized enterprises;

"**NFIs**" means banks and commercial institutions of WAEMU Member States;

"**Niger**" means the Republic of Niger;

"**OeEB**" means the *Österreichische Entwicklungsbank* or the Development Bank of Austria;

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of the Treasury;

"**ORABANK CI**" means ORABANK Côte d'lvoire;

"**PBX**" means the private branch exchange, a private telephone network used within a company or organisation;

"**PEPs**" means Politically Exposed Persons;

"**PFIC**" means passive foreign investment company;

"**Policy Statement**" means the Issuer's Policy Statement, adopted by the WAEMU Council of Ministers in 2009;

"**President**" means the President of the Issuer from time to time;

"**Proparco**" means *Société de Promotion et de Participation pour la Coopération Economique*, a Subsidiary of the AFD;

"**PUFs**" means *Projet d'Utilisation des Fonds suisses* or the Swiss Project Utilisation Fund, the project organisation established within the Issuer to manage funds received from the Swiss Agency for Development and Cooperation, Switzerland's international cooperation agency within the Federal Department of Foreign Affairs;

"**RCC**" means the Regional Collaboration Centre;

"**ROPPA**" means *Réseau des Organisations Paysannes et des Producteurs de l'Afrique de l'Ouest* or the Network of Peasant Organisations and Agricultural Producers in West Africa;

"**SAP**" means the systems, applications and products for data processing;

"**SAP ERP**" means the systems, applications and products for data processing the enterprise resource planning;

"**SAP FI-CO**" means the Systems, Applications and Products for data processing in Financial Accounting and management control;

"**SDR**" means "**Special Drawing Rights**", an international type of monetary reserve currency, created by the IMF, which operates as a supplement to the existing reserves of member countries. The SDR is an international reserve asset which is neither a currency, nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. The value of the SDR is based on a basket of key international currencies—the Euro, Japanese Yen, Pound Sterling and U.S. Dollar. The basket was expanded to include the Chinese Renminbi as the fifth currency, effective 1 October 2016. The U.S. Dollar-value of the SDR is posted daily on the IMF's website;

"**Senegal**" means the Republic of Senegal;

"**SMEs**" means small- and medium-sized enterprises;

"**SOAGA**" means the West African Asset Management Company;

"**SWIFT**" means the Society for Worldwide Interbank Financial Telecommunications;

"**Togo**" means the Republic of Togo;

"**UNFCCC**" means the United Nations Framework Convention on Climate Change;

"**VSAT**" means very small aperture terminal;

"**WAEMU**" means the West African Economic and Monetary Union;

"**WAEMU Commission**" means the Commission of the West African Economic and Monetary Union, consisting of a President (always from Senegal) and eight commissioners (one from each country), three dealing with macro policy (public finance, trade, macroeconomics) and five others dealing with sectoral policies;

"**WAEMU Member States**" means Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo; and

"**WAMU**" means the West African Monetary Union.

LEGAL PERSONALITY, WAIVER OF IMMUNITY AND ENFORCEMENT

The Issuer is an international organisation established by the agreement signed in Paris on 14 November 1973 by Benin, Burkina Faso, Côte d'Ivoire, Niger, Senegal and Togo, which were joined by Mali and Guinea Bissau on 1 June 1984 and 2 May 1997, respectively (the "**Establishment Treaty**") and is recognised as an organisation (of which Togo and the other WAEMU Member States are members) pursuant to Ordinance № 1 dated 10 January 1974 ratifying the Establishment Treaty in Togo (the "**Ordinance**"), with separate legal and juridical personality and capable of suing and being sued under the laws of Togo. As at the date of this Offering Circular, the Issuer's shareholders include the eight member states of the WAEMU. For a description of the Issuer's other shareholders, see "*Capital Structure—Capital and shareholding structure*".

The Issuer is an organisation originally emanating from Article 23 of the agreement establishing the WAMU signed in Paris on 14 November 1973 (the "**WAMU Treaty**", as replaced by the agreement signed in Ouagadougou on 20 January 2007, the "**2007 WAMU Treaty**"), which is also recognised as one of the WAMU's institutions pursuant to article 25 of the 2007 WAMU Treaty, ratified by the Law № 2009-020 dated 7 September 2009 ratifying the 2007 WAMU Treaty in Togo. The Issuer has its headquarters in Lomé, Togo, with resident missions, which are permanent representative offices, in each of the WAEMU Member States (the "**Resident Missions**"). No further acts, notifications, authorisations or other actions are required under the laws of Togo to recognise and/or grant such legal and juridical personality in respect of either the Issuer or the WAMU.

The Issuer is an autonomous specialised institution of the WAEMU with full legal personality and has the power, capacity and authority to issue the Notes and to enter into and deliver the Subscription Agreement (as defined in "*Subscription and Sale*" below), the Agency Agreement and the Trust Deed (each as defined in "*Terms and Conditions of the Notes*") and perform the obligations expressed and assumed by it under such agreements and the Notes.

The Issuer has agreed that the English courts have exclusive jurisdiction to settle any dispute arising under, out of or in connection with the Notes, the Trust Deed and the Agency Agreement (the "**Proceedings**"). The Issuer has agreed that the courts of England are the most appropriate and convenient courts to settle any Proceedings and, accordingly, that it will not argue to the contrary. The Issuer has appointed Law Debenture Corporate Services Limited ("**Law Debenture**") of Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom, as its agent on whom process may be served in any action arising out of or based on the Notes in an English court and has further undertaken that, in the event of Law Debenture ceasing so to act or ceasing to be located in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

The Issuer has submitted to the exclusive jurisdiction of the English courts for the benefit of the Noteholders and the Trustee and, as a result, to the extent allowed by law, Noteholders or the Trustee may take concurrent proceedings in any other courts of competent jurisdiction. However, it may not be possible to (a) effect service of process or enforce against the Issuer in courts of jurisdictions other than England and the WAEMU Member States, or (b) enforce in the courts of any WAEMU Member State any judgment obtained against the Issuer in any other jurisdiction, including judgments obtained on the Notes in the United States predicated upon the civil liability provisions of the federal securities laws of the United States. The Notes do not provide any alternative dispute resolution mechanism, such as arbitration, and accordingly Noteholders will have legal recourse in the event of any dispute under the Notes only through the courts.

Pursuant to the By-laws, the Immunities Protocol and the Headquarters Agreement, the Issuer benefits from various immunities and privileges. See "*Description of the Issuer—Overview—Privileges and Immunities*" and "*Risk Factors—Risks related to the Market generally—It may be difficult to effect service of legal process and enforce judgments obtained in any of the WAEMU Member States against the Issuer and its officers*". Article 4 of the By-laws provides that no judgment or award other than a definitive judgment or award may be enforced against the Issuer and all property and assets of the Issuer shall, wherever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of definitive judgment or award against the Issuer. The Issuer has, in accordance with the Decision of the WAEMU Council of Ministers dated 30 June 2017 (the "**Waiver of Immunity Decision**") and pursuant to the relevant provisions of the Notes, the Agency Agreement and the Trust Deed, undertaken not to claim any immunity to the full extent permitted by the laws of any jurisdiction.

The courts of a WAEMU Member State will likely not automatically enforce any judgment obtained in a court established in a country other than that WAEMU Member State unless there is in effect a treaty between such country and such WAEMU Member State providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is currently no such treaty in effect between any of the WAEMU Member States and the United Kingdom. Accordingly, should a holder of the Notes be successful in obtaining a judgment against the Issuer in the United Kingdom or any other jurisdiction other than a WAEMU Member State, no assurance can be given that such judgment will be enforced against the Issuer in such WAEMU Member State. See "*Risk Factors—Risks related to the Market generally— It may be difficult to effect service of legal process and enforce judgments obtained in any of the WAEMU Member States against the Issuer and its officers*".

Judgments may be enforceable in WAEMU Member States following compliance with certain procedural or other requirements. For example, in Togo, where the Issuer is headquartered, foreign judgments are enforceable in accordance with the general conditions of *exequatur* and case law which require that:

- the party seeking the enforcement of a foreign judgment in Togo must submit a request to the president of the competent court where the enforcement will be instituted and produce a copy of the judgment, an original of the document evidencing the notification of the judgment and a certificate to attest that there is no possible further appeal or opposition against the judgment; and

- the president of the competent court shall verify, among other conditions, that the foreign judgment has been made by a competent jurisdiction, that the competent jurisdiction has applied the applicable law to the relevant dispute, that the foreign judgment cannot be further appealed, and that the judgment is not obviously contrary to Togolese public policy. After checking the effectiveness of these conditions, the president of the court may deliver a reasoned order to make it enforceable in Togo. This procedure normally takes three to five business days.

In the circumstances described above, however, the enforcement in Togo of a judgment obtained in another jurisdiction, including the United Kingdom, cannot be assured. Togo is not party to any international conventions or bilateral treaties with foreign countries providing for reciprocal enforcement of judgments obtained in any foreign country in Togo. As a result, enforcement of foreign judgments in Togo is reliant on the local laws and the ability of Noteholders to enforce foreign judgments in the courts of Togo could be affected by a change of local law.

In addition, certain of the members of the Board of Directors and principal officers of the Issuer are residents of a WAEMU Member State and all or a substantial portion of the property and assets of the Issuer are located in the WAEMU Member States.

As a result, it may not be possible (a) to effect service of process upon any such person outside the relevant WAEMU Member State in which such person is resident, (b) to enforce against any such person, in courts of jurisdictions other than the relevant WAEMU Member State in which such person is resident, judgments obtained in such courts or (c) to enforce against any such person, in the courts of the WAEMU Member State in which such person is resident, judgments obtained in any other jurisdiction, including judgments obtained on the Trust Deed and the Notes in the courts of England and judgments obtained on the Trust Deed and the Notes in the United States predicated upon the civil liability provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

Certain statements included herein are not historical facts and may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); however, this Offering Circular is not entitled to the benefit of the safe harbour created thereby. Such statements, certain of which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. Such forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Issuer's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Issuer operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

The Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Offering Circular whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on its behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Offering Circular. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

The sections of this Offering Circular entitled "*Risk Factors*", "*Description of the Issuer*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" contain a more complete discussion of the factors that could affect the Issuer's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Offering Circular may not occur.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the Issuer's results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- the anticipated growth of the Issuer's business; and
- expectations as to the Issuer's investments.

Factors that could cause actual results to differ materially from the Issuer's expectations are contained in cautionary statements in this Offering Circular and include, among other things, the following:

- significant political, economic, legal, regulatory and social uncertainties in the WAEMU Member States and the Issuer's jurisdictions of operation, and high risk of fraud, bribery and corruption;
- the impact of geopolitical events on the WAEMU Member States and, consequently, on the Issuer's business;
- any negative impact from the fact that the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, corporate governance or disclosure laws;
- actions by WAEMU Member States that may have consequences for the Issuer's business;
- failure of one of the WAEMU Members to pay a portion of paid-in capital that is due to be paid or its debts to the Issuer;

- geographic concentration of loans;
- limited growth of the loan portfolio or higher credit exposure and decrease in asset quality;
- competition;
- volatility of earnings derived from equity investments;
- decline in the value of collateral;
- inadequate provisions;
- operational risk;
- unavailability of capital markets and other sources of financing;
- undrawn commitments;
- evolution of the FCFA/Euro peg;
- replacement of the FCFA currency by a common currency (to be called "ECO") in the ECOWAS region;
- market risks and liquidity risk;
- risk perception of the WAEMU Member States;
- changes in corporate governance structure and management;
- failure of the Issuer's IT system or attacks by third parties;
- condition of international financial markets;
- government intervention;
- militant activity and terrorism;
- disease or virus outbreaks (e.g., HIV/AIDS, Ebola, malaria); and
- any failure of the Issuer to meet the development outcomes targeted in its strategic plan.

The foregoing factors should not be construed as exhaustive. The Issuer urges you to read this Offering Circular for a more complete discussion of the factors that could affect the Issuer's future performance and the industry in which it operates.

AVAILABLE INFORMATION

The Issuer is not subject to the periodic reporting and other information requirements of the Exchange Act and regulations of the SEC. However, to permit compliance with Rule 144A in connection with resales and transfers of Notes, the Issuer has agreed that, for so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will provide to any holder or beneficial owner of such restricted securities, or to any prospective purchaser of such restricted securities designated by a holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, if at the time of such request the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. See "*Terms and Conditions of the Notes—19. Provision of Information*".

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Financial Statements

The Issuer maintains its books of account in FCFA in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounts Standards Board ("**IASB**").

The Issuer's accounts are subject to an annual audit carried out by an external auditor appointed by the WAEMU Council of Ministers, after consultation of the Board of Directors, from among international audit firms.

The financial information of the Issuer set forth in this Offering Circular, has, unless otherwise indicated, been derived from its statements of financial position and statements of comprehensive income, cash flows and changes in shareholders' equity as at, and for the first nine months ended, 30 September 2024 (with comparative data for the nine months ended 30 September 2023) ("**9-Month 2024 Financial Information**") and as at, and for the years ended, 31 December 2023, 2022 and 2021 (the "**2023 Financial Statements**", the "**2022 Financial Statements**" and the "**2021 Financial Statements**", respectively, and, collectively, the "**Annual Financial Statements**" and together with 9-Month 2024 Financial Information, the "**Financial Statements**").

In their reports on the Annual Financial Statements, the auditors identified, without qualifying the respective opinions therein, "key audit matters" related to credit risk identification and assessment, valuation of hedging instruments and valuation of financial assets. See the auditors' reports on the Annual Financial Statements for further details regarding these key audit matters.

The auditors' report on the 2023 Financial Statements, without qualifying the opinion therein, also includes emphasis of matters that draw attention to: (i) Note 25.3 to the 2023 Financial Statements (*Security and socio-political context within the ECOWAS zone)*, which sets out the effects of the economic sanctions imposed by ECOWAS and the WAMU monetary authorities against Niger (see Note 25.3 to the 2023 Financial Statements); and (ii) Note 26.1 (*Withdrawal of the AES from ECOWAS*), which describes the impact of Alliance of Sahel States departure from ECOWAS (see Note 26.1 to the 2022 Financial Statements)

The auditors' report on the 2022 Financial Statements, without qualifying the opinion therein, also includes emphasis of matters that draw attention to: (i) Note 19 to the 2022 Financial Statements (*Net income for the period)*, which sets out the impact of the transfer by the Council of Ministers to BOAD, in the form of a donation, of a part of the funds from the new bonus mechanism for FCFA 90 billion (see Note 19 to the 2022 Financial Statements); and (ii) Note 25.3 (*Conflicts in Ukraine*), which describes the impact of conflict in Ukraine on the bank's accounts (see Note 25.3 to the 2022 Financial Statements)

The auditors' report on the 2021 Financial Statements, without qualifying the opinion therein, also includes emphasis of matters that draw attention to: (i) Note 2.27 to the 2021 Financial Statements (*Changes in accounting estimates)*, which sets out the impact of the change in the Issuer's credit parameters and the change in the rating method for WAEMU Member States (see Note 2.27 to the 2021 Financial Statements); and (ii) Note 25 (*Subsequent Events*), which sets out the effects of the economic sanctions imposed by the ECOWAS and the WAEMU monetary authorities against Mali (see Note 25 to the 2021 Financial Statements).

The 9-Month 2024 Financial Information were reviewed and the Annual Financial Statements were audited by KPMG Togo ("**KPMG Togo**"), independent auditors of the Issuer in accordance with International Standards on Auditing.

Following the issuance of the Notes, the Issuer agrees, pursuant to Condition 5 under "*Terms and Conditions of the Notes—5. Covenants*", to publish annual and semi-annual financial statements under its periodic reporting obligations. The Issuer does not prepare segmental breakdowns along the lines of its business reporting (*i.e.*, by window).

Exchange Rate Information

As at the date of this Offering Circular, the FCFA is pegged to the Euro at a rate of €1.00 per FCFA 655.957.

Exchange rate as at 30 September 2024, U.S.$1 = FCFA 585.89

Exchange rate as at 31 December 2023, U.S.$1 = FCFA 593.63

Exchange rate as at 31 December 2022, U.S.$1 = FCFA 615.00

Exchange rate as at 31 December 2021, U.S.$1 = FCFA 579.16

The table below shows the period-end, average, high and low noon buying rates in New York City for cable transfers payable in foreign currencies as certified by the Federal Reserve Bank of New York (the "**Noon Buying Rates**") for the Euro, expressed in U.S. Dollars per one Euro, for the periods and dates indicated. Any translation based on such rates should not be construed as a representation that the amounts in question have been, could have been or could be, converted into U.S. Dollars at that or any other rate.

	Noon Buying Rate			
	Period End	**Average[(1)]**	**High**	**Low**
Year:				
2014	1.2101	1.3297	1.3927	1.2101
2015	1.0859	1.1096	1.2015	1.0524
2016	1.0552	1.1072	1.1516	1.0375
2017	1.2022	1.1301	1.5041	1.0416
2018	1.1456	1.1817	1.2488	1.1281
2019	1.1227	1.1194	1.1524	1.0905
2020	1.2230	1.1410	1.2258	1.0682
2021	1.1349	1.1830	1.2327	1.1199
2022	1.0661	1.0534	1.1455	0.9594
2023	1.1039	1.0817	1.1236	1.0467
2024	1.0354	1.0820	1.1192	1.0353
January 2025	1.0362	1.0356	1.0497	1.0244

Notes:

(1) Averages are based on daily Noon Buying Rates for cable transfers in New York City certified for customs purposes by the Federal Reserve Bank of New York.

Source: Federal Reserve Bank of New York.

Rounding

Certain numerical figures set out in this Offering Circular, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

GENERAL DESCRIPTION OF THE ISSUER

The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular.

Words and expressions defined in "Terms and Conditions of the Notes" and "Form of the Notes and Transfer Restrictions" shall have the same meanings in this General Description of the Issuer.

General Description of the Issuer

The Issuer is the common development finance institution of Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo (collectively, the "**WAEMU Member States**"). It is an international organisation created by the Establishment Treaty signed on 14 November 1973 by Benin, Burkina Faso, Côte d'Ivoire, Niger, Senegal and Togo, which were joined by Mali and Guinea Bissau on 1 June 1984 and 2 May 1997, respectively. The Issuer has its headquarters in Lomé, Togo, with resident missions, which are permanent representative offices, in each of the WAEMU Member States (the "**Resident Missions**"). The Issuer commenced operations in 1976. The Issuer and the BCEAO are designated as the institutions of the WAMU, pursuant to Article 25 of the 2007 WAMU Treaty.

The WAEMU is an economic and monetary union created in January 1994, based on the WAMU, whose member states are the same as the WAEMU Member States. The WAEMU is characterised by the existence of a single currency known as the "*Franc de la Communauté Financière Africaine*" ("**FCFA**"), the issuance and management of which are entrusted to its common issuing institution, the BCEAO (whose members are also the WAEMU Member States). The FCFA exchange rate is fixed at €1.00 = FCFA 655.957.

The Issuer's shareholders, which are divided into two classes, are the WAEMU Member States, the BCEAO (its largest shareholder) and several non-regional members, including France, KfW (acting on behalf of the Federal Republic of Germany), the EIB (acting on behalf of the European Union), the AfDB, the Kingdom of Belgium, the People's Bank of China (acting on behalf of the People's Republic of China), Exim Bank of India (acting on behalf of India) and the Kingdom of Morocco.

The Issuer's mission is to foster the balanced development of the WAEMU Member States and contribute to the economic integration of West Africa, in particular by financing a variety of projects in the WAEMU Member States in the following principal sectors:

- infrastructure (including, in particular, transport, telecommunication, energy and water supply);
- agriculture and rural development;
- environment;
- industry;
- finance and insurance;
- tourism; and
- social (*i.e.,* health, education, *etc*.).

The Issuer provides short-term, medium-term and long-term funding in these sectors, as well as loan syndication arrangement and advisory services. As at 30 September 2024, 73.5% of the Issuer's total commitments in the form of short-term, medium-term to long-term loans and equity investments were to sovereign and sovereign related entities, with the remainder (26.5%) to non-sovereign entities, including approximately 12% to financial institutions and approximately 11% to corporates. This proportion has been relatively stable over the period under review in this Offering Circular.

The Issuer operates under a unitary governance structure, which runs all of its development financing activities, commercial financing activities and its development activities in the energy sector. The Issuer currently divides these activities into three separate financing windows: the Bank window ("**Bank Window**"), the Development and Cohesion Fund ("**FDC**") window (the "**FDC Window**") and the Energy and Development Fund ("**FDE**") window (the "**FDE Window**").

The table below sets out gross outstanding loans per financing window as at the dates indicated.

	As at 31 December			As at 30 September 2024 *(unaudited)*
	2021	**2022**	**2023**	
	(FCFA millions)			
Gross outstanding loans	**2,417,284**	**2,516,414**	**2,546,079**	**2,440,876**
FDC Window	1,044,281	1,072,398.4	1,094,255	1,088,323
Bank Window	1,234,525	1,331,044	1,324,978	1,231,849
FDE Window	138,478	132,971	126,846	120,703

Whether a project is funded through the FDC Window, the Bank Window or the FDE Window depends on the type of project. Low profitability projects that benefit the public and the responsibility for which lies with the State (*e.g.,* sanitation and road infrastructure) are funded through the FDC Window. Projects sponsored by the private sector are funded through the Bank Window. Projects relating to regional and national priority energy programmes are funded through the FDE Window.

New concessional lending through the FDC Window benefits from an interest subsidy mechanism ("**Interest Subsidy Mechanism**") (see *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism").* The funds made available under the Interest Subsidy Mechanism finance the interest gap between concessional loans granted through the FDC Window and indebtedness incurred by the Issuer at market rates to fund these loans. Accordingly, when resources are not available for projects funded through the FDC Window, the WAEMU Member States can access funding through the Bank Window, in the form of market rate sovereign loans. The Issuer may use the Interest Subsidy Mechanism in order to lower the costs of such loans granted through the Bank Window.

In addition, the Issuer has been progressively developing its loan syndication arrangement and advisory services. These services allow the Issuer to broaden its offering of products and services to better serve the WAEMU Member States and their respective economies, as well as to create additional sources of revenue.

The Issuer's net banking income, which represents net income from banking operations before cost of risk and other operating expenses, and before allocations/endowments from the WAEMU Member States amounted to FCFA 111.1 billion in the year ended 31 December 2023, as compared to FCFA 93.1 billion in the year ended 31 December 2022 and FCFA 85.6 billion in the year ended 31 December 2021.

The Issuer had shareholders' equity of FCFA 1,176.7 billion as at 31 December 2023, as compared to FCFA 1,104.6 billion as at 31 December 2022 and FCFA 951.1 billion as at 31 December 2021. The Issuer's total liabilities were FCFA 2,305.4 billion as at 31 December 2023, as compared to FCFA 2,257.6 billion as at 31 December 2022 and FCFA 2,340.2 billion as at 31 December 2021.

According to calculations based on the Basel II framework (which the Issuer applies voluntarily), the solvency or capital adequacy ratio, corresponding to the coverage of all the risks by Core Tier 1 capital as at 30 September 2024, 31 December 2023, 2022 and 2021, was 27.22%, 27.49%, 26.43% and 23.41%, respectively. The Issuer's capital adequacy policy complies with the Basel II standardised approach (on a voluntary basis), namely to hold equity greater than or equal to 8.0% of risk weighted assets, with an internal minimum target of 15.0%.

Selected Financial Information

The selected statement of comprehensive income data of the Issuer for the nine-month period ended 30 September 2024 and for the years ended 31 December 2023, 2022 and 2021 and the selected statement of financial position data of the Issuer for the nine-month period ended 30 September 2024 and as at 31 December 2023, 2022 and 2021 set out below have been derived from, and should be read in conjunction with and are qualified in their entirety by, the Financial Statements, which are included elsewhere in this Offering Circular.

Following the issuance of the Notes, the Issuer agrees, pursuant to Condition 5 under "*Terms and Conditions of the Notes—5. Covenants*", to publish annual and semi-annual financial statements under its periodic reporting obligations.

For a description of the basis of preparation of the Financial Statements, see the notes to the Financial Statements, which are included herein, "*Presentation of Financial and Certain Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Comprehensive Income Statement

The table below sets forth the Issuer's comprehensive income statement for the nine-month period ended 30 September 2024 and 2023 and for the years ended 31 December 2023, 2022 and 2021.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
			(FCFA millions)		
Interests and related income	145,904	149,621	167,722	117,578	130,594
Interests and related charges	(85,744)	(76,993)	(78,448)	(59,766)	(68,733)
Net Interest Income (Margin on interests)	**60,160**	**72,627**	**89,274**	**57,812**	**61,861**
Fees and commissions (income)	3,101	3,741	4,397	4,210	5,935
Fees and commission (expense)	(1,111)	(6,580)	(4,991)	(3,402)	(2,206)
Net interest and fee income (Margin on interests and fees)	**62,150**	**69,789**	**88,680**	**58,620**	**65,590**
Exchange rate gains	30,047	8,083	45,380	709	13,939
Exchange rate losses	(107,822)	(65,046)	(8,537)	(7,949)	(193)
Gains/(losses) on hedging instruments	97,761	76,257	(20,174)	20,583	(2,183)
Gains/(losses) on foreign exchange	**19,986**	**19,294**	**16,669**	**13,343**	**11,563**
Margin on interests, fees and foreign exchange	**82,136**	**89,082**	**105,349**	**71,962**	**77,153**
Net gains/(losses) on financial assets designated at fair value through profit and loss (IFRS 9)	112	550	156	36	307
Dividends received (income from equity investments)	3,390	3,419	5,528	4,617	2,860
Net banking income	**85,638**	**93,051**	**111,033**	**76,616**	**80,319**
Cost of risk	**(30,092)**	**(28,829)**	**(39,327)**	**(21,307)**	**(20,543)**
Allocations/Endowment from Member States	3,200	3,200	3,200	3,200	3,200
Other operating income	461	90,316	638	593	92
Expenses or Charges related to development activities	(1,370)	(1,321)	(1,556)	(1,266)	(1,099)
General operating expenses	(26,960)	(32,698)	(37,510)	(23,946)	(25,993)
Staff overheads	(16,935)	(18,988)	(21,763)	(13,764)	(14,948)
Amortisations and depreciations – property, equipment and intangible assets	(1,230)	(1,257)	(1,339)	(972)	(1,011)
Other operating costs	(8,795)	(12,453)	(14,408)	(9,209)	(10,034)
Other operating charges/expenses	(52)	(35)	(24)	(20)	(16)
Other net operating income	**(24,721)**	**59,461**	**(35,253)**	**(21,439)**	**(23,816)**
Net income for the period	**30,824**	**123,682**	**36,453**	**33,870**	**35,960**
Other comprehensive income					
Items that will/may be reclassified to profit or loss	2,090	**11.990**	**(33,412)**	**(31,090)**	**10,173**
Cash flow hedges	2,090	11,990	(33,412)	(31,090)	10,173
Items that will not be reclassified to profit or loss	**4,504**	**7,934**	**9,532**	**6,863**	**(14,590)**
Equity investments at FVOCI – net change in fair value	—	—	—	6,863	(14,590)
Net gains on financial assets at fair value through non-recyclable "other comprehensive income"	5,439	8,381	10,107	—	—
Remeasurements of defined benefit liability	(935)	(447)	(576)	—	—
Other comprehensive income for the period	**6,595**	**19,924**	**(23,880)**	**(24,227)**	**(4,417)**
Total comprehensive income for the period	**37,419**	**143,606**	**12,573**	**9,643**	**31,542**

Statements of Financial Position

The table below sets forth the Issuer's statement of financial position as at 30 September 2024 and as at 31 December 2023, 2022 and 2021.

	As at 31 December			As at 30 September
	2021	2022	2023	2024
				(unaudited)
		(FCFA millions)		
ASSETS				
Cash and cash equivalents	**230,373**	**284,092**	**419,516**	**522,953**
Net loans and receivables (net of provisions) at amortised cost, *of which*:	**2,797,015**	**2,805,778**	**2,821,820**	**2,942,367**
Interbank loans (Loans and advances to banks)	10,412	238	4,299	6,628
Loans and advances to customers	2,368,457	2,439,926	2,461,992	2,362,937
Loans and advances to staff	15,514	18,571	22,136	24,385
Debt securities portfolio	396,047	340,595	327,631	543,205
Receivables from shareholders	6,585	6,448	5,761	5,212
Equity investments, of which:	**138,161**	**146,440**	**159,796**	**150,582**
Equity investments designated at fair value through profit and loss	10,771	10,025	10,181	10,488
Equity investments designated at fair value through non-recyclable other comprehensive income (OCI)	127,390	136,414	149,615	140,094
Adjustment accounts and other assets, *of which:*	**115,507**	**115,521**	**59,898**	**73,225**
Derivative assets	88,067	94,084	43,680	51,459
Accruals assets	16,596	11,560	4,338	9,156
Other adjustment accounts	10,844	9,877	11,879	12,610
Tangible assets	**6,177**	**6,041**	**6,411**	**6,411**
Investment properties	**654**	**627**	**579**	**575**
Intangible assets	**1,154**	**1,537**	**1,292**	**1,305**
Non-current assets held for sale	**2,245**	**2,245**	**12,711**	**12,711**
Total Assets	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**
LIABILITIES				
Liabilities at amortised cost, *of which*	**2,188,700**	**2,135,146**	**2,190,865**	**2,324,213**
Interbank debts (Deposits with banks)	7,571	7,171	6,814	6,658
Debt securities issued	1,539,277	1,562,479	1,507,447	1,491,648
Other debts	641,852	565,496	617,241	701,722
Subordinated debts	-	-	59,363	124,185
Funds	**114,083**	**92,305**	**79,683**	**92,677**
Adjustments accounts and other liabilities, *of which:*	**28,271**	**20,181**	**22,913**	**30,660**
Derivative liabilities	0	306	3,488	3,277
Accruals liabilities	24,533	15,400	14,393	25,042
Other adjustment accounts	3,739	4,475	5,031	2,342
Provisions	**9,182**	**10,006**	**11,938**	**13,192**
Total liabilities	**2,340,237**	**2,257,638**	**2,305,354**	**2,460,743**
Capital	**247,902**	**260,888**	**326,102**	**375,320**
Subscribed capital	1,103,650	1,103,650	1,511,000	1,511,000
Callable capital	(826,230)	(826,230)	(892,170)	(892,170)
Unpaid capital	(29,009)	(15,956)	(274,818)	(225,599)
Costs related to deferred paying-up of capital	(510)	(577)	(17,911)	(17,911)
Share premium	**2,622**	**2,622**	**2,622**	**2,622**
Reserves	**700,525**	**841,131**	**847,945**	**871,487**
Reserves allocated to development activities	76,050	76,050	76,050	76,050
Net gains on investments in equity instruments designated at fair value through non-recyclable other comprehensive income	39,664	48,045	58,152	43,562
Cashflow hedging reserves	22,514	34,504	1,092	11,265
Other reserves	26	26	26	26
Retained earnings	531,745	559,570	677,492	705,946
Remeasurements of defined benefit liability	(298)	(746)	(1,321)	(1,321)
Net income/(loss) for the period	30,824	123,682	36,453	35,960
Total equity	**951,049**	**1,104,641**	**1,176,668**	**1,249,429**
Total Liabilities and Equity	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**

GENERAL DESCRIPTION OF THE OFFERING

*The following is an overview of certain information contained elsewhere in this Offering Circular. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this General Description of the Offering have the same meaning as in the terms and conditions of the Notes (for the purposes of this section, the "**Conditions**"). See "Terms and Conditions of the Notes" for a more detailed description of the Notes.*

Issuer.....	Banque Ouest Africaine de Développement.
Legal Entity Identifier (LEI).....	529900LIZJABE4JJS826
The Issue.....	U.S.$500,000,000 Non-Call 5 Year Deeply Subordinated Sustainable Fixed Rate Resettable Notes due 2055.
Issue Price.....	98.798% of the principal amount of the Notes.
Issue Date.....	13 February 2025.
Maturity Date.....	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its principal amount (together with any Arrears of Interest (including any Additional Interest Amounts thereon)) on 13 February 2055, as further described in the "*Terms and Conditions of the Notes*".
Rate of Interest.....	Subject in any case to any Optional Interest Deferral or Mandatory Interest Deferral as further described below and in "*Terms and Conditions of the Notes—8. Interest Deferral and Mandatory Interest Deferral*", the Notes shall bear interest at a rate of interest payable semi-annually in arrear on 13 February and 13 August in each year (each, an "**Interest Payment Date**"), commencing on 13 August 2025, which will be reset on the First Reset Date (as defined below) and every date which falls five years, or a multiple of five years thereafter (each, a "**Reset Date**"), on their outstanding principal amount as follow: (1) From (and including) the Issue Date to (but excluding) 13 February 2030, (the "**First Reset Date**"), at a rate of interest of 8.200% *per annum.* (2) from (and including) the First Reset Date to (but excluding) the next following Reset Date falling on 13 February 2035 (the "**Second Reset Date**"), at a rate of interest per annum which shall be equal to the sum the Reset Reference Rate (as defined in the Conditions) plus a margin of 4.215% *per annum*. (3) from (and including) the Second Reset Date to (but excluding) the next following Reset Date, and with respect to each Reset Period thereafter, at a rate of interest per annum which shall be equal to the sum of the Reset Reference Rate plus a margin of 5.215% *per annum*.
Reset Rate of Interest	The Rate of Interest of the Notes will be reset on the First Reset Date and every date which falls five years, or a multiple of five years thereafter (each a "**Reset Date**").
Yield	The yield of the Notes to the First Reset Date is 8.500% *per annum*, as calculated at the Issue Date on the basis of the Issue Price of the Notes. It is not an indication of future yield.

Interest Payment Dates	Interest will be payable semi-annually in arrear on 13 February and 13 August in each year, commencing on 13 August 2025, subject in any case to any Optional Interest Deferral or Mandatory Interest Deferral.
Optional Interest Deferral.....	Subject to any Mandatory Interest Deferral, the Issuer may, at its option, elect to defer in whole or in part the Interest Payment in relation to any Optional Deferral Interest Payment Date, except in relation to payment of interest to be made on an Interest Payment Date falling on the date of redemption of the Notes, and the Issuer shall not have any obligation to make such payment and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose. "**Interest Payment**" means in respect of an interest payment on an Interest Payment Date, the amount of interest due and payable on such Interest Payment Date. "**Optional Deferral Interest Payment Date**" means any Interest Payment Date other than a Mandatory Deferral Interest Payment Date.
Compulsory Payment of Arrears of Interest.....	Arrears of Interest (together with any Additional Interest Amount) (as defined below) may, at the option of the Issuer be paid in whole or in part at any time (provided that no Equity Deficiency (as defined below) has occurred and is continuing), provided that all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of the events listed in Condition 8(c) (*Compulsory Payment of Arrears of Interest*).
Mandatory Interest Deferral	On any Mandatory Deferral Interest Payment Date, the Issuer will be obliged to defer in whole the Interest Payment in relation to any Mandatory Deferral Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose. "**Mandatory Deferral Interest Payment Date**" means any Interest Payment Date which corresponds to the second consecutive Interest Payment Date in respect of which the Issuer has determined that there is an Equity Deficiency on each such Interest Payment Date, and/or an Equity Deficiency would occur immediately following, and as a result of, the making of the Interest Payment falling due on each such Interest Payment Date. "**Equity Deficiency**" means that the Equity to Assets Ratio is below 18%. "**Equity to Assets Ratio**" means the ratio of (i) the aggregate of Total Equity and all outstanding deeply subordinated financial obligations of the Issuer ranking or expressed by their terms to rank *pari passu* with the Notes (including the Notes) and recorded as a "financial liability" and (ii) the Total Assets each of which shall be calculated based on the latest Annual Financial Statements or Semi-annual Financial Statements (each as defined in the Conditions), in each case prepared in accordance with IFRS. "**Total Assets**" means "Total assets" of the Issuer as set out in the statement of financial position of the Issuer in the latest Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS. "**Total Equity**" means "Total equity" of the Issuer as set out in the statement of financial position of the Issuer in the latest Annual

	Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS.
Arrears of Interest	Any interest not paid on an Optional Deferral Interest Payment Date or a Mandatory Deferral Interest Payment Date and deferred in accordance with the Conditions shall so long as the same remains outstanding constitute arrears of interest (the **"Arrears of Interest**"). Any Arrears of Interest may be payable (together with any Additional Interest Amount (as defined below)), at the option of the Issuer in whole or in part at any time (provided that no Equity Deficiency has occurred and is continuing) and all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full as further described in "*Terms and Conditions of the Notes—8(c). Interest Deferral and Mandatory Interest Deferral – Compulsory Payment of Arrears of Interest*". Each amount of Arrears of Interest shall bear interest, as if it constituted the principal amount of the Notes at a rate which corresponds to the interest rate from time to time applicable to the Notes and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this provision and shall be calculated by the Calculation Agent applying the interest rate to the amount of the Arrears of Interest. The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest. The Issuer shall give not less than five nor more than 30 business days' prior written notice to the Agents, the Trustee and the Noteholders in accordance with "*Terms and Conditions of the Notes—17. Notices*" of any deferral of any interest under the Notes on any Interest Payment Date, whether it results from Optional Interest Deferral or Mandatory Interest Deferral. This notice will not be a condition to the deferral of interest. Any delay or failure by the Issuer to give such notice shall not affect the deferral described above nor constitute a default or event of default by the Issuer for any purpose.
Withholding Taxes	All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for, any withholding taxes imposed, levied, collected, withheld or assessed by or on behalf of or within any Relevant Jurisdiction (as defined in the Conditions) to the extent provided in Condition 11 (*Taxation*). If any such withholding or deduction is made, the Issuer will, save in certain circumstances provided in Condition 11 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.
Original Issue Discount	The Notes should be treated as being issued with original issue discount ("**OID**") for U.S. federal income tax purposes. U.S. holders will be required to include OID in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. For additional information, see "*Taxation—U.S. Federal Income Tax Considerations—Interest*".
Ranking	The Notes are, and the Issuer's obligations under the Notes, in respect of payments of principal, interest and any other amount, constitute direct, general, unconditional, deeply subordinated and unsecured obligations of the Issuer which rank and will at all times rank: (i) *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured and deeply

	subordinated obligations of the Issuer ranking or expressed by their terms to rank *pari passu* with the Notes (including, for the avoidance of doubt, the €100,000,000 Deeply Subordinated Sustainable Notes issued on 2 August 2024 and the $100,000,000 Deeply Subordinated Sustainable Notes issued on 28 December 2023) ("**Parity Securities**"); (ii) *junior* to all present and future senior or unsubordinated obligations of the Issuer; (iii) *junior* to all other present and future subordinated obligations of the Issuer ranking or expressed by their terms to rank senior to the Notes; and (iv) *senior* to all other present and future (a) classes of share capital irrespective of their category, whether represented by ordinary shares or (if any) preference shares, paid, unpaid or callable, issued by the Issuer and (b) equity-like financial instruments issued by the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Securities (together, the "**Junior Securities**"), save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. In the event of any liquidation of the Issuer, the Notes shall rank in priority to any payments to holders of any Junior Securities and no payments will be made to holders of any Junior Securities before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer. In the event of incomplete payment of unsubordinated creditors and subordinated creditors of the Issuer ranking senior to the claims of the holders of any present or future Parity Securities (including the Noteholders) in the case of such liquidation, the obligations of the Issuer in connection with any such Parity Securities (including the Notes) shall be terminated. In the event of any liquidation of the Issuer, all payments due to holders of any present or future Parity Securities (including the Notes) will be made on a pro rata basis. The Trust Deed provides that nothing in the Trust Deed or the Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.
Enforcement Events, No Events of Default	There are no events of default in respect of the Notes. There is no cross default under the Notes. However, each Note shall become immediately due and repayable at its principal amount, together with accrued interest thereon, if any, to the date on which it becomes so due and repayable in case of one of the Enforcement Events, as further described in Condition 13 (*Enforcement Events, No Events of Default*).
Negative Pledge	None.
Prohibition of Set-off	Subject to applicable laws, neither the Trustee (on behalf of Noteholders) nor any Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer under or in connection with the Notes and the Trustee (on behalf of the Noteholders) and each Noteholder (by virtue of being the holder of any Notes), as the case may be, shall be deemed to have waived all such rights of set-off, compensation or retention.
Issuer Call Option	The Issuer may redeem the Notes in whole, but not in part, on the First Reset Date and on any Interest Payment Date thereafter at their outstanding principal amount together with interest accrued but unpaid

to (but excluding) the date fixed for redemption together with any Arrears of Interest (including any Additional Interest Amounts thereon), as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*).

Accounting Event..... The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Price if an Accounting Event shall occur after the Issue Date, as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*).

An "**Accounting Event**" means that the Auditors or a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in accounting principles (or the interpretation thereof) on or after the Issue Date (the earlier of such date that the aforementioned change is officially announced in respect of IFRS or officially adopted or put into practice, the "**Accounting Event Adoption Date**"), the obligations of the Issuer under the Notes may not or may no longer be recorded as a "financial liability" in the Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the Noteholders pursuant to Condition 17 (*Notices*) of its decision to redeem the Notes as a result of the occurrence of an Accounting Event shall start on, and include, the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the Accounting Event Adoption Date and the date on which the relevant change in accounting principles comes into effect.

Rating Agency Event ..... The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Price if a Rating Agency Event shall occur after the Issue Date, as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*).

A "**Rating Agency Event**" shall occur if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in the assessment criteria under its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time) either:

(i) any or all of the Notes will no longer be eligible (or if the Notes have been partially or fully re-financed since the Issue Date and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, any or all of the Notes would no longer have been eligible as a result of such amendment to, clarification of or, change in the assessment criteria or in the interpretation thereof had they not been refinanced) for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes as at the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time); or

(ii) the period of time the Notes are eligible for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of

an ordinary share) attributed to the Notes at the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time) is being shortened.

"**Rating Agency**" means each of Moody's and Fitch and any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the Notes and in each case, any of their respective successors to the rating business thereof.

Substantial Repurchase Event..... The Notes may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Price if a Substantial Repurchase Event shall occur after the Issue Date, as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*).

A "**Substantial Repurchase Event**" shall occur if, prior to the giving of the relevant notice of redemption the Issuer or any Subsidiary of the Issuer repurchases (and effects corresponding cancellations) of in aggregate 80% or more in the principal amount of the Notes (including any further notes).

Withholding Tax Event..... The Notes may be redeemed at the option of the Issuer in whole, but not in part, at their Early Redemption Price if a Withholding Tax Event shall occur after the Issue Date, as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*).

"**Articles**" means the articles of association (*statuts*) of the Issuer from time to time.

"**Regional Member State**" means those member states of the Treaty of the West African Economic and Monetary Union (the "**WAEMU**") that are adherents to the Articles in accordance with Article 6 of the Articles from time to time.

"**Relevant Jurisdiction**" means any Regional Member State or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

A "**Withholding Tax Event**" shall occur if (i) on the next Interest Payment Date the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 13 February 2025; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it to mitigate the effects of the occurrence of the relevant events described in paragraph (i) above.

Early Redemption Price..... means: (i) in case of a Rating Agency Event or an Accounting Event where the relevant date fixed for redemption falls prior to the First Reset Date, an amount equal to 101% of the outstanding principal amount of the relevant Note in each case plus accrued and unpaid interest up to (but excluding) the relevant redemption date together with any Arrears of Interest (including any Additional Interest Amounts thereon); and (ii) (a) in the case of a Rating Agency Event or an Accounting Event, where the relevant date fixed for redemption falls on or after the First Reset Date or (b) in case of a Withholding Tax Event or Substantial Repurchase Event occurring at any time, an amount equal to 100% of the outstanding principal amount of the

Notes, in each case plus accrued and unpaid interest up to (but excluding) the relevant redemption date together with any Arrears of Interest (including any Additional Interest Amounts thereon).

Substitution and Variation ..... If at any time after the Issue Date, the Issuer determines that an Accounting Event, a Rating Agency Event or a Withholding Tax Event has occurred and has provided the Trustee with the certificate and, if applicable, opinion pursuant to Condition 10(g) (Certification), then the Issuer may as an alternative to an early redemption of the Notes, at any time, without the consent or approval of the Noteholders, (i) exchange the Notes for new notes, or (ii) vary the terms of the Notes subject to certain conditions, as further described in Condition 10 (*Redemption and Purchase, Substitution and Variation*), so that in either case:

(A) in the case of an Accounting Event, the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be) is recorded as a "financial liability" to the maximum extent possible in the consolidated financial statements of the Issuer pursuant to the application of IFRS;

(B) in the case of a Rating Agency Event, to avoid any part of the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be), which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Agency Event, being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); or

(C) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Notes or Varied Notes (as the case may be) are not subject to deduction or withholding in application of the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof,

and the Trustee shall, subject to the provisions of the Condition 10(h), and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer, agree to such exchange or variation.

Information Covenants ..... The terms of the Notes contain certain information covenants, in particular on the level of the Equity to Assets Ratio which shall be calculated by the Issuer and reviewed by the Auditors and published within 30 days (or such longer period subject to the prior written approval of the Trustee) of the publication of the Annual Financial Statements and Semi-annual Financial Statements of the Issuer with the resulting Auditor's review report to be shared with the Trustee simultaneously with such publication, as further described in Condition 5 (*Covenants*).

Use of Proceeds ..... The Issuer will use the net proceeds from the issue of the Notes (after conversion of such proceeds into Euros pursuant to any swap arrangements the Issuer may enter into) to finance or refinance one or more Eligible Green and/or Social Projects as further described in "*Use of Proceeds*".

Form of the Notes..... Notes which are offered and sold in reliance on Regulation S will be represented by beneficial interests in the Unrestricted Global Note

	Certificate in registered form, without interest coupons attached, which will be registered in the name of Citivic Nominees Limited as nominee for, and shall be deposited on or about the Issue Date with, a common depositary for, and in respect of interests held through, Euroclear and Clearstream. Notes which are offered and sold in reliance on Rule 144A will be represented by beneficial interests in or more Restricted Global Note Certificates in registered form, without interest coupons attached, which will be deposited on or about the Issue Date with Citibank, N.A., as custodian for, and registered in the name of Cede & Co. as nominee for DTC. Notes sold will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000, in excess thereof. See Condition 1 (*Form, Denomination and Title*). Interests in the Restricted Global Note Certificate(s) will be subject to certain restrictions on transfer. See "*Form of the Notes and Transfer Restrictions*". Beneficial interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream and their respective participants. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Note Certificates.
Trustee	Citicorp Trustee Company Limited.
Principal Paying and Transfer Agent and Calculation Agent.....	Citibank, N.A., London Branch.
Registrar.....	Citibank Europe plc, Germany Branch.
Listing and Clearing.....	Application will be made to list the Notes on the Luxembourg Stock Exchange. There is no assurance that the Notes will be listed on the official list of the Luxembourg Stock Exchange and traded on the regulated market thereof. The Notes have been accepted for clearance and settlement through DTC, Euroclear and Clearstream with the following ISINs, Common Codes and CUSIP: Regulation S • ISIN: XS3000457666 • Common Code: 300045766 Rule 144A • ISIN: US06675QAE35 • Common Code: 300234941 • CUSIP: 06675Q AE3
Governing Law	The Notes, the Trust Deed and the Agency Agreement will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions	The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom, France, Singapore, the WAEMU Member States, United Arab Emirates (excluding the Dubai International Financial

	Centre), the Dubai International Financial Centre and Switzerland. See "*Subscription and Sale*".
Ratings	The Notes are expected to be rated Baa3 by Moody's. The Issuer's current long-term rating by Moody's is Baa1 and by Fitch is BBB. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The Issuer expects that the Notes will receive 50% "equity credit" from Moody's and 50% "equity credit" from Fitch upon issuance.
Risk Factors.....	Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.
MiFID II Professionals / ECPs-only/UK MiFIR Professionals / ECPs-only	Manufacturer target market (MiFID II product governance and UK MIFIR product governance) is eligible counterparties and professional clients only (all distribution channels).

RISK FACTORS

An investment in the Notes involves a high degree of risk. Investors should carefully consider the following risk factors before making an investment decision. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which the Issuer believes are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risk Factors relating to the Issuer and the jurisdictions in which it operates

Investing in securities involving emerging markets, such as the WAEMU Member States in which the Issuer's activities are concentrated, involves a higher degree of risk than more developed markets.

The Issuer's activity is concentrated in the WAEMU Member States. Consequently, the Issuer's income, operational results and the quality and growth of its assets depends, almost exclusively, on the performance of these economies. Due to this concentration, the Issuer's operating environment faces a number of risks, due to the high prevalence in these countries of poverty, a weak business climate, poor infrastructure, increasing terrorism risk and political instability risk. The WAEMU region experienced widespread inflation in recent years, peaking at 7.4% in 2022, driven by the conflict between Russia and Ukraine which led to increases in fuel, food products and other essential goods (inflation has returned to below target levels at the end of 2024). While the WAEMU region has shown resilience amid significant adverse shocks, the IMF noted the region remains subject to important risks, including those related to the regional security situation and political uncertainty. Furthermore, according to the IMF, public debt increased rapidly in the WAEMU region, from about 45% of GDP in 2019 to about 59% of GDP in 2022 and further to about 61% in 2023, largely driven by national and regional policies implemented in response to these shocks Other factors affecting the economic performance and stability of the region, including the tightening of financial conditions, further significant increases in Member State debt and the persistence of the regional security crisis could limit the actions of BOAD, and in particular the demand for its financing and the implementation of its projects. See "*—Risks relating to Africa—A worsening of the political climate (including significant changes to social conditions and foreign policies) in any of the states with which the Issuer has relationships could have a material adverse effect on the Issuer's financial condition and/or results of operations*".

Within the WAEMU region, progress in human development indicators has also been slow despite the implementation of various national and regional development strategies. According to the Human Development Report 2023-2024 published by the United Nations Development Programme, WAEMU Member States are still classified as low human development countries and their human development index scores remain below the average for Sub-Saharan African countries. Any deterioration in economic or political conditions in these countries could adversely affect the Issuer's borrowers and contractual counterparties. This, in turn, could adversely affect the Issuer's financial position. See "*—The Issuer's loans are highly geographically concentrated*".

Investors should also note that emerging markets such as the WAEMU Member States are subject to rapid changes and that the information set out in this Offering Circular may become outdated relatively quickly. See "*—Risks Relating to Africa*".

The economic conditions in the WAEMU Member States have been, and will continue to be, adversely affected by global events, which may negatively impact the Issuer's business, financial condition and results of operations.

Emerging markets, including the WAEMU Member States, have been, and will continue to be, significantly affected by the state of the global economy, including by volatility in global commodity prices (in particular in respect of energy and fuel commodities) and material increases in the cost of essential imports. Additionally, disruptions in the international capital markets, central bank interventions, global trade disputes and changing regulatory environments have led and can lead to reduced liquidity and increased credit risk premiums for certain market participants and result in a reduction of available financing. Countries and companies located in emerging markets may be particularly susceptible to these

disruptions and changes and also to reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty and an increase in the perceived risks associated with investing in such countries.

For example, in February 2022, the Russian Federation recognised the independence of the so-called Donetsk People's Republic and Lugansk People's Republic, two separatist regions within Ukraine, and commenced an armed conflict against Ukraine. These actions led the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries to impose sanctions against Russia, Belarus, and certain Russian and Belarussian entities and individuals. These sanctions and measures have, and may continue to, adversely impact supply chains and negatively affect trade activity with the WAEMU Member States' key partner countries in the European Union and elsewhere. For example, the armed conflict impacted the supply chains for hydrocarbons, wheat and fertilizers and increases in the price of fuel and essential goods led to widespread inflation in the WAEMU zone of 7.4% at the peak of the crisis in 2022. In addition, the WAEMU zone depends on Ukraine and Russia for 35% of its wheat supplies, and the blocking of cargoes in Ukrainian ports, coupled with the trade and financial embargo on Russia have caused a major supply constraint. Although inflation sharply fell in 2023 (3.7%), there is no guarantee that this or other events will not have an impact on the WAEMU zone in the future. The outbreak of the armed conflict between Hamas and Israel in early October 2023 and, most recently, between Israel and Iran and Lebanon-based groups, for example, present a risk of further regional escalation in the Middle East which could have a material adverse impact on the economies of the WAEMU Member States. In particular, the ongoing regional Middle East conflict could result in the increase of fuel prices and certain products transported through the Asia-Africa route, which could have material adverse impacts on the WAEMU regional economy and may result in declines in foreign direct investment or disruptions to WAEMU Member States' exports and imports to and from key partner countries.

While the Russian-Ukrainian and Israeli conflicts have not, to date, had a direct impact on the Issuer, the conflicts have had and, in the future could have, an impact on WAEMU Member States, such as Benin, Senegal, Burkina Faso and Togo, who import some of their wheat and energy from Russia and Ukraine.

Russia and Ukraine account for 3.3% of WAEMU's total imports, or 0.7% of GDP, totalling FCFA 1,137 billion in 2022, as compared to FCFA 749 billion in 2021. Overall, these two countries accounted for 2.1% of WAEMU Member States foreign trade as at 31 December 2022. Over four-fifths of WAEMU's supplies from these two countries consist of hydrocarbons (33.6%), iron and steel (18.6%), wheat (18.2%) and fertilizers (10.2%) as at 31 December 2022. Despite the relatively small position of Russia and Ukraine in the WAEMU's total trade, the dependence of the WAEMU Members States on the aforementioned products is significant. Indeed, as at 31 December 2022 the WAEMU Member States are dependent on Ukraine and Russia for 35% of their total wheat supplies. The degree of dependence is also high for sulphur (29.4%), which is used in the manufacture of industrial acid, fertilizers (27.4%), powders and explosives (21.2%), which are used in the extractive industries (gold and uranium), and iron and steel (10.7%).

Any stoppages or shortages in such supplies as a result of the armed conflict or related factors, which may be further exacerbated by increased fertiliser prices, could result in food shortages and higher food and energy prices, which could, in turn, have a material adverse impact on the economies of those WAEMU Member States.

Furthermore, a changing presidential administration in the United States in January 2025 due to the re-election of Donald Trump as president brings heightened policy uncertainty in the near term, particularly regarding the Russian-Ukrainian conflict, the possibility of increased protectionism in the United States and globally, and the potential reduction of certain U.S. programs in the WAEMU region and Africa as a whole. This unpredictability could lead to market fluctuations which may impact WAEMU Member States.

Any of the aforementioned risks could have a negative effect on the economies of the WAEMU Member States and, in turn, on the Issuer's business, financial condition or results of operations. See "*—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships*".

The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships.

As a supranational financial institution focused on financing development within the WAEMU region, the Issuer has relationships with a number of West African states that may be subject to international sanctions regimes. Mali, Niger and Burkina Faso in particular, had been subject to varying ECOWAS sanctions starting from January 2022 to February 2024.

ECOWAS and WAEMU imposed sanctions against Mali in January 2022 following its latest coup d'état. In March 2022, ECOWAS decided to maintain the sanctions imposed on Mali despite a WAMEU court decision to suspend sanctions,

noting that only ECOWAS leaders could lift the sanctions. Similarly, in January 2022, Burkina Faso's military announced it had removed the president, Roch Marc Kaboré, from office, suspended the constitution and dissolved the government and parliament. The military declared that power had been seized by the *Mouvement Patriotique pour la Sauvegarde et la Restauration* (Patriotic Movement for Safeguard and Restoration or "**MPSR**"), which allegedly comprises all sections of Burkina Faso's army. Following the coup, Burkina Faso was suspended from ECOWAS and the African Union and in September 2022, sanctions were placed on Burkina Faso by ECOWAS. In July 2023, a coup d'état occurred in Niger when the country's presidential guard detained President Mohamed Bazoum, and Presidential Guard commander General Abdourahamane Tchiani proclaimed himself the leader of a new military junta. ECOWAS subsequently imposed sanctions on Niger.

The Issuer's ability to collect payments from sovereign states that are sanctioned, or any corporate borrowers within such sanctioned state, is restricted. The longer the sanctions persist, the greater the impact on the creditworthiness of borrowers in the sanctioned state. For example, during the period that Mali was subject to sanctions, the Issuer was temporarily unable to collect payments from the sovereign or any of its corporate borrowers in the country.

As at 30 September 2024, the Issuer's exposure (loans and securities) to Mali amounted to FCFA 359 billion, reflecting 12.1% of the Issuer's total exposures (loans and securities), 9.7% of its total assets and 28.7% of its total equity. As at 30 September 2024, the Issuer's exposure (loans and securities) to Burkina Faso amounted to FCFA 360 billion, reflecting 12.1% of the Issuer's total exposures (loans and securities), 9.7% of its total assets and 28.8% of its total equity. As at 30 September 2024, the Issuer's exposure (loans and securities) to Niger amounted to FCFA 317 billion, reflecting 12.2% of the Issuer's total exposures (loans and securities), 8.6% of its total assets and 25.4% of its total equity. Any future downgrade of the Issuer's portfolio relating to these countries could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects.

Although sanctions on Mali, Burkina Faso and Niger have been lifted, the Issuer cannot guarantee that any future sanctions imposed on these or any other Member States, would not have a material adverse impact on its loan portfolio or its ability to recover debts. In addition, the Issuer's financing risk management imposes requirements to abstain from conducting business which could be considered to result in breach of an embargo or other sanctions. As a result, the Issuer has in place systems and procedures (including subscriptions to Dow Jones' risk and compliance database and platforms) to monitor the consequences of any such embargos and sanctions and takes the appropriate actions to avoid breaching such embargo or other sanctions in its capacity as (i) a lender because such embargo could result in a prohibition of the contemplated commercial transaction, (ii) a depositary for assets that could be frozen, or (iii) an asset manager of assets that could be frozen. In particular, the Issuer seeks to adhere to sanctions and embargoes imposed and administered by the African Union, the United Nations Security Council, the EU, OFAC, His Majesty's Treasury and other relevant internationally recognised sanctions authorities, as the same are in force from time to time, and the Issuer's systems cross-check against the Specially Designated Nationals and Blocked Persons List maintained by OFAC, as well as against other relevant global watch lists.

However, given the extent of the Issuer's involvement in financing transactions throughout West Africa, there can be no assurance that the Issuer's activities will not be negatively affected by sanctions, or that the Issuer itself will not be subject, directly or indirectly, to investigation in connection with the sanctions or embargoes described above or other sanctions and embargoes that may be applicable either presently or in the future. If any such investigation occurred and resulted in the Issuer being found to have breached any applicable sanctions or embargoes, this could adversely affect the Issuer's business, financial condition, cash flows, results of operations and prospects. For more information, see "*—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships*" and "*Risk Management—Anti-Money Laundering and other compliance initiatives*".

Increased risks or risk perception in any of the WAEMU Member States to which the Issuer has large credit exposures or affecting the Issuer's shareholders could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs.

Increased risk perception in any of the WAEMU Member States or any other jurisdiction in which the Issuer operates or ratings actions affecting the Issuer's shareholders could, among other consequences, trigger downgrades to the Issuer's credit ratings.

These negative perceptions could result from a number of factors, including economic, geopolitical and security risks. For example, in March 2022, Moody's placed the Issuer's ratings on review for downgrade as a result of the political situation in Mali and the sanctions imposed by ECOWAS that impeded the Issuer's ability to collect payments from Mali-based borrowers and, more generally, risks to the Issuer's capital adequacy stemming from broader political instability and security challenges in the region.

In September 2024, Moody's confirmed the Issuer's credit rating at Baa1 and revised the rating outlook from "negative" to "stable" due in part to the improvement of the performance of its assets, helped by the lifting of sanctions imposed by ECOWAS on Niger, Mali and Burkina Faso. In addition, the stable outlook reflected the Issuer's anticipated success in improving capital adequacy despite challenges.

For its part, Fitch, whose annual rating review took place in April 2024, also confirmed the Issuer's BBB rating, but lowered the Issuer's rating outlook from "stable" to "negative", citing an increase in credit risk resulting from the restructuring of Guinea-Bissau's debt under the aegis of the International Monetary Fund (IMF). This debt represents 5% of the Issuer's loan portfolio as at 31 December 2023 and was a key factor influencing the agency's decision to lower the outlook.

A credit rating downgrade, or even a negative change in outlook, may increase the Issuer's funding costs, and reduce its access to the debt capital markets. In that case, the Issuer's ability to obtain the necessary funding to carry on its financing activities in West Africa at meaningful levels could be adversely affected. The circumstances triggering such changes in ratings may be outside of the Issuer's control, including as a result of the political or security situation of WAEMU Member States or sanctions imposed on them by ECOWAS or other authorities.

The Issuer has historically benefited from rights and immunities granted to it by its Member States, however there can be no assurance that it will continue to do so in the future.

The Issuer is a multilateral development financial institution established pursuant to the Establishment Treaty for the WAEMU Member States, which include Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Niger, Mali, Senegal and Togo. The Establishment Treaty has the status of a treaty under international public law and the Issuer is the creation of, and subject to, international public law. Pursuant to its By-laws, the Issuer enjoys freedom from restrictions, regulations, supervision or controls and other legislative, executive, administrative, fiscal and monetary restrictions of any nature in the WAEMU Member States. The Issuer may also enjoy immunities and privileges under the laws and regulations of other jurisdictions (including the United Kingdom and the United States of America) generally accorded to international treaty organisations.

In particular, under Article 4 of its By-laws, in the territory of the WAEMU Member States, the Issuer enjoys immunities and privileges granted to international and supranational financial institutions such as protection of its property and assets from any form of search, seizure, expropriation, and tax exemption for its assets and operations. Furthermore, Article 4 of the By-laws provides that the archives of the Issuer and, in general, all documents belonging to it or held by it, shall be inviolable. However, if the Issuer is instructed by one of the WAEMU Member States to carry on specific activities pursuant to a special agreement, such privileges and immunities may be waived if expressly agreed between the parties to such agreement. The WAEMU Council of Ministers may also authorise the non-application to the Issuer of such privileges and immunities in the context of specific agreements between the Issuer and its counterparty. The Issuer's headquarters in Togo and the Issuer's Resident Missions, which are permanent representative offices in each of the WAEMU Member States (except Togo), also enjoy these privileges and immunities. Any potential conflicts arising between the Issuer, on the one hand, and its lenders, borrowers or third parties, on the other hand, shall be settled by national jurisdiction bodies, or by means of any dispute settlement mechanism agreed by the Issuer, subject to provisions of Article 4 of its By-laws.

Notwithstanding these immunities and the absence of government interference up to the date of this Offering Circular, there can be no assurance that the WAEMU Member States will not interfere or seek to interfere with the Issuer's operations or that violation through unlawful or arbitrary actions by some of the WAEMU Member States will not occur, which could lead to disruption in the Issuer's operations and adversely affect its results of operations, financial condition and business prospects.

As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, corporate governance or disclosure laws.

The Issuer, being a supranational financial institution, is not subject to any regulatory supervision, including by any national body or by the *Commission bancaire de l'Union monétaire Ouest Africaine*. The conduct of its operations is vested with the Board of Directors, which closely monitors directly or through its audit committee (the "**Audit Committee**") the Issuer's performance, risk profile and capital adequacy. While the Issuer has also adopted its own risk management policy covering credit, market and operational risk, including an internal ratings system, a conservative liquidity policy and a statutory borrowing policy which limits the amount of total debt to three times its equity capital (the "**Risk Management Policy**") and has adopted a Risk Appetite Statement (see "*Risk Management*"), there can be no assurance that, in the absence of an independent regulatory or supervisory authority, the Issuer will in the future maintain

its risk management, capital adequacy and liquidity frameworks, that such frameworks will remain adequate, or that the Issuer will be able to continue to comply with such frameworks and adhere to its internal requirements.

Furthermore, the operating risks in the WAEMU Member States are high and the Risk Management Policy could overlook or undervalue major credit, market or operational risks, which could result in the number and/or nature of risks detected being incomplete or understated, with the result that the Issuer could identify or face additional credit, market or operational risks which could adversely affect the Issuer's financial position.

Moreover, as the Issuer is not a regulated entity, it is not subject to any mandatory capital requirements so there can be no assurance that the Issuer will continue to apply such standards and recommendations, whether in their current form or as they may evolve in the future and/or maintain its current ratios. While the Issuer is working to integrate Basel III standards into its internal practices (including through the implementation of the adopted Risk Appetite Statement), the Issuer currently measures capital adequacy according to the standards and recommendations of Basel II, namely to hold capital greater than or equal to 8.0% of risk weighted assets with a minimum internal target of 15.0%. As at 30 September 2024 and 31 December 2023, 31 December 2022 and 31 December 2021, capital adequacy ratio (Under Basel II) was 27.22%, 27.49%, 26.43% and 23.41%, respectively.

To the extent that the capital management strategy adopted by the Board of Directors differs from expectations of investors or other market participants, it could result in negative market perceptions of the Issuer. Dissatisfaction of some of the Issuer's investors or a negative market perception of the Issuer with regard to its size and/or use of capital could adversely affect the Issuer's financial position.

Although the Issuer has a corporate governance structure enshrined in the By-laws with which it has complied throughout its history and strives to comply with best international governance practices, the Issuer is not subject to any corporate governance laws or rules normally applicable to national or international banks, including those relating to money laundering, anti-corruption and sanctions compliance. Accordingly, the corporate governance and other such compliance standards adhered to by the Issuer may differ from those generally applicable to banks subject to specific statutory regimes such as those organised in the United States, the European Union, the United Kingdom or other similar jurisdictions and these may change in the future.

The WAEMU Member States may take actions that will have direct or indirect adverse consequences for the Issuer's business or have interests that do not coincide with those of the Issuer or the Noteholders.

Under the Establishment Treaty, the WAEMU Member States are required to refrain from attempts to influence any member of management or employee of the Issuer who owe their duty solely to the Issuer. Furthermore, the Board of Directors, as well as management and employees, are required under the Establishment Treaty only to take decisions that are relevant to the Issuer's purpose, functions and operations.

However, the WAEMU Conference of Heads of State and Government and the WAEMU Council of Ministers are the primary governing bodies of the Issuer (along with the Board of Directors and the Credit Committee) and their members, respectively, are presidents of their respective nations and government officials appointed by each of the WAEMU Member States, respectively.

Although the Issuer considers that it has not experienced any external pressure from the WAEMU Member States to deviate from its credit and investment policies and procedures or make decisions that are adverse to the Issuer's purpose, functions and operations, there is no guarantee that the Issuer will not experience this type of pressure in the future. Any deviation from its credit and investment policies and procedures as a result of such pressure could have a material adverse effect on the Issuer's business, results of operations and financial condition.

In addition, although the Issuer is an international organisation having a legal personality separate from the WAEMU Member States, the Issuer and its business operations may be affected by decisions of such states in their relations with other nations. See "*—The economic conditions in the WAEMU Member States have been, and will continue to be, adversely affected by global events, which may negatively impact the Issuer's business, financial condition and results of operations—Geopolitical Events*". These decisions may have adverse effects on the Issuer and the business environment in which the Issuer and its counterparties operate, including the reduction or cessation of commercial activity by private counterparties as the result of perceived increases in operational risk, or more formal actions by countries or international

organisations to limit or preclude business activity by their nationals or other participants with the Issuer or in the areas in which the Issuer operates.

Shareholders of the Issuer may not honour their capital commitments.

The Issuer's share capital is divided into two classes: Class A Shares and Class B Shares. Class A Shares can only be subscribed by the WAEMU Member States and the BCEAO and Class B Shares can only be subscribed by foreign entities (States and State instrumentalities, such as development institutions). The Issuer's authorised capital comprises subscribed capital and capital that is not yet subscribed. Subscribed capital comprises two types: called-up capital and callable capital. Called-up capital represents the sum of what has already been paid and what remains to be paid (including capital that is due to be paid but has not yet been paid and capital not yet due to be paid) in accordance with a set payment schedule. Callable capital represents the portion of subscribed capital that has been subscribed but is not to be paid until actually called. As at 30 September 2024, there are no outstanding payments on the Issuer's share capital, although the Issuer's shareholders have accrued arrears in respect of paid-in capital from time to time. Pursuant to Article 7 of the By-laws, paid-in capital must represent at least 25.0% of the Issuer's subscribed capital at all times, with the remaining 75.0% subject to being called. However, this 25.0% threshold applies to the entire five-year period during which shareholders pay in the relevant share of capital in accordance with that established payment schedule and must be satisfied at the end of such period. As a result, there may be situations in which, at any given time during the five-year period, less than 25.0% has actually been paid. Pursuant to Articles 8 and 9 of the By-laws, the Board of Directors is empowered to approve all increases and reductions in the capital of the Issuer, as well as the release schedule for each tranche of called up capital and callable capital. As at 30 September 2024, FCFA 618.83 billion (U.S.$1,056 million) had been called up, and FCFA 375.32 billion (U.S.$640.59 million) out of the overall nominal authorized capital of FCFA 1,709.3 billion (U.S.$2,917 million) had been actually paid. As at 30 September 2024, the Issuer had FCFA 892,2 billion (€1,360 million) in callable capital (subscribed share capital that had not yet been called). See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window—Interest Subsidy Mechanism*".

In order to meet the objectives of its 2021-2025 Strategic Plan (as defined below), the Issuer has sought to increase its capital by U.S.$1.5 billion. The capital strengthening initiative comprises two main components. The first involves issuing U.S.$900 million (FCFA 554.35 billion) in hard equity, split evenly between U.S.$450 million for historical regional shareholders (Category A) and U.S.$450 million for non-regional shareholders (Category B). This capital increase of FCFA 554.35 billion represents the first phase of the strengthening of equity capital for a total amount of U.S.$1.5 billion (FCFA 950 billion). The second phase consists of the issuance of U.S.$600 million in hybrid debt. All shareholders (except India) have participated, contributing a total of FCFA 407.35 billion. The subscribed capital therefore increased from FCFA 1,103 billion as of December 31, 2022 (before the increase) to FCFA 1,511 billion as of September 30, 2024. It should be noted that BOAD welcomed BADEA as a new capital participant in December 2023 with an ongoing subscription of FCFA 18 billion (U.S.$30 million) and also recorded in December 2024 the AfDB's subscription for an amount of FCFA 14.75 billion, bringing the total subscriptions to FCFA 440.1 billion (U.S.$697.74 million). As of 30 September 2024, in the second phase, BOAD has mobilized U.S.$100 million from BADEA and €100 million from CDP in Italy.

Although the Issuer has received support (in the form of final indications of subscription) from WAEMU Member States and certain non-regional shareholders in connection with the Issuer's ongoing capital increase exercise, there can be no assurance that Member States and other shareholders will honour their commitments in this respect. See "*—The Issuer may not meet the development outcomes targeted by the 2021-2025 Strategic Plan*".

The terms and conditions of payment of the called capital of the paid-in portion of subscribed share capital for new members are determined by the Board of Directors when each new member is admitted. See "*Capital Structure*". In the event of a share capital increase unrelated to the admission of a new member to the Issuer, the allocation of shares will be proportional to each Member State's shareholding prior to the capital increase. It is the Board of Directors' responsibility to set the paid-in capital payment schedule (which is agreed to be paid-in over the relevant period (*e.g.*, five or ten years)), taking into account both the Issuer's needs and the financial resources of its shareholders. If the paid-in portion of capital is not paid up in accordance with the established schedule and is not materially honoured in full, this could have an adverse impact on the Issuer's financial position and the Issuer's resources available to finance its lending activity. The callable capital of the Issuer serves as "quasi-security" for borrowings that the Issuer contracts, in accordance with Article 37 of the By-laws. If the Issuer anticipates being in default on its contractual payments of principal, interest, commissions, fees and charges related to its borrowing, or to meet its payment commitments on loans that it has guaranteed, the Issuer may call the share capital needed by it to meet the aforementioned obligations. Capital may not be called in order to disburse loans. However, creditors do not have any rights or claims to any such callable capital and there can be no assurance that the shareholders will honour such commitments of callable capital in the timeframe required by the Issuer or at all, nor that the Issuer will be able to undertake similar capital increases in the future.

Any failure by a shareholder to honour a call on capital or any failure by the Issuer to undertake a future capital increase could have a material adverse effect on the Issuer. In the event of a stress scenario, any such failure could have an adverse impact on the Issuer's ability to meet its liabilities, which could have a material adverse effect on its business, results of operations and financial condition. As at the date of this Offering Circular, the Issuer is neither subject to stress tests nor required to raise capital in a stress scenario.

The Issuer's loans are highly geographically concentrated.

The Issuer finances both concessional (through the FDC Window and the FDE Window) and market rate development finance (through the Bank Window) activities in the WAEMU and its lending and investment activities are, therefore, concentrated in the WAEMU Member States. The Issuer's exposure to credit risk is significant, given in particular the difficult operating environment in the region, characterised by the low credit quality of both sovereign and private borrowers. Due to the difficult economic environment, including the potential increase in public debt in the majority of the WAEMU Member States and the unstable political environment in certain of those countries, including Mali and Burkina Faso, no assurance can be given that the Issuer's credit risk profile will improve in the future. See "*The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships*".

The Issuer's largest exposures are to the WAEMU Member States. As at 30 September 2024, loans to the WAEMU Member States (together through the FDC Window, the FDE Window and market rate sovereign loans made through the Bank Window) represented 75.2% of total gross outstanding loans and equity investments in companies incorporated in the WAEMU Member States represented 64.1% of the Issuer's total equity investments.

The Issuer's operations entail geographical concentration similar to those of other regional multilateral financial institutions, which reflect the mandate of the Issuer to concentrate on trade and economic activity in the WAEMU region. As a result, the concentration of the Issuer's lending activities is accompanied by a concentration of country risks. This risk is particularly high in a region such as the WAEMU, which comprises a number of vulnerable economies. Historically, the economies of some countries in the region have periodically experienced significant volatility and economic instability, which has been characterised, in some cases, by political uncertainty, military conflict, terrorism, civil unrest, slow growth or recession, declining investment, government and private sector debt default and restructurings, significant inflation and currency devaluation, epidemics, high poverty and low level of human development. Global economic changes, including inflation, volatility in oil and other commodities prices, Euro interest rates, the Euro exchange rate (to which the FCFA is pegged), and slower economic growth in developed countries, could have a further significant adverse effect on the economic condition of countries in the WAEMU. In turn, adverse changes affecting the economies of the WAEMU Member States or sanctions imposed on WAEMU Member States could have a significant adverse impact on the Issuer's loan portfolio, including increased loan loss provisions, debt restructurings and loan losses and, as a result, on the Issuer's growth, asset quality, prospects, profitability and financial condition.

The Issuer may not meet the development outcomes targeted by the 2021-2025 Strategic Plan.

The Issuer's 2021-2025 Strategic Plan was approved by the WAEMU Council of Ministers at its September 2020 meeting (the "**2021-2025 Strategic Plan**") and aims to increase the impact of the Issuer's participation in a number of priority sectors, with a vision to be the reference bank for a lasting impact on the integration and transformation of West Africa through strengthening regional integration, contributing to the creation of value and productive jobs in support of the WAEMU Member States and the private sector and strengthening resilience to climate change. In particular, the 2021-2025 Strategic Plan targets a number of development outcomes regarding job creation, increasing WAEMU region GDP, access to drinking water, access to food, the improvement of transport infrastructure and the movement of people and goods across the WAEMU region, boosting energy generation capacity and tackling climate change. Although financing in the amount of 79.8% of the objectives of the 2021-2025 Strategic Plan has been achieved as at 31 December 2024, certain efforts in improving transport infrastructure and combating climate change have yet, as of the date of this Offering Memorandum, to be achieved. The Issuer estimates that total commitments of approximately FCFA 3,300 billion (U.S.$5.2 billion) over the 2021-2025 period will be required to meet the development outcomes set out in the 2021-2025 Strategic Plan, of which three quarters are expected to be granted to the public sector and one quarter to the private sector. As at 30 October 2024, 77% has been granted to the public sector and 23% to the private sector. To sustain the required level of activity outlined in the 2021-2025 Strategic Plan, the Issuer estimates that U.S.$1.5 billion (about FCFA 950 billion) of additional capital, is required. The capital strengthening initiative comprises two main components. See "-*Shareholders of the Issuer may not honour their capital commitments*."

If the Issuer is unable to obtain additional capital, it may not be able to sustain the required level of activity outlined. Further, even if the Issuer does obtain the additional capital, it cannot guarantee that it will be able to meet the development outcomes targeted by the end of 2025.

Most of the Issuer's loans are made to the WAEMU Member States, and due to the fact that, historically, the Issuer has never experienced any loss on such loans, provisions required under IFRS 9 are very small.

The Issuer's largest exposures are to the WAEMU Member States (through the FDC Window, the FDE Window and the Bank Window), which comprised 75.2% of total gross outstanding loans as at 30 September 2024, as compared to 75.4% as at 31 December 2023, 72.3% as at 31 December 2022 and 71.5% as at 31 December 2021.

Loans granted to the WAEMU Member States, whether on a concessional basis or at market rates, are deemed to be sovereign risk loans, and the Issuer manages these risks using its ability to suspend disbursements to any country that falls in arrears. Accordingly, loans which are not in arrears are not considered by the Issuer as being at risk. However, since 2018, the Issuer has systematically applied an expected credit losses model to such loans in accordance with IFRS 9. Under IFRS 9, all types of loans are depreciated (and provisioned) depending on their outstanding amount, their "loss given default" (*i.e.*, the share of the loan that is estimated to be lost if the borrower defaults) and their probability of default. The Issuer has so far not experienced losses in relation to the sovereign loans in its portfolio and their "loss given default" is therefore, low. If the Issuer were to suddenly and unexpectedly experience defaults on its sovereign loans, its level of provisions would be inadequate. This could, in turn, expose the Issuer to significant financial losses and could have a material adverse effect on the Issuer's business, financial condition, cash flows and results of operations.

In 2021, and in order to reflect macro-economic and socio-political events in its markets of operations, the Issuer amended its rating evaluation method for WAEMU Member States by applying the ratings used by the international ratings agencies. This change has resulted in an increase in expected credit losses from FCFA 75.3 billion as at 31 December 2021 (pursuant to the old rating method) to FCFA 95.8 billion as at 31 December 2022 and an increase in provisioning, with the Issuer's provisioning rate increasing from 4.2% of total loans as at 31 December 2021 to 5.1% of total loans as at 31 December 2022, before increasing to 6.4% as at 31 December 2023 and 7.0% as at 30 September 2024. This change has led to an increase in loans classified within "stage 2", with provisioning of the "stage 2" loans increasing from FCFA 30,132 million as at 31 December 2021 to FCFA 46,545 million as at 31 December 2022 and to FCFA 68,423 million as at 31 December 2023 and to FCFA 73.7 million as at 30 September 2024. The increase in write-downs between 2022 and 2023 is explained by the downgrading of the ratings of Mali, Burkina Faso and Niger by the rating agencies, and BOAD, in accordance with its internal rules, was obliged to consider the updated ratings. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Non-performing loans and write-back of provisions*". The auditors' report to the 2021 Financial Statements, without qualifying the opinion therein, includes an emphasis of matter that draws attention to Note 2.27 to the 2021 Financial Statements (*Changes in accounting estimates)*, which sets out the impact of the change in the rating method for WAEMU Member States (see Note 2.27 to the 2021 Financial Statements).

In addition, the Issuer determines the appropriate level of provisions for credit losses in its operations according to its internal policy and the application of IFRS 9, including on the basis of assumptions and estimates made in the context of changing political and economic conditions in the regions and sectors to which the Issuer lends. There can be no guarantee that the Issuer's allowances for credit losses will be adequate to cover losses in its loan portfolio, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

See "*—While the Issuer believes that it has historically benefited from* de facto *"preferred creditor status" from each of the WAEMU Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations*".

The Issuer may incur substantially more debt in the future, which may make it difficult for it to service its debt obligations, including the Notes.

In order to meet the objectives set forth in the 2021-2025 Strategic Plan and future strategic plans, the Issuer expects to continue with the expansion of its loan portfolio. Further, concessional funding is increasingly less available to the Issuer and, as a result, the FDC Window lending activities are now also funded through capital markets borrowings at market rates. As a result, the Issuer's total indebtedness (represented by debt securities issued, other debts and interbank debts) has increased in recent years, as compared to historic periods, with corresponding increases in interest expenses. As at 30 September 2024, the Issuer's total indebtedness (represented by debt securities issued, other debts, interbank debts, and subordinated debts) was FCFA 2,324.2 billion.

If the Issuer incurs substantially more debt in the future, and does so at market rates, as will be the case with the proposed issuance of the Notes, its debt servicing burden will increase. This will be compounded if the Issuer is unable to increase its credit margin, including if the Interest Subsidy Mechanism does not adequately cover the gap between the interest rate

on loans granted through the FDC Window and the interest rate on the debt incurred by the Issuer to finance such loans. For example, if any of the WAEMU Commission, the WAEMU Member States and the BCEAO fail to fulfil their commitment to fund the Interest Subsidy Mechanism every year or should the Interest Subsidy Mechanism be discontinued, the Issuer will have to suspend again its concessional lending activities conducted through the FDC Window. This will negatively impact its activities, results of operations, growth and prospects. See "*Description of the Issuer—Operating and financing models of the Issuer—Financing model*". This would have a material adverse effect on the Issuer's result of operations, financial condition and capacity to service its obligations under the Notes.

The Issuer's loan portfolio may or may not continue to grow at the same or similar rate as historically.

Between 31 December 2019 and 31 December 2021, the Issuer's loan portfolio grew by over 20%, from FCFA 1,997 billion to FCFA 2,417 billion, respectively. In more recent years the size of the Issuer's loan portfolio has remained stable, and stood at FCFA 2,441 billion at 30 September 2024. No assurance can be given that the Issuer's loan portfolio will grow at historical rates or at all in the future. A sustained reversal or deceleration of the growth rate in the WAEMU region could adversely affect the quality of the Issuer's loan portfolio, which could materially adversely affect the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

See "*—The economic conditions in the WAEMU Member States have been, and will continue to be, adversely affected by global events, which may negatively impact the Issuer's business, financial condition and results of operations*".

The Issuer's loan portfolio exposes it to credit risk.

The size and composition of the Issuer's loan portfolio exposes it to credit risk. Negative developments in the economies of the WAEMU Member States, shifting market conditions created by geopolitical events or sustained economic sanctions imposed on any WAEMU Member States, could in the future affect these regional borrowers, resulting in higher levels of non-performing loans and, as a result, higher levels of provisioning. Any failure by the Issuer to manage the growth of its loan portfolio or the credit quality of its creditors within prudent risk parameters or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on the Issuer's business, financial condition, prospects and/or results of operations.

As at 30 September 2024, gross non-performing loans amounted to FCFA 57,992 billion, as compared to FCFA 67,294 billion as at 31 December 2023, FCFA 73,422 billion at 31 December 2022 and FCFA 70,701 billion at 31 December 2021. Non-performing loans as a percentage of gross outstanding loans were 2.4% as at 30 September 2024, 2.6% as at 31 December 2023, 2.9% as at 31 December 2022 and 2.9% as at 31 December 2021. The overall decrease in non-performing loans as at 30 September 2024, as compared to as at 31 December 2021, was primarily due to recoveries of non-performing loans. The decrease of non-performing loans as a percentage of outstanding loans during this period was primarily due to an increase in outstanding loans. No non-performing loans have yet been recorded in 2024, although there can be no assurance that there will not be non-performing loans recorded going forward as a result of such events.

The Issuer's historical rates of non-performing loans and associated cost of risk may not be indicative of future rates of impaired loan levels. Furthermore, growth at any rate of the Issuer's loan portfolio could expose the Issuer to increased credit risk, which, in turn, could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations if the Issuer were to be unable to manage such increase in credit risk. Any increase in non-performing loans or a perception of increased credit risk could also result in negative credit actions from the Issuer's rating agencies. See "*—Increased risks or risk perception in any of the WAEMU Member States to which the Issuer has large credit exposures or affecting the Issuer's shareholders could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs*".

The Issuer does business in jurisdictions with operating risks relating to fraud, bribery and corruption which could have a material adverse effect on its business, results of operations or financial condition.

The Issuer operates in a number of jurisdictions that have from time-to-time experienced high levels of fraud, bribery and corruption. For example, certain jurisdictions have been allocated low scores on Transparency International's "Corruption Perceptions Index". Doing business in developing countries brings with it operating risks associated with enforcement of the Issuer's legal and contractual rights and third-party obligations, fraud, bribery and corruption.

For example, the Issuer has become aware that there are judicial proceedings in Mali relating to allegations of corruption against Mr. Moustapha Ben Barka, one of the Vice Presidents of the Issuer (appointed by the Board of Directors upon Mali's nomination) and who previously held positions in Mali government, relating to activities prior to his appointment as a Vice President. Opened on 24 September 2024 as part of the Criminal Court's special session on economic and financial crimes, the trial was suspended on 9 October 2024, at the request of representatives of the Malian government.

After years of investigation, proceedings closed in 2018 then relaunched in 2020, and after 10 days of trial, Mali's legal representatives and the public prosecutor requested new hearings, in particular those of two former prime ministers. They also demanded the production of missing documents. The court therefore referred the case back to the Supreme Court for further proceedings. The Issuer understands that these allegations do not relate to the Issuer's activities in any way and the Issuer has not, to date, received any official communications or notices regarding the matter. The Issuer continues to closely monitor these developments. The Issuer is not aware of any other allegations of fraud or corruption made against any member in BOAD's management. At the end of Mr. Ben Barka's term as Vice President, which is due to expire in February 2025, Mali is expected to appoint a new vice-president to the Board of Directors of the Issuer.

While the Issuer has policies and procedures in place (including to regulate its exposure to "politically exposed persons") and maintains training programmes covering anti-money laundering and counter-terrorist financing, as well as codes of conduct and other safeguards designed to prevent the occurrence of fraud, bribery and corruption (see "*Risk Management—Anti-Money Laundering and other compliance initiatives*"), it may not be possible for the Issuer to detect or prevent every instance of fraud, bribery or corruption in every jurisdiction in which it does business or where its employees or agents are located. Instances of fraud, bribery and corruption and violation of laws and regulations in the jurisdictions in which the Issuer operates surrounding either the Issuer's clients, investments or its activities could subject the Issuer to civil and criminal penalties, cause reputational damage and have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The Issuer is subject to competition from other lenders and investors. If the Issuer is not able to successfully maintain its competitive position, its financial performance and business prospects could be materially adversely affected.

Despite the size of the WAEMU region's infrastructure deficit, the provision of financing to infrastructure and other development projects takes place in a competitive market, due to the lack of well-structured and financially viable projects that are available for investment. The Issuer's principal competitors with respect to market rate debt financing and equity investments are infrastructure-focused funds, foreign direct investments by project sponsors, private equity funds, as well as bilateral and multilateral agencies providing market rate funds. Foreign entries by commercial institutions into the banking markets of the WAEMU Member States may further increase competition in those countries for market rate lending and investment. Some of these competitors could be more established and have greater financial resources than the Issuer. In addition, in recent years, sovereign wealth funds, private equity funds and hedge funds have risen in prominence as alternative sources of financing.

Although the Issuer finances both concessional and market rate development finance activities in the WAEMU region, such competition could limit its financial performance, as well as the growth and expansion of its statement of financial position, its leadership roles in large scale projects, political access, geographic growth, pricing and tenor of its loans and project execution, especially in cases where the Issuer's development role requires it to collaborate with development partners and private sector entities. There can be no assurance that the Issuer will be able to respond adequately to these multiple sources and forms of competition, whether from existing competitors or new market entrants. As a result of such competitive pressures or other factors beyond the Issuer's control, its business, results of operations and financial condition could be materially adversely affected.

The Issuer makes equity investments, which could increase the volatility of earnings.

The Issuer makes equity investments as part of its mandate as a development bank. The Issuer's equity investments represented FCFA 151 billion as at 30 September 2024 (representing 4.1% of total assets), as compared to FCFA 160 billion as at 31 December 2023 (4.6% of total assets), FCFA 146 billion as at 31 December 2022 (4.4% of total assets) and FCFA 138 billion as at 31 December 2021. Equity investments involve a higher degree of risk than traditional debt financing due to a variety of factors, including that such investments are subordinate to debt and are not generally secured. If the Issuer's portfolio of equity investments were to grow as a proportion of its total assets, this could further increase the Issuer's risk exposure. The variability in the valuation of the Issuer's equity investments could affect the Issuer's business, results of operations and financial condition. See "*Description of the Issuer—Products and services—Equity Investments*".

Investments in equity securities are also subject to risks of: (i) limited liquidity and tradability in the secondary trading market, (ii) substantial value volatility resulting from changes in various macroeconomic and industry factors that affect the Issuer, and (iii) the declining creditworthiness and potential for insolvency of the investee companies during periods of rising interest rates, low commodity prices and general economic downturns. These risks could adversely affect the value of equity securities that the Issuer invests in. The inclusion of equities among the assets of the Issuer subjects it to potential adverse movements in the market value of these investments. In addition, as some of the Issuer's equity investments are in entities that are not publicly quoted or traded, it is more difficult for the Issuer to establish the market value or price of such investments and to divest itself of such investments. Failure to accurately measure the Issuer's

equity investments could affect the Issuer's business, results of operations and financial condition. See "*Description of the Issuer—Products and services—Equity Investments*".

The Issuer does not hold trading books, and its equity investments are in banks and other financial institutions and equity funds. Most of the Issuer's equity investments are measured at fair value through other comprehensive income ("**OCI**") and do not affect earnings. Equity investments measured at fair value through OCI had a balance sheet value of FCFA 140 billion as at 30 September 2024, as compared to FCFA 150 billion as at 31 December 2023, FCFA 136 billion as at 31 December 2022 and FCFA 127 billion as at 31 December 2021. Equity investments accounted for at fair value through profit or loss had a balance sheet value of FCFA 10.5 billion as at 30 September 2024, as compared to FCFA 10.2 billion as at 31 December 2023, FCFA 10.0 billion as at 31 December 2022 and FCFA 10.8 billion as at 31 December 2021.

Deterioration in the credit quality of the Issuer's borrowers and counterparties or changes arising from systemic risk in the financial system could materially adversely affect the Issuer's financial performance.

The Issuer's business is subject to inherent risks regarding borrower credit quality and the recoverability of loans and amounts due from counterparties. Credit risk is defined as the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that pledged collateral (if any) does not fully cover the lender's claims. In particular, as at 30 September 2024, 31 December 2023, 31 December 2022 and 31 December 2021, 75.2%, 75.4%, 72.3% and 71.5%, respectively, of the Issuer's loans were to the WAEMU Member States (through the FDC Window, the FDE Window and market rate sovereign loans made through the Bank Window). Therefore, changes in the sovereigns' ability to repay the loans, due to economic, political, financial or other conditions or reasons, can have a negative impact on credit quality of the portfolio. For example, the sanctions imposed by ECOWAS on Mali from January 2022 to February 2024 temporarily impaired the Issuer's ability to collect payments from the sovereign or any corporate borrowers in Mali. Although the Issuer did not experience any default from private borrowers in Mali or other countries related to the enforcement of sanctions, if ECOWAS were to reimpose sanctions on any Member State in the future, the Issuer's ability to collect payments could be similarly impaired. The Issuer is therefore exposed to significant credit risk given the low credit quality of sovereign borrowers, which may lead to loan restructurings (such as term or rate changes). See "*—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships*."

In addition, changes in the credit quality of the Issuer's borrowers and counterparties in the commercial sector (*i.e.*, state-owned enterprises, private companies and banks and financial institutions), and a failure by the Issuer to manage such change in credit quality, could reduce the value of the Issuer's assets and require increased provisions for bad and doubtful debts. In addition, changes in economic conditions and the level of systemic risk in the financial system could result in a deterioration in the value of security held against lending exposures and increase the risk of loss in the event of borrower default.

The absence of collateral, a decline in the value of collateral or the illiquidity of the collateral securing the Issuer's loans, or a decline in the creditworthiness of third parties guaranteeing the Issuer's loans could adversely affect its loan portfolio.

The Issuer takes collateral and guarantees from only a portion of its non-sovereign borrowers, in particular from the private sector, with loans benefitting from collateral or a form of guarantee representing 22.7% of total gross outstanding loans as at 30 September 2024, 24.9% as at 31 December 2023, 22.8% as at 31 December 2022 and 22.7% as at 31 December 2021. Loans to sovereign and sovereign-related counterparties are generally unsecured and loans to non-sovereign entities are generally secured. Unsecured loans (*i.e.,* those that do not benefit from any collateral or a form of guarantee) represented 75.2% of the Issuer's total gross outstanding loans as at 30 September 2024, as compared to 75.4% as at 31 December 2023, 72.3% as at 31 December 2022 and 71.5% as at December 2021.

Acceptable collateral includes collateral in the form of assignments of receivables, including insurance compensation, cash collateral, government securities (in the form of bonds or guarantees) issued or guaranteed by sovereigns and secured by mortgages or pledges over assets. Collateral packages often contain a mix of guarantees and securities. Certain loans made by the Issuer to the private sector are guaranteed by (i) organisations such as the FAGACE, the FSA and the AGF West Africa, as well as commercial banks and other eligible financial institutions or (ii) escrow accounts, AMP or promissory notes secured on bank deposit accounts.

Downturns in the relevant markets or a general deterioration of economic conditions could result in reductions in the value of collateral securing a number of loans to levels below the amounts of the outstanding principal and accrued interest on such loans. If collateral values decline, they may not be sufficient to cover uncollectable amounts on the Issuer's secured loans. A failure to recover the expected value of collateral could expose the Issuer to losses, which could, in turn, have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

While the Issuer believes that it has historically benefited from* de facto *"preferred creditor status" from each of the WAEMU Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations.

Historically, the WAEMU Member States have met their obligations under loans granted by the Issuer, except in 2000 when the WAEMU Commission exceptionally decided to pay the arrears of Niger, which amounted to FCFA 8.2 billion (including penalties of FCFA 2.9 billion) and, in 2022, when Mali defaulted on payments to the Issuer in an amount of FCFA 1,092 million (as at 31 March 2022) due to economic sanctions imposed by ECOWAS and the WAEMU monetary authorities against Mali. Furthermore, the reimbursement of several loans granted to Guinea Bissau for a total amount of FCFA 11.0 billion was rescheduled in 2017 over an eight-year period due to financial difficulties encountered by that country.

In January 2022, following the coup d'état in Mali, ECOWAS imposed economic sanctions against the country. These sanctions prevented Mali from honouring its commitments to BOAD in FCFA. Following the lifting of sanctions by ECOWAS at its February 2024 meeting, Mali settled all of its arrears to BOAD.

Similarly with Niger, following the coup d'état in 2023, ECOWAS imposed economic sanction against that country. In their February 2024 meeting, ECOWAS decided to lift sanctions against Niger. In the process, Niger cleared its arrears to BOAD and payments are proceeding normally.

In addition, the repayment of several loans granted to Guinea-Bissau for a total of FCFA 11.0 billion was postponed in 2017 for a period of eight years due to the financial difficulties encountered by that country. Guinea-Bissau has paid its instalments normally since then; in 2024, as part of a program with the IMF, a debt rescheduling was carried out. Since then, Guinea-Bissau has regularly honoured its instalments with BOAD.

As at 30 September 2024, the Issuer's exposures to the WAEMU Member States (through the FDC Window, the FDE Window and market rate sovereign loans made through the Bank Window) were FCFA 1,836 billion (or 75.2% of total gross outstanding loans), as compared to FCFA 1,919 billion (or 75.4% of total gross outstanding loans) as at 31 December 2023, FCFA 1,819 billion (or 72.3% of total gross outstanding loans) as at 31 December 2022 and FCFA 1,728 billion (or 71.5% of total gross outstanding loans) as at 31 December 2021.

The Issuer believes that it has historically benefited from *de facto* "preferred creditor status" from each of the WAEMU Member States. This "preferred creditor status" is not contained in a treaty, law or contract, but is based on the belief of the Issuer that its favourable lending policies, development imperative and enduring and important role as a concessional lender and adviser to the WAEMU Member States mean that such States will likely place priority on debt repayments to the Issuer over other private or official creditors during times of debt distress. Accordingly, the Issuer believes that its exposure to or loans to the WAEMU Member States subjects it to less risk than its commercial loans, and as a policy matter, in accordance with IFRS 9, has not historically provided any provisions in its Financial Statements for its loans to the WAEMU Member States, whether extended on a concessional basis or at market rates. As this "preferred creditor status" does not exist as a matter of law or contract, there can be no assurance that, during a time of debt distress, the WAEMU Member States will actually give the Issuer priority of payment, or even if they do give the Issuer priority, that the Issuer will be able to recover the full amount of its loans extended to the WAEMU Member States. Any failure by the WAEMU Member States to repay their debts in full to the Issuer at the time that they come due may have a material adverse effect on the Issuer's financial results and operations.

See "*—Increased risks or risk perception in any of the WAEMU Member States to which the Issuer has large credit exposures or affecting the Issuer's shareholders could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs*".

Operational problems, errors or fraud could have a material adverse impact on the Issuer's business, financial condition and results of operations.

The Issuer, like any financial institution, is exposed to operational risks, including the risk of fraud by employees and third parties, failure to obtain proper internal authorisations, failure to properly document transactions, equipment failures, and errors by employees. Although the Issuer has put in place a system of internal controls, against operational problems, errors or fraud, there can be no assurance that they will not occur in the future, and that their occurrence would not have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

Any future unavailability of access to capital markets and other sources of financing could have a material adverse effect on the Issuer's business, operations and financial condition.

The Issuer has historically obtained financing for the growth of its loan portfolio from syndicated and bilateral loans including from DFIs such as the IDA, which provides resources on a concessional basis, AFD and KfW, which provide resources both on a concessional basis and on a market basis, and CDB, BADEA, ICD (a member of the IBD Group), AfDB and OeEB, amongst others, which provide resources on a market basis, as well as through the issuance of short-term and longer term debt instruments on the regional capital markets and through the international capital markets.

There can be no assurance that international financial crises will not have an adverse effect on the regional capital markets, which represent a significant source of financing for the Issuer. The WAEMU regional capital markets reflect a low diversification in issuers and maturities and marginal foreign participation and therefore have limited liquidity. The governments of Côte d'Ivoire, Burkina Faso and Togo are the main issuers in the market. BOAD tapped the regional market in 2005, 2007, 2012, 2014,2015 and 2016, and all such borrowings have matured with the last one in 2023. Since, 2016, the Issuer further diversified its funding sources by accessing the international capital markets in May 2016, July 2017, October 2019, and December 2023 with U.S. Dollar-denominated Eurobonds. BOAD issued its inaugural Euro-denominated Eurobond in January 2021 and a Euro-denominated green bond in August 2024. The Issuer plans to raise funds on the international capital markets again with the proposed issue of the Notes.

Finally, although it has no current plans to do so, the Issuer can also call upon its shareholders to provide additional capital to a certain extent. In particular, as at 30 September 2024, the Issuer had FCFA 892.2 billion in callable capital. The Issuer has an internal policy to call callable capital if its total equity to total assets ratio falls below 25%.

If at any time in the future:

- access to the regional or international capital markets were not possible;
- loan financing or refinancing were to be unavailable;
- interest rates for such sources of financing were to increase; and/or
- the Issuer's shareholders were to default on their obligation to pay the unpaid and/or not yet due portion of paid-in capital,

this would limit the Issuer's ability to meet its growth targets and could have a material adverse effect on the Issuer's business, financial performance, conditions and prospects and on its ability to meet its obligations under the Notes and other indebtedness. In addition, should the Issuer successfully access the international capital markets in the future, this could lead to other risks including increased financial market volatility and financing costs. Any of the above risks could adversely affect the Issuer's business, financial condition and results of operations. See "*—The Issuer may incur substantially more debt in the future, which may make it difficult for it to service its debt obligations, including the Notes*".

The implementation of the ECO, the common currency contemplated for the ECOWAS region to replace the FCFA, could impact the Issuer.

Since the 1980s, the 15 countries forming the ECOWAS, which include WAEMU Member States, have discussed the possibility of introducing a common currency to be called the "ECO", which would be akin to, and replace, the FCFA. Although a peg to the Euro would likely initially be in place, the ECO would not necessarily be permanently pegged to the Euro. Implementation of the ECO requires that the ECOWAS member states meet certain convergence criteria in terms of budget deficit, inflation, central bank financing of the budget deficit and foreign currency reserves. The Conference of Heads of State and Government of ECOWAS has restated its interest in the project on a number of occasions, with a number of target dates set for implementation, most recently by 2027.

On 21 December, 2019, French President Emmanuel Macron and President Alassane Ouattara (President of the Republic of Côte d'Ivoire and Chairman of the WAEMU Conference of Heads of State and Government on behalf of the WAEMU Member States) announced a reform, in the form of a treaty, of the monetary cooperation system between France and the WAEMU, including changing the name of the FCFA to the "ECO", the end of the requirement that the BCEAO keep 50% of its foreign currency reserves in the French Treasury, and the withdrawal of French government representatives from the WAEMU's governing bodies. The treaty was ratified by France in February 2021.

During the 57th ordinary session of the Conference of Heads of State and Government of ECOWAS held on 7 September 2020, the Heads of State and Government recognised the economic and financial difficulties created by the COVID-19

pandemic in 2020 and resolved, *inter alia,* to postpone the launching of the single currency to a later unspecified date and to exempt member states from meeting macroeconomic convergence criteria for 2020. In June 2021, the ECOWAS authorities stated their intention to launch the ECO by 2027 for countries which will have met, from 2024 onwards, regional macroeconomic convergence criteria, including a fiscal deficit ceiling of 3% of GDP. In September 2023, the ECOWAS authorities reiterated their commitment to launch the ECO by 2027 and in December 2024, at the 66th ECOWAS Ordinary Session, the ECOWAS leaders adopted key criteria to identify the first group of member states ready for the integration of the ECO, with other nations to gradually follow.

The members of the High-Level Committee for the launch of the ECO set up in 2023 by the Heads of State have already discussed the practical arrangements for selecting the candidate countries for the Monetary Union . They have also discussed the draft Supplementary Act relating to the participation of Member States in the Monetary Union, as well as the costs, sources and methods of financing the implementation of the reforms and institutions required to launch the ECO.

The ECO, if and when implemented, could have a material adverse impact on the Issuer. In particular, should the ECO cease to be pegged to the Euro, the Issuer would be fully exposed to Euro/ECO exchange rates variations. This could increase its debt and debt financing burden while reducing its capacity to serve its debt. See "*—The Issuer's business could be adversely affected if the FCFA/Euro peg were to be removed or adjusted or as a result of any devaluation of the FCFA against the Euro*". Moreover, the conversion to another currency would require significant and potentially costly modifications to the Issuer's internal processes and IT systems.

More broadly, banking and monetary unions are complicated and fragile arrangements, as shown by the recent experience with the Euro. They can fail, with serious consequences for the economies involved and their actors.

The Issuer's business could be adversely affected if the FCFA/Euro peg were to be removed or adjusted or as a result of any devaluation of the FCFA against the Euro.

The Issuer maintains its accounts, and reports its results, in FCFA. Between 1973 and 1999, the FCFA was pegged to the French Franc, and, since 1999, the FCFA has been pegged to the Euro. Although there are no current difficulties affecting the monetary cooperation between France and the WAEMU Member States, there is no assurance that the French Treasury and the WAEMU Member States will be able or willing to continue to maintain the peg or France's unlimited guarantee of convertibility under reform of the FCFA, especially in the broader context of the parallel development of the ECOWAS single currency. For example, the French Treasury's support of the FCFA peg arrangement could be altered or abandoned due to changing political, economic, financial and/or other developments in France or in the Euro area or as part of the implementation of the ECO (see "*—The implementation of the ECO, the common currency contemplated for the ECOWAS region to replace the FCFA, could impact the Issuer*"). A change or abandonment of France's commitment to the convertibility of the FCFA or an abandonment of the Euro by France or possibly a very significant appreciation of the Euro would create uncertainty for the future of the exchange rate arrangement, its ability to support macroeconomic stability, and its status as a credit support.

Almost all loans granted by the Issuer are denominated in FCFA, but certain of the Issuer's significant contracts and borrowings are denominated in Euros (52.6% of the Issuer's total borrowings as at 30 September 2024, 49.0% as at 31 December 2023, 47.1% as at 31 December 2022 and 48.0% as at 31 December 2021). In January 2021, the Issuer completed its inaugural Euro-denominated Eurobond in an amount of FCFA 492 billion (€750 million). Any depreciation or appreciation of the Euro against other major world currencies, such as the U.S. Dollar would have a consequential effect on the FCFA.

As a result, any such de-pegging or adjustment, or any devaluation of the FCFA against the Euro or any such depreciation or appreciation of the Euro, could have a material adverse effect on the Issuer's business, results of operations, cash flows and financial condition.

The Issuer has a high proportion of undrawn commitments, which if drawn, could negatively affect the Issuer's capitalisation metrics.

The Issuer has a high proportion of undrawn commitments to its borrowers and its investee companies, which are recorded as off-balance sheet items in its financial statements (See Note 18 to the Condensed Interim Financial Information, Note 24 to the 2023 Financial Statements and 2022 Financial Statements and Note 23 to the 2021 Financial Statements). Such undrawn loan commitments represent future funding of projects to non-WAEMU Member States, to which the Issuer has committed to provide resources and totalled FCFA 2,645 billion as at 30 September 2024, FCFA 2,275 billion as at 31 December 2023, FCFA 1,866 billion as at 31 December 2022 and FCFA 1,764 billion as at 31 December 2021, representing 71.3%, 65.3%, 55.5% and 53.6% of total assets, respectively. This increase was a result of the impact of the

Djoliba plan, which has led to high volumes of new loan approvals in recent years. In compliance with capital adequacy rules adopted by the Issuer, 50.0% of these undrawn commitments are included in risk weighted assets and thereby in the capital adequacy calculations.

Should commitments be drawn at a rate faster than anticipated (*i.e.*, higher than 50.0%), however, this could have a negative impact in the medium-term on the Issuer's capitalisation metrics and have a compounding effect on the ratio of non-performing loans in an adverse scenario, which could adversely affect the Issuer's business, results of operations and financial condition.

The Issuer is exposed to market risks, including exchange rate and interest rate risks, and enters into derivative financial instruments to manage such risks.

Market risk generally represents the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions. Market risk is inherent in the financial transactions associated with the Issuer's operations and activities, including loans, deposits, short-term borrowings and long-term debt. The Issuer seeks to manage some of its market risk through the use of derivatives such as currency hedging. Fluctuations in currency exchange rates, changes in the implied volatility of interest rates and changes in foreign exchange rates expose the Issuer to market risk. Accordingly, depending on the instruments or activities impacted, market risks can have wide-ranging, complex adverse effects on the Issuer's financial condition, results of operations and business.

The Issuer maintains hedging instruments to hedge against currency fluctuations on its existing borrowings in SDR and U.S. Dollars. The Issuer has hedged its U.S. Dollar exposures on its Eurobonds issued on the international capital markets to date. However, the Issuer is not fully hedged against exchange rate risk on its SDR borrowings, as it uses rolling forward swaps with up to five-year maturities, rather than the maturity of SDR debt. The Issuer's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge, which may differ from time to time.

In some cases, the Issuer may elect not to, or may not have the ability to, implement such hedges or, if the Issuer does implement them, such hedges may not achieve the desired effect of reducing the Issuer's currency exchange risks. Such hedging arrangements may also result in increased costs to the Issuer to the extent it is required to post sufficient collateral to cover the risk prevented to the relevant counterparty and which is likely to increase as a result of any deterioration in the credit quality of the Issuer. Such financial instruments may also expose the Issuer to the risk that its counterparties to such hedging contracts will default on their obligations. Furthermore, although hedging transactions may limit to some degree the Issuer's risk from fluctuations in currency exchange rates (and possibly interest rates), the Issuer may potentially forgo any benefits that might result from such fluctuations if it did not take undertake the hedging transactions. Finally, under IFRS, the Issuer is required to mark-to-market its hedging instruments, resulting in the possible recording of losses on hedging instruments. Depending on the evolution of currencies spot, the Issuer records either a loss or a gain. In 2023, losses on hedging instruments amounted to FCFA 20 billion. In 2022, gains on hedging instruments amounted to FCFA 76.2 billion. In 2021, gains on hedging instruments amounted to FCFA 98 billion. There can be no assurance that the Issuer will continue to be hedged as intended against currency fluctuations, or that it will be able to hedge against the risk of currency fluctuations in the future or under similar conditions.

Interest rate risks are intended to be managed within a 0.15% margin along with a half-yearly review of lending rates. The Issuer is exposed to interest rate risk related to a shift in the maturities (refinancing risk or reinvestment as appropriate). There can be no assurance that the Issuer will be protected as intended against interest rate fluctuations, or that it will be able to effectively manage the risk of interest rate fluctuations in the future, which in turn, could adversely affect the Issuer's business, financial condition or results of operations. See "*Risk Management—Market risk management—Interest rate risk*".

The Issuer is exposed to liquidity risk.

The Issuer monitors maturity mismatches between its assets and liabilities in order to minimise its liquidity risk and has a liquidity policy in place to ensure sufficient liquidity to meet its requirements over the following nine to 12 months. Although management believes that the Issuer's income and access to capital markets and other financings will continue to allow it to meet its short-term liquidity needs, mismatches between its income and assets and the maturity of its indebtedness could negatively impact its liquidity position. See also "*—Increased risks or risk perception in any of the WAEMU Member States to which the Issuer has large credit exposures or affecting the Issuer's shareholders could have an adverse impact on the Issuer's credit ratings, funding activities and funding costs*".

The Issuer has a statutory right to access the refinancing window of the BCEAO, the Issuer's largest shareholder, either by discounting its receivables under loans to the WAEMU Member States or by using them as collateral for repo-type

arrangements. The Issuer has never had to resort to this refinancing window. Nonetheless, any inability on the part of the BCEAO to provide such liquidity should the Issuer require it, could have material adverse effects on the Issuer's liquidity and access to funding.

As at the date of this Offering Circular, the French Treasury provides an unlimited convertibility guarantee of the FCFA to the Euro. In addition, the BCEAO maintains an operational account with the French Treasury, which supports the free convertibility of the FCFA and the Euro. This operational account offers an unlimited overdraft facility, subject to operating rules and procedures agreed between the BCEAO and the French Treasury. Any limitation on, or termination of, the unlimited convertibility guarantee or the liquidity provided by the French Treasury to the BCEAO through the operational account, may have a material adverse effect on the BCEAO's ability to provide in turn liquidity to the Issuer. See "*—The implementation of the ECO, the common currency contemplated for the ECOWAS region to replace the FCFA, could impact the Issuer*" and "*—The Issuer's business could be adversely affected if the FCFA/Euro peg were to be removed or adjusted or as a result of any devaluation of the FCFA against the Euro*".

Any inability to meet liquidity needs could adversely impact the evaluation of the Issuer's creditworthiness by counterparties and rating agencies, which could significantly limit its operating activities. Accordingly, if the Issuer failed to manage its liquidity position successfully, this could have a material adverse effect on its business, results of operations, financial condition and cash flows

The Issuer's creditors are increasingly investors in the capital markets and commercial lenders, while a significant portion of its debtors are the WAEMU Member States which are also its shareholders.

A significant portion of the Issuer's total gross outstanding loans (75.2% as at 30 September 2024) is made to the WAEMU Member States (through the FDC Window, the FDE Window and the Bank Window), which are also the main shareholders of the Issuer (directly and through the BCEAO). Conflicts of interest may arise between the Issuer, as creditor, and the WAEMU Member States, both as shareholders and debtors of the Issuer. Those conflicts may not always be resolved in the interest of the Issuer, which may have a material adverse effect on the Issuer's business and financial condition. Furthermore, an increasing portion of the Issuer's debt is incurred on the regional and international capital markets (including through the proposed issuance of the Notes) and from commercial lenders. Rescheduling or restructuring discussions with the Issuer's debtors would take place with entities that are also its shareholders. If the Issuer had to enter into similar discussions with its other non-shareholder creditors, it cannot guarantee that these creditors would be as willing to accommodate the Issuer as the WAEMU Member States.

The Issuer's corporate governance structure could change.

The By-laws provide for a balanced governance structure, in terms of the distribution of shareholdings among the WAEMU Member States, the BCEAO and sovereign or quasi-sovereign entities that are not part of the WAEMU (Class B shareholders) on the Board of Directors. See "*Capital Structure*".

There is no restriction on the number of shares that may be held by any one single shareholder or group of shareholders, and this could potentially lead to a concentration of ownership of the Issuer. As an exception, the BCEAO has to subscribe to, at least, the amount held by the WAEMU Member States. As at the date of this Offering Circular, a concentration of ownership of the Issuer would not, in itself, result in an ability to appoint or remove a majority of the Board of Directors. Since 1973, one-third of the Board of Directors seats are reserved for the WAEMU Member States, one third for the BCEAO and one-third for non-regional members, which accounted for 13.23% of the Issuer's subscribed capital as at 30 September 2024. However, if the By-laws were to change, this could have an effect on the Issuer's corporate governance structure and voting rights, and in turn on its business, results of operations and prospects.

The loss of certain members of the Issuer's management could have an adverse effect on the Issuer's business.

The Issuer's growth strategy is dependent on the efforts and abilities of its senior management. In addition, the Issuer's operations depend in part upon the continued services of certain key employees, which are those employees whose functions have a determinative impact of the operational activities or strategic objectives of the Issuer and which group includes most management positions. If the Issuer loses the services of any of its existing key personnel without timely and suitable replacements or is unable to attract and retain new personnel with suitable experience, the Issuer's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Issuer's IT systems are subject to failure or attacks by third parties.

The Issuer's success depends on the continuous, uninterrupted availability of its information technology systems, notably in terms of risk management. Events beyond the Issuer's control, such as telecommunications difficulties, software

failures, inadequate capacity of information technology centres, the lack of availability of internal resources, fires, electrical failures, third party attacks (such as hacking, computer viruses or ransomware) and any delay in or impossibility of installing new information technology systems could adversely affect the capacity and availability of the Issuer's IT systems. Any major disruption to or slowdown in the Issuer's systems could cause losses or delays in processing information, resulting in disruption of its lending activities, debt servicing and monitoring and management of its exposure to credit, interest rate, foreign exchange rates and other risks. See "*Description of the Issuer—Technology*".

Despite the immunities and privileges afforded to the Issuer in the By-laws, there can be no guarantee that the Issuer's assets and operations will not be affected by government intervention.

Article 4 of the By-laws states that "the property and assets of the Issuer wherever located and by whomsoever held shall be immune from: (a) search, requisition, expropriation, confiscation, nationalisation and all other forms of seizure, taking or foreclosure by executive or legislative action; and (b) seizure, attachment or execution before the delivery of final judgment against the Issuer" (see "*Description of the Issuer—Privileges and immunities*"). In addition, the Issuer's Resident Missions also enjoy these privileges and immunities. See "*—Risk Factors relating to the Issuer and the jurisdictions in which it operates—As a supranational institution, the Issuer is not subject to regulatory supervision, including with regard to capital adequacy, corporate governance or disclosure laws*" above.

As at the date of this Offering Circular, the Issuer has not been subject to any violation of the above provisions. However, there can be no guarantee that such privileges and immunities will continue indefinitely, or that they will never be violated, and any changes to current governments of the WAEMU Member States could potentially affect the privileges and immunities granted to the Issuer and its Resident Missions. Any alteration, suspension or violation of these immunities and privileges and/or unlawful or arbitrary government action in the WAEMU Member States could disrupt the Issuer's operations and/or materially adversely affect its financial performance and results of operations.

Risks relating to Africa

Emerging markets such as those in the WAEMU Member States are subject to greater risks than more developed markets.

African markets are generally considered by international investors to be emerging markets. Investors in emerging markets such as those in the WAEMU Member States should be aware that these markets are subject to greater risk than more developed markets. These risks include economic and financial market instability as well as, in some cases, significant legal and political risks due to the lack of safeguards and infrastructure that investors traditionally encounter in more developed economies. In addition, in a number of the WAEMU Member States, structural reforms are still needed in many sectors, including agriculture, energy and transport. See "*—Risk Factors relating to the Issuer and the jurisdictions in which it operates—Investing in securities involving emerging markets, such as the WAEMU Member States in which the Issuer's activities are concentrated, involves a higher degree of risk than more developed markets*".

Economic instability in the WAEMU Member States in the past and in other emerging market countries has been manifested in many ways, including but not limited to:

- general economic and business conditions;
- perceived or actual security issues and political instability, including *coup d'états*;
- the imposition of sanctions;
- high interest rates;
- exchange rate volatility;
- high levels of inflation;
- exchange controls;
- industrial action;
- commodity price fluctuations;

- disruptions to energy or fuel supplies;
- slowdown in the economic activity of key trading partners;
- wage and price controls;
- sudden changes in economic or tax policies;
- imposition of trade barriers;
- changes in investor confidence;
- difficulties in accessing foreign grants and other funding;
- budget deficits; and
- lack of adequate infrastructure necessary to accelerate economic growth.

Any of these factors could have a material adverse effect on the Issuer's business, financial condition, growth, prospects, cash flows and results of operations.

Accordingly, investors should exercise particular care in evaluating the risks involved in investing in the Notes and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investments in emerging markets are only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets, and prospective investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Turmoil in emerging markets, even outside Africa, can adversely affect the economies of the WAEMU Member States.

Any significant financial turmoil in one emerging market country has a tendency to adversely affect prices of capital markets financings of other emerging market countries, as investors may seek to move their money to what are perceived to be more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment across Africa and adversely affect the economies across the African continent, which comprises 54 states, as well as the WAEMU Member States more specifically. In addition, during such times, entities that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the wider African economy remains stable (as a whole), financial turmoil in any emerging market country or region (African or otherwise) could adversely affect the Issuer's business, and result in a decrease in the price of the Notes.

The disruptions experienced in the international capital markets during the past few years arising from the financial crisis in developed countries, and the impact of the ongoing armed conflict commenced by Russia in Ukraine, have also led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in financing being unavailable for certain entities. Entities located in, or doing business with, countries in emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit or the increased cost of debt, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within emerging markets is significantly influenced by levels of investor confidence in such markets as a whole, and so any factors that impact market confidence (for example, a decrease in credit ratings or state or central bank intervention) could affect the price or availability of funding for entities within any of these markets.

Further, African economies are highly susceptible to global economic changes, including in oil prices, U.S. Dollar interest rates, the U.S. Dollar exchange rate relative to local currencies, U.S. global trade policies and slower economic growth in other countries (particularly in China), any of which could have a significant adverse effect on the economic condition of countries in Africa.

See "*Risk Factors relating to the Issuer and the jurisdictions in which it operates—The economic conditions in the WAEMU Member States have been, and will continue to be, adversely affected by global events, which may negatively impact the Issuer's business, financial condition and results of operations*".

The business, operations and financial results of the Issuer could be adversely affected by the current general condition in the international financial markets and its effect on African economic growth and trade finance.

Periodic disruptions since the 2008 global financial crisis in the inter-bank and capital markets, as well as capital flight from emerging markets, have led, on occasion, to reduced liquidity and increased costs of funding, both for banks and for other participants in and users of these markets. Banks have experienced a reduction in available financing both in the inter-bank and short-term public funding markets, as well as in longer term capital markets. Accordingly, financial sector dysfunctionality has become an immediate and ongoing threat for many African economies. Volatility on the financial markets has also increased as a result of the ongoing impact of Russia's armed conflict in Ukraine and the subsequent imposition of sanctions by the United States, European Union, the United Kingdom and other countries against Russia, Belarus and certain Russian and Belarussian entities and individuals. See "*—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The economic conditions in the WAEMU Member States have been, and will continue to be, adversely affected by global events, which may negatively impact the Issuer's business, financial condition and results of operations*".

The official data upon which prospective investors could base their investment decisions may not be as reliable as equivalent data from official sources in developed countries.

Official statistics and other data published by central banks, governments, and non-governmental agencies in Africa may be substantially less complete or researched and, consequently, less reliable than those published by comparable bodies in more developed jurisdictions. Accordingly, the Issuer cannot assure prospective investors that the sources from which it has drawn some of the information set out in this Offering Circular are reliable or complete. State entities in the WAEMU Member States may produce official statistics on bases different from those used by comparable bodies in other jurisdictions. The absence of accurate statistical, corporate and financial information, including audited financial statements, relating to its corporate borrowers, makes the valuation of collateral and overall credit risk assessment more difficult and less accurate. Accordingly, any discussion of matters relating to the Issuer's operations herein could, therefore, be subject to uncertainty due to concerns about the completeness or the reliability of available official and public information.

A worsening of the political climate (including significant changes to social conditions and foreign policies) in any of the states with which the Issuer has relationships could have a material adverse effect on the Issuer's financial condition and/or results of operations.

Political factors which could adversely affect the Issuer's business, financial condition, cash flows, results of operations and prospects include:

- regional political instability, including government or military regime change, such as the *coups* in Mali in May 2021, in Burkina Faso in January 2022 and in Niger in July 2023, as well as riots or other forms of civil disturbance violence or strife, including through acts of terrorism and insurrection;
- tensions and unrest surrounding national and local elections, such as the unrest surrounding the presidential elections in Côte d'Ivoire held in October 2020, with numerous protests and instances of violence marking the electoral campaign and post-election period resulting in fatalities, injuries, arrests and property damage;
- military conflicts or the outbreak of war or other hostilities involving countries in the region;
- any material curtailment of the industrial and economic infrastructure development that is currently underway across Africa;
- government intervention, including expropriation or nationalisation of assets or increased levels of protectionism;
- increased government regulations, or adverse governmental activities, with respect to price, import and export controls, the environment, customs and immigration, capital transfers, foreign exchange and currency controls, labour policies and land and water use, foreign ownership, legal structures and tax laws;
- cancellation of contractual rights;
- trade barriers;

- difficulties in staffing and managing operations;
- lack of well-developed legal systems which could make it difficult for the Issuer to enforce its intellectual property and contractual rights;
- security and safety of employees;
- epidemics and pandemics;
- restrictions on the right to convert or repatriate currency or export assets;
- greater risk of uncollectible accounts and longer collection cycles;
- indigenisation and empowerment programmes;
- logistical and communications challenges; and
- arbitrary, inconsistent or unlawful government action.

For example, in January 2022, ECOWAS and the WAEMU authorities imposed economic sanctions on Mali. Such sanctions contributed to Mali's default on approximately U.S.$180 million in debt payments (according to figures published as at 1 March 2022 and not including amounts due to the Issuer) and have resulted in a material adverse impact on the Malian economy. In February 2022, Moody's downgraded the long-term foreign and local currency issuer ratings of the Government of Mali to Caa2 and placed the ratings on review for further downgrade as a result of missed payments on commercial debt following the imposition of sanctions. In January 2022, the spread of violence from neighbouring Mali also prompted the army to seize control in Burkina Faso. Following this, S&P downgraded Burkina Faso's credit ratings to CCC+/C. Although sanctions on Mali and Burkina Faso were lifted in February 2024, there can be no guarantee that such events may not occur in the future.

The WAEMU Member States are in various stages of developing the institutions and legal and regulatory systems that are characteristic of established democracies. However, institutions in these countries may not yet be as firmly established as they are in countries in the developed world. Many of these countries are also in the process of recovering from recent political and economic upheavals and transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Issuer's investments in those countries. Moreover, the procedural safeguards of the new legal and regulatory regimes in those countries are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

As the political, economic and legal environments remain subject to continuous development, investors in these countries and regions face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in these or neighbouring countries or others in the region could have a material adverse effect on the Issuer's business, financial condition, cash flows, results of operations and prospects.

In recent years, many African countries have been subject to increasing numbers of terrorist attacks, including but not limited to high profile incidents over the last two years and many African countries suffer from a high prevalence of violent crime. An increase in the number of terrorist attacks or violent crimes, or the occurrence of a large-scale terrorist attack in Africa could have a negative impact on West African economies and therefore the Issuer's financial condition and business. See "*—Militant activity, terrorism and other forms of unrest may adversely affect the Issuer's business, operations and financial results*" below.

Militant activity, terrorism and other forms of unrest may adversely affect the Issuer's business, operations and financial results.

Militant activity and terrorism pose a major threat to security in parts of Africa, including certain of the jurisdictions in which the Issuer operates, such as Mali, Niger and Burkina Faso.

Security risks are linked to the activities of autonomous rebel movements in Northern Mali, jihadist groups in the Sahelian part of the WAEMU region and the Boko Haram group in Niger and in Burkina Faso as well as in some neighbouring countries (Chad, Nigeria), all of which have increased geopolitical tensions in the region. 150 violent incidents, in which more than 300 people were killed, were reported for the single month of April 2019 in Burkina Faso, Mali and western

Niger. Since November 2019, more than 300 people have been killed in terrorist attacks in Burkina Faso, including over 160 people who were killed in an attack on the village of Solhan in north-east of the country in June 2021. As part of the fight against jihadist movements operating in the Sahel, the WAEMU Member States are supported by international military forces, including those of France and the United States. However, anti-French sentiment has grown in the region and, in February 2022, the French ambassador to Mali was asked to leave the country. Also in February 2022, President Macron of France announced that the 5,000 French troops, which had been stationed in Mali since 2013, would be withdrawn from the region. The countries directly involved in the fight against terrorism, including Burkina Faso, Nigeria, Chad, Cameroon, Niger and Benin, have also formed a multinational force attempting to combat this threat. As a result, a state of emergency was declared in December 2018 and was extended until January 2020 in several provinces of Burkina Faso which suffered from recurrent and murderous jihadist attacks. Other countries in the region have also implemented security measures aimed at surveillance and intervention to counter possible actions by terrorists in their territories. In July 2020, the United Nations Secretary General's Special Representative noted in a briefing to the United Nations Security Council that intercommunal violence and persistent attacks by extremists continue to undermine peace and security across West Africa. In its January 2022 staff report, the IMF noted that the COVID-19 pandemic had aggravated the situation of countries already subject to rising security risks. According to statistics published by The Armed Conflict Location & Event Data Project ("**ACLED**"), close to 2,500 security incidents (including battles, violence against civilians and riots) had been reported in 2021 in Burkina Faso, Mali and Niger, an increase of approximately 15%, as compared to 2020. The IMF also noted that security incidents had spilled over to other countries in the region, particularly to border areas in Benin and Côte d'Ivoire. In January 2022, the spread of violence from neighbouring Mali prompted the army to seize control in Burkina Faso. The risk of further attacks cannot be excluded, and could lead to further disruption and tension in the WAEMU region.

Any increase in such militant activity, terrorism or other security incidents could lead to, among other things: (a) a decrease in demand from the Eurozone, which is the WAEMU's principal economic partner; (b) decreases in commodity prices for the main products exported from the region (*e.g.*, coffee, cocoa, cotton, cashew nuts, peanuts, uranium, gold, gas and oil); or (c) further tensions in the Sahel zone. Any such development would negatively impact the WAEMU's growth potential and, consequently, negatively impact the Issuer.

In addition, elections in the region (such as the October 2020 elections in Côte d'Ivoire) can cause or result in socio-political unrest in the countries in which the Issuer operates. Election-related risks include the destruction of property and human casualties, as well as a negative impact on economic growth. In addition, problematic elections can lead to the postponement of reforms or projects in the relevant state. This could result in lower tax revenues and budgetary difficulties at the state level, which could negatively impact countries' ability to honour their commitments as well as its economic performance. In particular, as at 30 September 2024, the Issuer's total outstanding loans to Côte d'Ivoire, Burkina Faso and Mali amounted to FCFA 432 billion, FCFA 305 billion and FCFA 326 billion, respectively (including the FDE Window).

It is not possible to predict the occurrence of events or circumstances such as terrorism, war hostilities or political unrest, or the impact of such occurrences, and no assurance can be given that the Issuer would be able to sustain its current profit levels if such adverse events or circumstances were to occur in any of the African states in which the Issuer has significant operations or exposure.

African countries face certain risks dealing with HIV/AIDS and with disease outbreaks, which could adversely affect the Issuer's business, results of operations and financial condition.

HIV/AIDS and other endemic diseases remain major health challenges faced by African countries. Malaria and other tropical diseases pose significant health risks at all of the Issuer's operations in West Africa, where such diseases could assume epidemic proportions because of limited national control programmes. Malaria is the major cause of mortality in young children and pregnant women, and it also increases fatalities and absenteeism in adult men.

The COVID-19 pandemic had a significant impact on development banks, including the Issuer, due to global economic disruption, changes in financing priorities (reallocation of resources), delay and disruption in the implementation of development projects, risk of loan non-repayment and challenges specific to their mission.

A new epidemic could represent a range of significant risks for the Issuer from deterioration in asset quality to major disruption to the implementation of development projects. The responsiveness and agility of financing the Issuer, and its ability to readjust its priorities in response to a crisis, will be key to minimizing these risks and continuing to support developing countries effectively.

The burden of disease has a negative impact on the health of employees and it also affects negatively both productivity and profitability as a result of employees' diminished focus or skill, absenteeism, treatment costs and allocated resources. This adversely affects the operations of the Issuer or those of the underlying businesses supporting the Issuer's portfolio

assets. The Issuer is not able to accurately measure these costs and no assurance can be given that these health risks will not have a material adverse effect on its business, results of operations and financial condition.

The agricultural sector plays an important role in the WAEMU Region, which is vulnerable to global price volatility and to weather-related shocks, and natural resources are under increasing pressure.

The WAEMU Member States have significant agricultural sectors, with large rural populations dependent on natural resources as a basis for farming, energy production and housing. These natural resources are being put under increasing pressure due to deforestation and soil exhaustion resulting from intensive farming and non-sustainable farming practices, as well as erosion and natural hazards. The effects of climate change on certain crops could also impact the quality and volume of crop production, as well as its seasonality.

Agricultural production is dependent on weather conditions. For example, in Côte d'Ivoire, cocoa trees and coffee plants are sensitive to changing weather conditions, which might be exacerbated by climate change, as well as also being exposed to the spread of disease, which necessitates their regular replacement with more resistant crop varieties. A period of low agricultural production, whether due to poor weather conditions such as drought or flood, or disease or other causes, may result in lower economic growth for the relevant WAEMU Member State than anticipated.

The economic performance of the agricultural sectors of the WAEMU Member States is also dependent on international demand and commodity prices. Such prices have fluctuated significantly in the past and may fluctuate in the future. Any decrease in the production, demand for, or price in, commodities could have a material adverse effect on the WAEMU Member States' levels of export earnings and, in turn, their ability to service their debt (including debt owed to the Issuer).

If natural resources deteriorate, any of the environmental policies launched to mitigate adverse environmental effects are not properly implemented, agricultural production declines or demand for commodities decreases, this could have an adverse effect on the agricultural sector (including rice production as a staple diet), food security, public health and the general performance of the economy and WAEMU Member States' ability to service their debt (including debt owed to the Issuer), which could, in turn, have a material adverse effect on the Issuer's business, results of operations and financial condition.

Risks related to the Notes generally

The Notes may not be a suitable investment for all investors.

Investing in securities of issuers in emerging markets generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets, including in some cases significant economic risks. Generally, investing in securities of emerging market issuers, such as the Issuer, is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors should note that emerging markets are subject to rapid change and that the information set out in this Offering Circular may become outdated relatively quickly. Investors are urged to consult their own legal and financial advisers before making an investment. Such risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, greater political risk, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes including where the currency for principal or interest payments is different from a potential investor's home currency;
- understand thoroughly the terms of the Notes; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are not guaranteed by any entity, including any sovereign state, entity or agency.

The Notes do not benefit from any guarantee. Although established by treaty between the WAEMU Member States, the Issuer is a legal entity separate from both the governments of its members and the agencies of such governments. Therefore, the principal of the Notes and interest due or to become due in respect of the Notes constitute obligations solely of the Issuer and do not constitute the obligation of, nor are they guaranteed or insured by, any WAEMU Member State or sovereign entity or agency thereof. Holders of the Notes will not have recourse to any WAEMU Member State, or sovereign entity or agency thereof, to enforce judgments against the Issuer.

There can be no assurance that the use of proceeds of Notes identified as Sustainability Bonds in the "Use of Proceeds" section will be suitable for the investment criteria of an investor.

The Notes will constitute Sustainability Bonds (as described in "*Use of Proceeds*"). It is the Issuer's intention to apply an amount equal to the net proceeds of such Notes to finance and/or refinance projects comprising new or existing loans relating to certain businesses and certain categories of environmental, social or sustainable projects which are set out in its Sustainability Bond Framework. The Issuer will apply processes for project evaluation and selection, management of proceeds and reporting consistent with guidelines published by the International Capital Markets Association set out in the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines 2018 (the "**Sustainability Bond Guidelines**").

Vigeo Eiris provided the Second Party Opinion, assessing the environmental and social added value of the Sustainability Bond Framework and its alignment with the Green Bond Principles and the Social Bond Principles.

Prospective investors should have regard to the information set out in the "*Use of Proceeds*" section of this Offering Circular and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary. If the use of such proceeds is a factor in an investor's decision to invest in Notes, they should consider the disclosure in "*Use of Proceeds*" below and consult with their legal or other advisers before making an investment decision.

There is currently no clear definition (legal, regulatory or otherwise) of, or market consensus as to what constitutes or may be classified as, a "green", "social", "sustainable" or equivalently labelled projects or a loan that may finance such a project, nor can any assurance be given that a clear definition or consensus with respect to such projects or loans will develop in the future. Such concepts are the subject of a wide variety of market-driven voluntary principles and guidelines (such as the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines) as well as of a number of regulatory initiatives from around the world. For example, and in particular, a basis for the determination of such a definition has been established in the European Union with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the "**Sustainable Finance Taxonomy Regulation**") on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") or Regulation (EU) 2023/2631 of the European Parliament and of the Council of November 22, 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (including supplemental delegated regulations thereto). Other such regulatory frameworks are being developed in other jurisdictions that are expected to evolve over time.

Accordingly, alignment of any project included in the Eligible Green and/or Social Projects with any particular regulatory framework such as the EU Sustainable Finance Taxonomy, if required, is not certain. There can also be no assurance that the use of proceeds of the Notes, or the business or projects funded thereby, will satisfy, whether in whole or in part, any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under their own by-laws or other governing rules or investment portfolio mandates.

While it is the intention of the Issuer to apply an amount equal to the proceeds of the Notes in, or substantially in, the manner described in the "*Use of Proceeds*" section, there is no contractual obligation to do so and there can be no assurance that the application of such proceeds will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timeframe, or that such proceeds will be totally or partially disbursed as planned. Nor can there be

any assurance that the Notes or the activities or projects they finance (or refinance) will have the results or outcome (whether or not related to environmental, social, sustainability or other objectives) originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not (i) constitute a default or an event of default under the Notes or a default of the Issuer for any purpose, (ii) give rise to any contractual claim of a Noteholder against the Issuer, or (iii) lead to an obligation of the Issuer to redeem the Notes, as the case may be.

Similarly, while the Issuer intends to provide regular information on the use of proceeds of the Notes, any failure to do so will not (i) constitute a default or an event of default under the Notes or a default of the Issuer for any purpose, (ii) give rise to any claim of a Noteholder against the Issuer, or (iii) lead to an obligation of the Issuer to redeem the Notes, as the case may be.

Any such event or failure to apply the proceeds of the Notes as intended, any withdrawal of any applicable opinion or certification, any opinion or certification to the effect that the Issuer is not complying in whole or in part with criteria or requirements covered by such opinion or certification or any change to the Issuer's framework and/or selection criteria may have an adverse effect on the value of the Notes, and may result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

For the avoidance of doubt, payments of principal and interest (as the case may be) on the Notes shall not depend on the performance of the relevant project nor have any preferred right against such assets.

None of the Joint Lead Managers or the Trustee makes any representation as to (i) the suitability of any Notes to fulfil environmental, social and/or sustainability criteria required by prospective investors, (ii) whether the net proceeds of the issuance of the Notes will be used to finance and/or refinance relevant Eligible Green and/or Social Projects (as defined in "*Use of Proceeds*"), including their green, social and/or sustainability criteria, as applicable or (iii) the characteristics of relevant projects or businesses to whom the proceeds of the Notes are lent, including their green, social and/or sustainability characteristics, as applicable. None of the Joint Lead Managers or the Trustee has undertaken, or is responsible for, any assessment of the eligibility criteria, any verification of whether the projects meet the eligibility criteria, or the monitoring of the use of proceeds.

Investors should refer to the Sustainability Bond Framework and the Second Party Opinion for information and should determine for themselves the relevance of the information contained in this Offering Circular regarding the use of proceeds and any investment in the Notes should be based upon such investigation as it deems necessary. The Sustainability Bond Framework may be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular. The Issuer's website, the Sustainability Bond Framework and the Second Party Opinion will not form part of this Offering Circular.

The Issuer cannot provide any assurances regarding the suitability or reliability of any second party opinion or admission to any index obtained with respect to the Notes.

No assurance or representation can be given as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion provided by Vigeo Eiris or any further second-party opinion provided by any third party in future (whether or not solicited by the Issuer) made available in connection with the Issuer's Sustainability Bond Framework, as applicable, or the issue of the Notes. No such opinion or certification should be deemed or understood, or relied upon, as a recommendation by the Issuer, any Joint Lead Manager or the Trustee or any other person to buy, sell or hold any Notes. Any such opinion or certification is only current as of the date that the opinion or certification was initially issued, and is based upon the judgment of the opinion provider. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein, or the reliability of the provider of such opinion or certification for the purpose of any investment in the Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

If the Notes are at any time listed on, admitted to or included in any dedicated "green", "environmental", "social", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing on, admission to or inclusion in such index satisfies any present or future investor expectations or requirements with regard to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

The terms and conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The terms and conditions of the Notes contain provisions for calling meetings of holders of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Notes including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority.

The terms and conditions of the Notes also provide that the Trustee may, without the consent of holders of Notes, agree to (i) any modification of the Notes, the Trust Deed or the Agency Agreement (other than in respect of certain reserved matters) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of holders of Notes and (ii) any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of holders of Notes, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than in respect of certain reserved matters). See "*Terms and Conditions of the Notes—16. Meetings of Noteholders, Modification and Waiver*".

As the Global Note Certificates are held by or on behalf of DTC, Euroclear and/or Clearstream, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes may be represented by one or more Global Note Certificates which will be deposited with a custodian for, and registered in the name of a nominee of, DTC or a common depositary for Euroclear and Clearstream. Except in the circumstances described in the relevant Global Note Certificate, investors will not be entitled to receive definitive notes. DTC, Euroclear and Clearstream will maintain records of the beneficial interests in the Global Note Certificates. While the Notes are represented by one or more Global Note Certificates, investors will be able to trade their beneficial interests only through DTC, Euroclear and Clearstream.

While the Notes are represented by one or more Global Note Certificates, the Issuer will discharge its payment obligations under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant clearing system to receive payments under the Notes. The Issuer shall have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificates.

Holders of beneficial interests in the Global Note Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The terms and conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of the Notes.

Investors who purchase Notes in denominations that are not an integral multiple of U.S.$200,000 may be adversely affected if definitive Note Certificates are subsequently required to be issued.

The Notes have denominations consisting of a minimum of U.S.$200,000 or its equivalent plus one or more higher integral multiples of U.S.$1,000 or its equivalent. It is possible that the Notes may be traded in amounts that are not integral multiples of U.S.$200,000 or its equivalent. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 or its equivalent in his account with the relevant clearing system at the relevant time will not receive a definitive Note Certificate in respect of such holding (should definitive Note Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to U.S.$200,000 or its equivalent.

If definitive Note Certificates are issued, holders should be aware that definitive Note Certificates which have a denomination that is not an integral multiple of U.S.$200,000 or its equivalent may be illiquid and difficult to trade.

Risks related to the Market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active trading market in respect of the Notes may never be established or may be illiquid, in which case the investors' ability to sell the Notes may be limited.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Although an application will be made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and traded on the regulated market thereof, the Issuer cannot assure the investors that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as result of the admission to trading on the official list of the Luxembourg Stock Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the official list of the Luxembourg Stock Exchange, may have a material effect on a holder's ability to resell the Notes in the secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates which may adversely affect the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. Dollar would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of the Notes may be adversely affected by movements in market interest rates.

In general, as market interest rates rise, securities bearing interest at a fixed rate such as the Notes, generally decline in value. Consequently, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit ratings may not reflect all risks and are subject to revision or withdrawal, either of which could adversely affect the trading price of the Notes.

The credit rating(s) assigned to the Notes at any time may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the marketability of the Notes or any market price. The significance of each rating should be analysed independently from any other rating. Credit rating included or referred to in this Offering Circular with respect to the Notes has been issued by Moody's, established in the EU and included in the list of credit rating agencies registered in accordance with Regulation (EC) № 1060/2009 on Credit Rating Agencies, as amended.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's results of operations, prospects or financial condition. Factors including increased competition, fluctuations in the Issuer's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters and armed conflict may have an adverse effect on the market price of the Notes.

It may be difficult to effect service of legal process and enforce judgments obtained in any of the WAEMU Member States against the Issuer and its officers.

Pursuant to the By-laws, the Immunities Protocol and the Headquarters Agreement, the Issuer benefits from various immunities and privileges. See "*Description of the Issuer—Privileges and immunities*". Article 4 of the By-laws provides that no judgment or award other than a definitive judgment or award may be enforced against the Issuer and all property and assets of the Issuer shall, wherever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of definitive judgment or award against the Issuer. The Issuer has, in accordance with the Waiver of Immunity Decision and pursuant to the relevant provisions of the Notes, the Subscription Agreement, the Agency Agreement and the Trust Deed, undertaken not to claim any immunity to the full extent permitted by the laws of any jurisdiction.

The Issuer has agreed that the English courts have exclusive jurisdiction to settle any Proceedings. The Issuer has submitted to the exclusive jurisdiction of the English courts for the benefit of the Noteholders and the Trustee and, as a result, to the extent allowed by law, Noteholders and the Trustee may take concurrent proceedings in other courts of competent jurisdiction and in any number of jurisdictions. However, the Notes do not provide any alternative dispute resolution mechanism, such as arbitration, and accordingly Noteholders will have legal recourse in the event of any dispute under the Notes only through the courts. See "*Terms and Conditions of the Notes*—22. *Governing Law and Dispute Resolution*".

In addition, the courts of a WAEMU Member State will likely not automatically enforce any judgment obtained in a court established in a country other than that WAEMU Member State unless there is in effect a treaty between such country and such WAEMU Member State providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is currently no such treaty in effect between any of the WAEMU Member Countries and the United Kingdom. Accordingly, should a holder of the Notes be successful in obtaining a judgment against the Issuer in any jurisdiction other than a WAEMU Member State, no assurance can be given that such judgment will be enforced against the Issuer in such WAEMU Member State.

In Togo, there is no requirement for a bilateral treaty between a foreign country and Togo providing for reciprocal enforcement of judgments in order to enforce a judgment obtained in such foreign country. Foreign judgments are enforceable in Togo in accordance with the general conditions of *exequatur* and case law which require that:

- the party seeking the enforcement of a foreign judgment in Togo must submit a request to the president of the competent court where the enforcement will be instituted and produce a copy of the judgment, an original of the document evidencing the notification of the judgment and a certificate to attest that there is no possible further appeal or opposition against the judgment; and

- the president of the competent court shall verify, among other conditions, that the foreign judgment has been made by a competent jurisdiction, that the competent jurisdiction has applied the applicable law to the relevant dispute, that the foreign judgment cannot be further appealed, and that the judgment is not obviously contrary to Togolese public policy.

In the circumstances described above, however, the enforcement in Togo of a judgment obtained in another jurisdiction, including England, cannot be assured. Togo is not party to any international conventions or bilateral treaties with foreign countries providing for reciprocal enforcement of judgments obtained in any foreign country in Togo. As a result, enforcement of foreign judgments in Togo is reliant on the local laws and the ability of Noteholders to enforce foreign judgments in the courts of Togo could be affected by a change of local law.

In addition, certain of the members of the Board of Directors and principal officers of the Issuer are residents of a Member State and all or a substantial portion of the property and assets of the Issuer are located in the Member States.

As a result, it may not be possible (a) to effect service of process upon any such person outside the relevant Member State in which such person is resident, (b) to enforce against any such person, in courts of jurisdictions other than the relevant Member State in which such person is resident, judgments obtained in such courts or (c) to enforce against any such person, in the courts of the Member State in which such person is resident, judgments obtained in any other jurisdiction, including judgments obtained on the Trust Deed in the courts of England and judgments obtained on the Notes in the United States predicated upon the civil liability provisions of the federal securities laws of the United States.

Investors are relying solely on the creditworthiness of the Issuer.

The Notes will constitute direct, general, unconditional, deeply subordinated and unsecured obligations of the Issuer will at all times rank: (i) *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured and deeply subordinated obligations of the Issuer expressed by their terms to rank *pari passu* with the Notes (including, for the avoidance of doubt, the €100,000,000 Deeply Subordinated Sustainable Notes issued on 2 August 2024 and the $100,000,000 Deeply Subordinated Sustainable Notes issued on 28 December 2023); (ii) *junior* to all present and future senior or unsubordinated obligations of the Issuer; (iii) *junior* to all other present and future subordinated obligations of the Issuer expressed by their terms to rank senior to the Notes; and (iv) *senior* to all other present and future (a) class of share capital irrespective of their category, whether represented by ordinary shares or (if any) preference shares, paid, unpaid or callable, issued by the Issuer and (b) equity-like financial instruments issued by the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Securities, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. If a prospective investor purchases such Notes, it is relying on the creditworthiness of the Issuer and no other person. In addition, an investment in such Notes involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of such Notes. The Notes are not guaranteed.

Return on an investment in Notes will be affected by charges incurred by investors.

An investor's total return on an investment in any Notes will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fees will be charged on the relevant Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

U.S. securities laws may restrict the transfer of Notes.

The Issuer is offering the Notes in reliance upon exemptions from registration under the Securities Act and applicable state securities laws and the Investment Company Act. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from or not subject to the registration requirements of the Securities Act and all applicable state securities laws, and that will not require the Issuer to register as an investment company under the Investment Company Act. See "*Subscription and Sale*" and "*Form of the Notes and Transfer Restrictions*".

The Issuer is relying on Section 3(c)(7) of the Investment Company Act for its exemption from registration thereunder and may be a "covered fund" under the Volcker Rule.

Final rules implementing the Volcker Rule have been adopted and became effective on 21 July 2015 and have been subject to amendments that became effective on 1 January 2020. The Volcker Rule and its implementing rules generally prohibit covered banking entities from, among other things, acquiring or retaining an "ownership interest" in a "covered fund" (each as defined in the Volcker Rule).

As the Issuer is relying on Section 3(c)(7) of the Investment Company Act to be exempted from the definition of investment company and therefore does not need to register as such, it is a covered fund. The Issuer will not seek to qualify for any exclusion or exemption under the Volcker Rule. There is no assurance that the Issuer will seek such an exclusion or exemption in the future or that, if the Issuer did so, it would be successful. Because the Issuer is a "covered fund" subject to the Volcker Rule, covered banking entities may be restricted from acquiring and retaining Notes or any other interests in the Issuer that qualify as "ownership interests" under the Volcker Rule.

While the Issuer does not believe that an investment in the Notes would constitute acquiring or retaining an ownership interest in a covered fund, any prospective investor in the Notes must make its own determination as to whether the investor is a covered banking entity or otherwise subject to the Volcker Rule, whether the Issuer is a "covered fund" under the Volcker Rule, whether its investment in the Notes would or could in the future be restricted or prohibited by any

provisions of the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any marketability or liquidity in connection therewith, and on its portfolio generally. The Volcker Rule may restrict or discourage the acquisition of Notes by covered banking entities, and may adversely affect the marketability or liquidity of the Notes. Investors in the Notes are responsible for analysing their own regulatory positions, and none of the Issuer, the Joint Lead Managers, the Trustee or any of their directors, employees, affiliates, advisers or agents makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer or to such investor's investment in the Notes on the Issue Date or at any time in the future.

Risks related to the structure of the Notes

The Notes are deeply subordinated obligations of the Issuer.

The Notes are, and the Issuer's obligations under the Notes in respect of payments of principal, interest and any other amounts, constitute direct, general, unconditional, deeply subordinated and unsecured obligations of the Issuer. As of 30 September 2024, the Issuer's liabilities at amortised cost amounted to FCFA 2,324 billion (or approximately, U.S.$3,966 million) and are made of liabilities that all rank senior to the Notes and two subordinated and unsecured bonds of the Issuer – the €100,000,000 Deeply Subordinated Sustainable Notes issued on 2 August 2024 and the U.S.$100,000,000 Deeply Subordinated Sustainable Notes issued on 28 December 2023 - which rank *pari passu* with the Notes.

In the event of any liquidation of the Issuer, the Notes shall rank in priority to any payments to holders of any Junior Securities and no payments will be made to holders of any Junior Securities before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

In the event of incomplete payment of unsubordinated creditors and subordinated creditors of the Issuer ranking senior to the claims of the holders of any present or future Parity Securities (including the Noteholders) in the case of such liquidation, the obligations of the Issuer in connection with any such Parity Securities (including the Notes) shall be terminated.

In the event of any liquidation of the Issuer, all payments due to holders of any present or future Parity Securities (including the Notes) will be made on a pro rata basis.

Thus, the Noteholders face a higher recovery risk than holders of unsubordinated and (if there are any in future) subordinated obligations of the Issuer that rank senior to the Notes. There are currently no other instruments of the Issuer that rank junior to the Notes other than the ordinary shares of the Issuer. See "*Terms and Conditions of the Notes—4. Status*"

Thus, the Noteholders face a significantly higher performance risk than holders of unsubordinated and (if there are any in future) subordinated obligations of the Issuer that rank senior to the Notes, which could result in (i) a loss of all or a part of a Noteholder's investment in the event of a winding up, liquidation or dissolution and (ii) more volatility in the market price of the Notes as compared to senior obligations issued by the Issuer.

Early Redemption Risk.

The Issuer may redeem all (but not some only) of the Notes on the First Reset Date, or upon any Interest Payment Date thereafter (in accordance with Condition 10(b) (*Issuer Call Option*)), and (ii) at any time following the occurrence of an Accounting Event (in accordance with Condition 10(c) (*Redemption upon the occurrence of an Accounting Event*)), a Rating Agency Event (in accordance with Condition 10(d) (*Redemption upon the occurrence of a Rating Agency Event*)), a Substantial Repurchase Event (in accordance with Condition 10(e) (*Redemption upon the occurrence of a Substantial Repurchase Event*)), a Withholding Tax Event (in accordance with Condition 10(f) (*Redemption upon the occurrence of a Withholding Tax Event*)), subject to the provision of certain notices and other conditions.

In the event of an early redemption of the Notes at the option of the Issuer following the occurrence of a Withholding Tax Event or a Substantial Repurchase Event at any time and, in the event of an early redemption upon the occurrence of a Rating Agency Event or an Accounting Event where the relevant date fixed for redemption falls on or after the First Reset Date, such early redemption of the Notes will be made at the principal amount of the Notes in each case plus accrued and unpaid interest up to (but excluding) the relevant redemption date together with any Arrears of Interest (including any Additional Interest Amounts thereon).

In the event of an early redemption at the option of the Issuer following the occurrence of a Rating Agency Event or an Accounting Event, where the relevant date fixed for redemption falls prior to the First Reset Date, such early redemption of the Notes will be made at an amount equal to 101% of the outstanding principal amount of the relevant Note in each

case plus accrued and unpaid interest up to (but excluding) the relevant redemption date together with any Arrears of Interest (including any Additional Interest Amounts thereon) .

The redemption of the Notes by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of such Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to the First Reset Date (i.e., 13 February 2030).

The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. Noteholders may not be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on the Notes had they not been redeemed.

Potential investors should consider reinvestment risk in light of other investment available at that time. An exercise of any of the foregoing early redemption options by the Issuer may also result in the materialisation of the risk factor discussed under "*Risks related to the market generally— An active trading market in respect of the Notes may never be established or may be illiquid, in which case the investors' ability to sell the Notes may be limited*." for the period starting as of the announcement date to and including the optional redemption date.

No limitation on issuing or guaranteeing debt ranking senior or pari passu with the Notes.

There is no restriction on the amount of debt which the Issuer may issue or guarantee or any negative pledge provisions. As a result, there is no restriction on the amount of debt which the Issuer may issue or guarantee or any negative pledge provisions. The Issuer and its Subsidiaries may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. An increase of the outstanding amount of such securities or other liabilities may if such outstanding amount were to exceed the assets of the Issuer materially reduce the amount (if any) recoverable by Noteholders on a winding-up, dissolution or liquidation. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated, the Noteholders could suffer loss of their entire investment.

Risk of Deferral of Interest.

In accordance with Condition 8 (*Interest Deferral and Mandatory Interest Deferral*), on any Optional Deferral Interest Payment Date, the Issuer may, at its option, elect to defer in whole or in part the Interest Payment in relation to any Optional Deferral Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose. It is the Issuer's current intention that, whenever exercising its discretion to defer interest on the Notes, the Issuer will take into account, among other factors, the relative ranking of these instruments in the capital structure. However, the Issuer may depart from this approach at any time in its sole discretion, and under the Conditions of the Notes an Interest Payment on the Notes could conceivably be deferred.

In addition, on any Mandatory Deferral Interest Payment Date, the Issuer will be obliged to defer in whole the Interest Payment in relation to any Mandatory Deferral Interest Payment Date, and the Issuer shall not have any obligation to make such payment and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose.

Any interest not paid on an Optional Deferral Interest Payment Date or a Mandatory Deferral Interest Payment Date and deferred in accordance with the Conditions shall so long as the same remains outstanding constitute Arrears of Interest. Any Arrears of Interest may be payable (together with any Additional Interest Amount (as defined below)), at the option of the Issuer in whole or in part at any time (provided that no Equity Deficiency has occurred and is continuing) and all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full in certain circumstances as further described in "*Terms and Conditions of the Notes— 8(c). Interest Deferral and Mandatory Interest Deferral – Compulsory Payment of Arrears of Interest*".

The deferral of any Interest Payment or expectation that the Issuer will defer any Interest Payment may affect the market value of an investment in the Notes. In addition, as a result of the interest deferral provisions, the market price of the Notes may become more volatile than the market prices of other interest-bearing debt securities on which interest

accrues, and may be more sensitive to adverse changes in the Issuer's financial condition, and therefore investors may receive less than the total amount of capital invested upon any transfer of the Notes.

The Notes may trade, and/or the prices for the Notes may appear, in trading systems with accrued interest. Purchasers of Notes in the secondary market may pay a price which reflects such accrued interest on purchase of the Notes. If one or several interest payments are deferred, a purchaser of Notes in the secondary market may not be entitled to the accrued interest (or part thereof) reflected in the purchase price of the Notes, which would cause the Noteholders to lose all or part of the value of their investment in the Notes.

The current IFRS accounting classification of financial instruments such as the Notes as financial liabilities instruments may change, which may result in the occurrence of an Accounting Event.

Any change to the current IFRS accounting classification of financial instruments, such as the Notes, as financial liabilities instruments could result in the occurrence of an Accounting Event. In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity". The discussion paper was open for comment until 7 January 2019. The IASB Board decided to move the project to its standard-setting programme at the December 2020 Board meeting. On 29 November 2023, the IASB published the exposure draft IASB/ED/2023/5 on "Financial Instruments with Characteristics of Equity – Proposed amendments to IAS 32, IFRS 7 and IAS 1" (the "**IASB/ED/2023/5 Exposure Draft**") which was open to comments until 29 March 2024. Any final rules implemented as a result of the IASB/ED/2023/5 Exposure Draft may determine the timing and the manner of implementation of such rules and may in turn impact the earliest timing when the Accounting Event may occur (which could be earlier than the last day of application of the current IFRS rules). Although the IASB/ED/2023/5 Exposure Draft is not expected to change the IFRS classification of financial instruments such as the Notes as "financial liability", the timing and outcome are uncertain and such current IFRS classification may change, which may result in the occurrence of an Accounting Event.

In such an event, the Issuer will have the option to redeem all (but not some only) of the Notes (pursuant to Condition 10(c) (*Redemption upon the occurrence of an Accounting Event*)), see the risk factor entitled "*Early Redemption Risk*" above. The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain.

There are no events of default under the Notes.

Condition 13 (*Enforcement Events, No Events of Default*) provides that there are no events of default in respect of the Notes. In particular, there is no cross default under the Notes. Compared to unsubordinated debt securities, the Conditions do not provide for events of default allowing acceleration of the Notes if certain events occur. As a result, (i) if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, or defaults on other outstanding indebtedness, investors will not have the right of acceleration of principal, and (ii) upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, therefore, investors may lose all or part of their investment. As a result, the value of the Notes or liquidity on the secondary market may be negatively affected.

Any decline in the credit ratings of the Issuer or the Notes may affect the market value of the Notes and changes in the assessment criteria of the hybrid capital methodology of the relevant Rating Agency may lead to the early redemption of the Notes.

The Issuer's current long-term rating by Moody's is Baa1 and by Fitch is BBB. In April 2024, Fitch placed the Issuer's BBB ratings on negative outlook. The outlook on the Issuer's current long-term rating by Moody's is stable.

The Notes are expected to be rated Baa3 by Moody's. The rating granted by Moody's or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the market value of the Notes. Consequently, actual or anticipated changes in the Issuer or the Notes' credit ratings may affect the market value of the Notes, either positively or negatively.

However, because the return on the Notes is dependent upon certain factors in addition to the Issuer's ability to meet its obligations on the Notes, an improvement in the Issuer's credit ratings will not reduce the other investment risks related to the Notes.

In addition, Moody's, Fitch or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Notes, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

If as a consequence of an amendment to, clarification of, or change in the assessment criteria under its hybrid capital methodology or in the interpretation thereof, the Notes are no longer eligible for the same or higher category of "equity credit" attributed to the Notes at the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time), the Notes may be redeemed at the option of the Issuer in whole, but not in part as provided in Condition 10(d) (*Redemption upon the occurrence of a Rating Agency Event*). The Issuer expects that the Notes will receive 50% "equity credit" from Moody's and 50% "equity credit" from Fitch upon issuance.

The redemption of the Notes by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

Risk Relating to the Change in the Rate of Interest.

Interest on the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. A Noteholder is exposed to the risk that the market value of the Notes could fall as a result of changes in the market interest rate.

While the Initial Rate of Interest specified herein applicable to the Notes is a fixed rate of 8.200% *per annum* up to (but excluding) the relevant First Reset Date (as specified in Condition 7 (*Interest*)), the current interest rate on the capital markets ("**market interest rate**") typically varies on a daily basis. As the market interest rate changes, the market value of the Notes would typically change in the opposite direction. If the market interest rate increases, the market value of the Notes would typically fall, until the yield of such Notes is approximately equal to the market interest rate. If the market interest rate falls, the market value of the Notes would typically increase, until the yield of such Notes is approximately equal to the market interest rate. The degree to which the market interest rate may vary is uncertain and presents a significant risk to the market value of the Notes if an investor were to dispose of the Notes.

In accordance with Condition 7 (*Interest*), the Rate of Interest in respect of the Notes will be reset as from the First Reset Date and on each Reset Date thereafter. Such Rate of Interest will be determined two (2) Business Days before the First Reset Date and before each Reset Date thereafter and as such is not pre-defined at the date of issue of the Notes. After each Reset Date, the Rate of Interest may be different from the Initial Rate of Interest and the interest payable after the First Reset Date and every Reset Period thereafter may be less than a prior fixed rate, which may negatively impact the yield of the Notes and result in a reduced market value of the Notes if an investor were to dispose of the Notes.

In addition, due to the varying interest income on the Notes, potential investors are not able to determine a definite yield of the Notes at the time they purchase the Notes and accordingly their return on investment cannot be compared with that of investments having longer fixed interest periods.

Risk Relating to the absence of publication of the yield for United States Treasury Securities at "constant maturity".

Pursuant to Condition 7 (*Interest*), in the event that the United States Treasury Securities at "constant maturity" for a designated maturity of five years is not published by 4:30 p.m. (New York City time) on the relevant Reset Determination Date, the Rate of Interest applicable to the Notes will be the Reset Reference Dealer Rate on the relevant Reset Determination Date.

The Reset Reference Dealer Rate is provided to the Calculation Agent by the Issuer (or its independent financial adviser of international repute with experience in international debt capital markets) as being a yield-to-maturity based on the arithmetic mean of the secondary market bid yields for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on the relevant Reset Determination Date, of leading primary United States government securities dealers in New York City (each, a "**Reference Dealer**"). The Issuer (following consultation with an independent financial adviser of international repute with experience in the international debt capital markets) will select five Reference Dealers to provide such bid yields and will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); provided, however, that, if fewer than five but more than two such bid yields are provided, then neither the highest nor the lowest of those quotations will be eliminated prior to calculating the arithmetic mean of such bid yields.

If fewer than three Reference Dealers selected by the Issuer (following consultation with an independent financial adviser of international repute with experience in the international debt capital markets) provide bid yields for the purposes of determining the Reset Reference Dealer Rate, the United States Treasury Securities at "constant maturity" for a designated maturity of five years that will be applicable to the relevant Interest Period will be the United States Treasury Securities at "constant maturity" for a designated maturity of five years applicable in respect of the immediately preceding Reset Period or if none, 4.285%.

The Rate of Interest that will be applicable as a result of such fallback will (in the absence of manifest error) be final and binding, and no consent of the Noteholders shall be required in connection with effecting such Rate of Interest, which could have an impact on the marketability and the liquidity of the Notes. In addition, given the uncertainty concerning the availability of bid price provided by the Reference Dealers, the fallback provisions may not operate as intended at the relevant time and this could result in the effective application of a fixed rate to the Notes, without any resettable feature. As a consequence, the Noteholders may receive less than they would have received, would the United States Treasury Securities at "constant maturity" for a designated maturity of five years have been published as anticipated.

Optional redemption, exchange or variation of the Notes for tax, accounting or rating agency reasons.

There is a risk that, after the issue of the Notes, an Accounting Event, a Rating Agency Event or a Withholding Tax Event may occur which in accordance with Condition 10(h) (*Substitution and Variation*) would entitle the Issuer, without the consent or approval of the Noteholders, to (i) exchange the Notes for new notes (the "**Exchanged Notes**"), or (ii) vary the terms of the Notes (the "**Varied Notes**"), so that in either case:

(A) in the case of an Accounting Event, the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be) is recorded as a "financial liabilities" to the maximum extent possible in the consolidated financial statements of the Issuer pursuant to the application of IFRS;

(B) in the case of a Rating Agency Event, any part of the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be), which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Agency Event, avoids being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); or

(C) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Notes or Varied Notes (as the case may be) are not subject to deduction or withholding in application of the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof.

Such exchange or variation is subject to compliance with certain conditions, including delivery of certificates and opinions, and not being materially prejudicial to the interests of the Noteholders as a class as described in Condition 10(h) (*Substitution and variation*). Any such substitution or variation may nonetheless have a negative impact on the price of, and/or the market for, the Notes. Alternatively, the Issuer reserves the right, under the same circumstances, to redeem all (but not some only) of the Notes early as further described in "*Early redemption risk*" above. In such a case, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to reinvest at a lower rate.

The substitution and variation feature of the Notes may materially and adversely affect the market value of the Notes, even if no substitution or variation of the Notes occurs. The perception by other Noteholders or potential investors that a substitution or variation may occur in the future would reduce the price – if any – at which a potential investor is able to sell the Notes.

U.S. holders of the Notes may have adverse tax consequences in the event of a substitution or variation of the Notes.

Under certain circumstances, the Issuer may substitute or vary the terms of the Notes (as described in Condition 10 (*Redemption and Purchase, Substitution and Variation*). Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of the Notes as in place prior to such modifications for "new" Notes as in place after such modifications ("**New Notes**"). If such modifications result in a deemed exchange for U.S. federal income tax purposes, it may be treated as a taxable transaction for U.S. federal income tax purposes in which U.S. holders (as defined in "*Taxation—U.S. Federal Income Tax Considerations*") of the Notes would be required to recognise any gain or loss (although any loss could be disallowed). Furthermore, for U.S. federal income tax purposes, the New Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount ("**OID**").

In such event, U.S. holders would be required to include such OID in their income as it accrues, in advance of the receipt of cash corresponding to such income regardless of their usual method of tax accounting. U.S. holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to the potential modification of the Notes in connection with a substitution or variation of the terms of the Notes. It is also possible that a substitution or variation of the terms of the Notes could result in a taxable event to U.S. holders for tax purposes other than for U.S. federal income tax purposes.

The Notes should be treated as being issued with OID.

The Notes should be treated as being issued with OID for U.S. federal income tax purposes because their "stated redemption price at maturity" will exceed their "issue price" by more than a statutorily defined *de minimis* amount. Generally, the "stated redemption price at maturity" of a Note will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". In general, "qualified stated interest" is stated interest unconditionally payable in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest. Given the Issuer may defer interest payments and that interest payments will be mandatorily deferred in certain circumstances, none of the stated interest on the Notes should be treated as qualified stated interest. U.S. holders will be required to include OID in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. For additional information, see "*Taxation—U.S. Federal Income Tax Considerations—Interest*". The rules regarding OID are complex. Prospective purchasers should consult their own tax advisers about the application of the OID rules.

Set-off prohibition.

In accordance with Condition 14 (*Prohibition of Set-off*), neither the Trustee (on behalf of Noteholders) nor any Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer under or in connection with the Notes and the Trustee (on behalf of the Noteholders) and each Noteholder (by virtue of being the holder of any Notes), as the case may be, shall be deemed to have waived all such rights of set-off, compensation or retention.

As a result, a Noteholder which is also a debtor of the Issuer cannot set-off its payment obligation against any sum due to it by the Issuer under the Notes. This prohibition of set-off could therefore have an adverse impact on the counterparty risk for a Noteholder in the event that the Issuer were to become insolvent.

Risks related to the U.S. federal income tax characterisation of the Notes

The U.S. federal income tax consequences of investing in the Notes are not certain. No authority directly addresses the U.S. federal income tax characterisation of securities like the Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. Although not entirely clear, the Issuer intends to take the position that the Notes are characterised as debt for U.S. federal income tax purposes. However, the Issuer's characterisation of the Notes is not binding on the Internal Revenue Service (the "**IRS**"), and no assurance can be given that the IRS will not assert, or a court would not sustain, a contrary position regarding the characterisation of the Notes. If the IRS were to challenge such characterisation, there is a risk that the Notes may be recast as equity interests for U.S. federal income tax purposes. In that event, the Issuer would likely be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes which generally would result in adverse U.S. federal income tax consequences to a U.S. holder and may require additional filings by a U.S. holder with the IRS. U.S. holders should consult their own independent tax advisors regarding alternative characterisations of the Notes, the appropriate U.S. federal income tax treatment of any distribution received from the Issuer, and the possibility that the Notes may be classified as equity interests in a PFIC. See "*Taxation—U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Characterisation of the Notes*".

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to amendment and completion and except for the text in italics, will be endorsed on each Definitive Note Certificate (if issued).

The U.S.$ 500,000,000 Non-Call 5 Year Deeply Subordinated Sustainable Fixed Rate Resettable Notes due 2055 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 20 (*Further Issues*) and forming a single series therewith) of *Banque Ouest Africaine de Développement* (the "**Issuer**") are (a) constituted by and subject to, and have the benefit of, a trust deed dated 13 February 2025 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp Trustee Company Limited, as trustee (the "**Trustee**", which expression includes all persons for the time being appointed as trustee for the holders of the Notes ("**Noteholders**") under the Trust Deed) and (b) the subject of a paying agency agreement dated 13 February 2025 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Trustee and Citibank N.A., London Branch, as principal paying and transfer agent and calculation agent (the "**Principal Paying and Transfer Agent**" and "**Calculation Agent**", which expression includes any successor principal paying and transfer agent and calculation agent appointed from time to time in connection with the Notes and "**Paying and Transfer Agent**" shall mean the Principal Paying and Transfer Agent and/or any additional paying and transfer agent appointed from time to time in connection with the Notes) and Citibank Europe plc, Germany Branch, in its capacity as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Notes and, together with the Principal Paying and Transfer Agent, any other Paying and Transfer Agents and the Calculation Agent, the "**Agents**").

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by prior appointment during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Paying and Transfer Agents.

1. Form, Denomination and Title

(a) ***Form and denomination.*** The Notes are in registered form, serially numbered and a certificate (a "**Definitive Note Certificate**") will be issued to each Noteholder (as defined below) in respect of its registered holding of Notes.

Notes sold (i) in offshore transactions to persons other than U.S. persons (as defined in Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), in reliance upon Regulation S will be issued in minimum denominations of U.S.$200,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000 and (ii) to qualified institutional buyers (as defined in Rule 144A ("**Rule 144A**") under the Securities Act) ("**QIBs**") that are also qualified purchasers (as defined in Section 2(a)(51)(A) under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**")) ("**QPs**"), in reliance on Rule 144A will be issued in minimum denominations of U.S.$200,000 or any amount in excess thereof which is an integral multiple of U.S.$1,000 (each denomination referred to in (i) and (ii), an "**Authorised Holding**").

(b) ***Title.*** Title to the Notes will pass by transfer and registration as described in Conditions 2 *(Registration)* and 3 (*Transfer of Notes*). The holder (as defined below) of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any other interest in it, any writing thereon by any Person (as defined below) (other than a duly executed transfer thereof in the form endorsed thereon) or any notice of any previous theft or loss thereof; and no Person will be liable for so treating the holder.

In these Conditions, "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other judicial entity, including, without limitation, any state or agency of a state or other entity, whether or not having separate legal personality, Noteholder or holder means the Person in whose name a Note is for the time being registered in the Register (as defined below) (or, in the case of joint holders, the first named thereof) and holder of Notes, and related expressions shall be construed accordingly. A Definitive Note Certificate (as defined below) will be issued to each Noteholder in respect of its registered holding.

Notes sold to QIBs that are also QPs in the United States in reliance on Rule 144A under the Securities Act will initially be represented by a Restricted Global Note Certificate. Notes sold to investors outside the United States who are not U.S. persons in reliance on Regulation S under the Securities Act will initially be represented by the Unrestricted Global Note Certificate. The Unrestricted Global Note

*Certificate will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, SA ("**Clearstream**"). The Restricted Global Note Certificate will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of the Depositary Trust Company ("**DTC**").*

*Ownership of beneficial interests in the Restricted Global Note Certificate will be limited to Persons that have accounts with DTC or Persons that may hold interests through such participants. Ownership of beneficial interests in the Unrestricted Global Note Certificate will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Beneficial interests in the Restricted Global Note Certificate and the Unrestricted Global Note Certificate (together, the "**Global Note Certificates**") will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by DTC and its participants or by Euroclear, Clearstream and their participants, as applicable. Global Note Certificates will be exchangeable for Notes in definitive form only in certain limited circumstances specified in the Global Note Certificate.*

(c) ***Third party rights.*** Subject to Condition 19 (*Provision of Information*), no Person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999. The Issuer may modify the Conditions at any time in accordance with the provisions of Condition 16 (*Meetings of Noteholders, Modification and Waiver*) and the Trust Deed without obtaining the consent of any Person whose consent would otherwise have been required to be obtained solely due to the provisions of the Contracts (Right of Third Parties) Act 1999.

2. Registration

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement at the Specified Office of the Registrar in which will be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and all transfers and redemptions of the Notes.

3. Transfer of Notes

(a) ***Transfer.*** Each Note may, subject to the terms of the Trust Deed and to Conditions 3(b) (*Formalities Free of Charge*), 3(c) (*Closed Periods*) and 3(e) (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part in an Authorised Holding by lodging the relevant Definitive Note Certificate (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Paying and Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Paying and Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. A Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Note will be valid unless and until entered on the Register.

The Registrar will within five Business Days (as defined below) of any duly made application for the transfer of a Note, register the transfer and deliver a new Definitive Note Certificate to the transferee (and, in the case of a transfer of part only of a Note, deliver a new Definitive Note Certificate in respect of the part transferred to the transferee and a further new Definitive Note Certificate for the untransferred balance to the transferor), at its Specified Office or (as the case may be) the Specified Office of any Paying and Transfer Agent or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Note Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(b) ***Formalities Free of Charge.*** Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar or (as the case may be) the relevant Paying and Transfer Agent being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(c) ***Closed Periods.*** Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) during the period of 15 days immediately prior to (and including) the due date for any payment of principal or interest in respect of the Notes.

(d) ***Business Day.*** In these Conditions, Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in both New York City

and the city in which the Specified Office of the Registrar or, as the case may be, the relevant Paying and Transfer Agent is located.

(e) ***Regulations Concerning Transfer and Registration.*** All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who has requested in writing a copy of such regulations.

(f) ***Authorised Holdings.*** No Note may be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are Authorised Holdings.

4. Status

(a) The Notes are, and the Issuer's obligations under the Notes in respect of payments of principal, interest and any other amounts (including any Arrears of Interest and any Additional Interest Amounts thereon), constitute direct, general, unconditional, deeply subordinated and unsecured obligations of the Issuer which rank and will at all times rank:

(i) *pari passu*, without any preference among themselves and at least *pari passu* with all other present and future unsecured and deeply subordinated obligations of the Issuer ranking or expressed by their terms to rank *pari passu* with the Notes (including, for the avoidance of doubt, the €100,000,000 Deeply Subordinated Sustainable Notes issued on 2 August 2024 and the $100,000,000 Deeply Subordinated Sustainable Notes issued on 28 December 2023) ("**Parity Securities**");

(ii) junior to all present and future senior or unsubordinated obligations of the Issuer;

(iii) junior to all other present and future subordinated obligations of the Issuer ranking or expressed by their terms to rank senior to the Notes;

(iv) senior to all other present and future (i) classes of share capital irrespective of their category, whether represented by ordinary shares or (if any) preference shares, paid, unpaid or callable, issued by the Issuer and (ii) equity-like financial instruments issued by the Issuer that rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Securities (together, the "**Junior Securities**"),

save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) In the event of any liquidation of the Issuer, the Notes shall rank in priority to any payments to holders of any Junior Securities and no payments will be made to holders of any Junior Securities before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

(c) In the event of incomplete payment of unsubordinated creditors and subordinated creditors of the Issuer ranking senior to the claims of the holders of any present or future Parity Securities (including the Noteholders) in the case of such liquidation, the obligations of the Issuer in connection with any such Parity Securities (including the Notes) shall be terminated.

(d) In the event of any liquidation of the Issuer, all payments due to holders of any present or future Parity Securities (including the Notes) will be made on a *pro rata* basis.

(e) The Trust Deed provides that nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

5. Covenants

(a) ***Negative Pledge.***

There is no negative pledge in respect of the Notes.

(b) ***Other Covenants.***

(i) Information Covenants.

The Issuer shall make available on the Issuer's website:

(A) as soon as the same become available, but in any event within 135 days after the end of each of its financial years, its audited non-consolidated and (if prepared) consolidated financial statements for that financial year, as approved by the Issuer's Board of Directors, together with a copy of the audit opinion thereon (the "**Annual Financial Statements**");

(B) as soon as the same become available, but in any event within 90 days after the end of each half of each of its financial years, as approved by the Issuer's Board of Directors, its non-consolidated and (if prepared) consolidated financial statements for the relevant financial half year in the form such financial statements were so approved, together with a copy of a limited review report thereon from the Issuer's auditors (the "**Semi-annual Financial Statements**");

(C) within 30 days (or such longer period subject to the prior written approval of the Trustee) of the publication of its Annual Financial Statements for the relevant financial year, the level of its Equity to Assets Ratio as at 31 December of that relevant financial year as calculated by the Issuer and reviewed by the Auditors (as defined in the Trust Deed) of the Issuer, with the resulting Auditor's review report to be shared with the Trustee simultaneously with such publication; and

(D) within 30 days (or such longer period subject to the prior written approval of the Trustee) of the publication of its Semi-annual Financial Statements for the financial half year, the calculation of its Equity to Assets Ratio as at 30 June for that relevant financial half year as calculated by the Issuer and reviewed by the Auditors (as defined in the Trust Deed) of the Issuer, with the resulting Auditor's review report to be shared with the Trustee simultaneously with such publication.

(ii) No Enforcement Event Certificate, etc.

The Issuer has undertaken in the Trust Deed to deliver to the Trustee in relation to each set of financial statements delivered pursuant to paragraphs (A) and (B) of Condition (i) (*Information Covenants.*) a certificate of the Issuer as to there not having occurred an Enforcement Event or a Potential Enforcement Event (the "**No Enforcement Event Certificate**"), or, if such an event had occurred, as to the details of such event, in the form set out in the Trust Deed. Each such No Enforcement Event Certificate shall be signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer.

(iii) Trustee's reliance

The Trustee will be entitled to rely absolutely and without liability on any No Enforcement Event Certificate and shall not be required to review any financial statements or certificates provided pursuant to this Condition 5(b) (*Other Covenants*) or to perform any calculations in relation to figures provided in such financial statements or certificates or to monitor the timing of their delivery and need not enquire further as regards the circumstances existing on the date of such No Enforcement Event Certificate.

6. Definitions

For the purposes of these Conditions:

"**Articles**" means the articles of association *(statuts)* of the Issuer from time to time.

An "**Accounting Event**" means that the Auditors (as defined in the Trust Deed) or a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in accounting principles (or the interpretation thereof) on or after the Issue Date (the earlier of such date that the aforementioned change is officially announced in respect of IFRS or officially adopted or put into practice, the "**Accounting Event Adoption Date**"), the obligations of the Issuer under the Notes may not or may no longer be recorded as a "financial liability" in the Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the Noteholders pursuant to Condition 17 (*Notices*) of its decision to redeem the Notes as a result of the occurrence of an Accounting Event shall start on, and include, the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the

Accounting Event Adoption Date and the date on which the relevant change in accounting principles comes into effect.

"**Arrears of Interest**" means any interest not paid on an Optional Deferral Interest Payment Date in accordance with Condition 8(a) (*Optional Interest Deferral*) and/or any interest not paid on a Mandatory Deferral Interest Payment Date in accordance with Condition 8(b) (*Mandatory Interest Deferral*) in each case as long as the same remains outstanding.

"**Bloomberg Screen**" means page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying, "treasury constant maturities" as reported in H.15.

"**Calculation Amount**" means U.S.$1,000.

"**Compulsory Arrears of Interest Payment Event**" means that:

(i) (a) a payment in any form (including dividend or other payments as applicable and whether in cash or otherwise) on any Junior Securities (other than in the form of the issuance (or transfer from treasury) of any Junior Securities) or any Parity Securities having been resolved or declared upon by the shareholders or other competent body of the Issuer or having been paid or made by the Issuer and (b) in the case of any Parity Securities, any partial payment of any interest deferred at the option of the Issuer or pursuant to a mandatory deferral event under the terms and conditions of the relevant Parity Securities in relation to any such Parity Securities at the option of the Issuer; or

(ii) the acquisition, repurchase or redemption, either directly or indirectly, of any Junior Securities or any Parity Securities of the Issuer save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities, and save for, in the case of Parity Securities, any repurchase or other acquisition in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

"**CMT Rate**" means, in relation to any Reset Date, the rate determined by the Calculation Agent and expressed as a percentage equal to:

a) the yield for U.S. Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15 under the caption "Treasury constant maturities (nominal)", as that yield is displayed on the relevant Reset Determination Date, on the Bloomberg Screen; or

b) if the yield referred to in paragraph (a) above is not published by 4:00 p.m. (New York City time) on the Bloomberg Screen on the relevant Reset Determination Date, the yield for the U.S. Treasury Securities at "constant maturity" for a designated maturity of five years as published in the H.15 under the caption "treasury constant maturities (nominal)" on the relevant Reset Determination Date; or

c) if the yield referred to in paragraph (b) above is not published by 4:30 p.m. (New York City time) on the relevant Reset Determination Date, the Reset Reference Dealer Rate on the relevant Reset Determination Date; or

d) if fewer than three Reference Dealers selected by the Issuer (following consultation with an independent financial adviser of international repute with experience in the international debt capital markets) provide bid yields for the purposes of determining the Reset Reference Dealer Rate referred to in paragraph (c) above, the CMT Rate for the immediately preceding Reset Period or if none, 4.285 per cent.

"**Day Count Fraction**" means, in respect of the calculation of an amount for any Interest Period, "30/360" which means the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] - (D_2 - D_1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

"**Equity Deficiency**" means that the Equity to Assets Ratio is below 18 per cent.

"**Equity to Assets Ratio**" means the ratio of (i) the aggregate of Total Equity and all outstanding deeply subordinated financial obligations of the Issuer ranking or expressed by their terms to rank *pari passu* with the Notes (including the Notes) and recorded as a "financial liability" and (ii) the Total Assets each of which shall be calculated based on the latest Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS.

"**Early Redemption Price**" means: (i) in case of a Rating Agency Event or an Accounting Event where the relevant date fixed for redemption falls prior to the First Reset Date, an amount equal to 101 per cent. of the outstanding principal amount of the relevant Note in each case plus accrued and unpaid interest up to (but excluding) the relevant redemption date (together with any Arrears of Interest (including any Additional Interest Amounts thereon)); and (ii) (a) in the case of a Rating Agency Event or an Accounting Event, where the relevant date fixed for redemption falls on or after the First Reset Date or (b) in case of a Withholding Tax Event or Substantial Repurchase Event occurring at any time, an amount equal to 100 per cent. of the outstanding principal amount of the Notes, in each case plus accrued and unpaid interest up to (but excluding) the relevant redemption date (together with any Arrears of Interest (including any Additional Interest Amounts thereon)).

"**First Reset Date**" means the Interest Payment Date falling on 13 February 2030.

"**First Reset Margin**" means 4.215 per cent. *per annum*.

"**H.15**" means the weekly statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication.

"**IFRS**" means the International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented, re-issued or replaced from time to time).

"**Initial Rate of Interest**" means 8.200 per cent. *per annum*.

"**Interest Payment**" means, in respect of an interest payment on an Interest Payment Date, the amount of interest due and payable on such Interest Payment Date.

"**Interest Period**" means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Mandatory Deferral Interest Payment Date**" means any Interest Payment Date which corresponds to the second consecutive Interest Payment Date in respect of which the Issuer has determined that there is an Equity Deficiency on each such Interest Payment Date, and/or an Equity Deficiency would occur immediately following, and as a result of, the making of the Interest Payment falling due on each such Interest Payment Date.

"**Optional Deferral Interest Payment Date**" means any Interest Payment Date other than a Mandatory Deferral Interest Payment Date.

"**Potential Enforcement Event**" means an event or circumstance which could with any one or more of the giving of notice, lapse of time, issue of a certificate or fulfilment of any other requirement provided for in Condition 13 (*Enforcement Events, No Events of Default*) become an Enforcement Event.

"**Rate of Interest**" means :

(i) in the case of each Interest Period falling from (and including) the Issue Date to (but excluding) the First Reset Date, the Initial Rate of Interest;

(ii) in the case of each Interest Period falling from (and including) the First Reset Date to (but excluding) the Second Reset Date, the sum of the Reset Reference Rate and the First Reset Margin, calculated by the Calculation Agent on the relevant Reset Determination Date; and

(iii) in the case of each Interest Period falling from (and including) the Second Reset Date to (but excluding) the next following Reset Date, and with respect to each Reset Period thereafter, the sum of the Reset Reference Rate and the Second Reset Margin, calculated by the Calculation Agent on the relevant Reset Determination Date.

A "**Rating Agency Event**" shall occur if the Issuer has received confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in the assessment criteria under its hybrid capital methodology or in the interpretation thereof, in each case occurring or becoming effective after the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time) either:

(i) any or all of the Notes will no longer be eligible (or if the Notes have been partially or fully re-financed since the Issue Date and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, any or all of the Notes would no longer have been eligible as a result of such amendment to, clarification of or, change in the assessment criteria or in the interpretation thereof had they not been refinanced) for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Notes as at the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time); or

(ii) the period of time the Notes are eligible for the same or a higher amount of "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Notes at the Issue Date (or, if "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which "equity credit" is assigned by such Rating Agency for the first time) is being shortened.

"**Rating Agency**" means each of Moody's and Fitch and any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the Notes and in each case, any of their respective successors to the rating business thereof.

"**Regional Member State**" means those member states of the Treaty of the West African Economic and Monetary Union (the "**WAEMU**") that are adherents to the Articles in accordance with Article 6 of the Articles from time to time.

"**Related Party**" means, with respect to the Issuer, any of its shareholders (including any holding company of the Issuer), any department, ministry or agency of, or any other Person owned or controlled by or which is an affiliate of, any of the shareholders of the Issuer including any Subsidiary of any such holding company from time to time.

"**Relevant Date**" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received in New York City by the Principal Paying and Transfer Agent or the Trustee on or prior to such due date, the day which is seven days after the Principal Paying and Transfer Agent or the Trustee has notified the Noteholders that it has received the full amount plus any accrued interest in accordance with Condition 17 (*Notices*).

"**Relevant Jurisdiction**" means any Regional Member State or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

"**Reset Date**" means the First Reset Date and every date which falls five years, or a multiple of five years thereafter.

"**Reset Determination Date**" means the second Business Day prior to the applicable Reset Date.

"**Reset Interest Rate**" means the rate per annum equal to the then applicable Reset Reference Rate plus the applicable Reset Margin.

"**Reset Margin**" means the First Reset Margin or the Second Reset Margin, as the case may be.

"**Reset Period**" means the period from (and including) each Reset Date to (but excluding) the next following Reset Date.

"**Reset Reference Rate**" means the prevailing CMT Rate on the Reset Determination Date.

"**Reset Reference Dealer Rate**" means, on the Reset Determination Date, the rate calculated by the Calculation Agent on the basis of the Quotations (as defined below) provided by the Issuer (or its independent financial adviser of international repute with experience in the international debt capital markets) to the Calculation Agent, as being a yield-to-maturity based on the arithmetic mean of the secondary market bid yields for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on the Reset Determination Date, of leading primary U.S. government securities dealers in New York City (each, a "**Reference Dealer**"). The Issuer (following consultation with an independent financial adviser of international repute with experience in the international debt capital markets) will select five Reference Dealers to provide such bid yields (each a "**Quotation**" and together the "**Quotations**"). When calculating the Reset Reference Dealer Rate, the Calculation Agent will eliminate the highest Quotation (or, in the event of equality, one of the highest) and the lowest Quotation (or, in the event of equality, one of the lowest); provided, however, that, if fewer than five but more than two such bid yields are provided, then neither the highest nor the lowest of those Quotations will be eliminated prior to calculating the arithmetic mean of such bid yields.

"**Reset U.S. Treasury Securities**" means, on the Reset Determination Date, United States Treasury Securities with an original maturity equal to five years, a remaining term to maturity of no more than one year shorter than five years and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to five years, the United States Treasury Security with the shorter remaining term to maturity will be used.

"**Second Reset Date**" means the Interest Payment Date falling on 13 February 2035.

"**Second Reset Margin**" means 5.215 per cent. per annum.

"**Stock Exchange**" means the Luxembourg Stock Exchange or any other international stock exchange on which the Notes may be listed.

A "**Substantial Repurchase Event**" shall occur if, prior to the giving of the relevant notice of redemption, the Issuer or any Subsidiary of the Issuer repurchases (and effects corresponding cancellations) of in aggregate 80 per cent. or more in the principal amount of the Notes (including any Further Notes).

"**Subsidiary**" means, in relation to any Person at any time, any other Person (whether or not now existing) which is controlled directly or indirectly, or more than 50 % of whose issued equity share capital (or equivalent) is then beneficially owned by the first Person and/or any one or more of the first Person's Subsidiaries, and "**control**" means the power (whether directly or indirectly) and whether by the ownership of share capital, the possession of voting power, contract or otherwise to appoint the majority of the members of the governing body of management or otherwise to control the affairs and policies, of that other Person.

"**Total Assets**" means "Total assets" of the Issuer as set out in the statement of financial position of the Issuer in the latest Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS.

"**Total Equity**" means "Total equity" of the Issuer as set out in the statement of financial position of the Issuer in the latest Annual Financial Statements or Semi-annual Financial Statements, in each case prepared in accordance with IFRS.

"**U.S. Treasury Securities**" means securities that are direct obligations of the U.S. Treasury, issued other than on a discount rate basis.

A "**Withholding Tax Event**" shall occur if:

(i) on the next Interest Payment Date the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 13 February 2025 (the "**Tax Law Change**"); and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it to mitigate the effects of the occurrence of the relevant events described in paragraph (i) above.

7. Interest

(a) ***Interest Accrual.*** Subject as provided in Condition 8(a) (*Optional Interest Deferral*), Condition 8(b) (*Mandatory Interest Deferral*) and Condition 9 (*Payments*), each Note bears interest from (and including) 13 February 2025 (the "**Issue Date**") on its outstanding principal amount at the applicable Rate of Interest payable semi-annually in arrear on each Interest Payment Date.

(b) ***Interest Payment Dates.*** Subject as provided in Condition 8(a) (*Optional Interest Deferral*) and Condition 8(b) (*Mandatory Interest Deferral*) and Condition 9 (*Payments*), interest will be payable semi-annually in arrear on 13 February and 13 August of each year (each an "**Interest Payment Date**"), commencing on 13 August 2025.

(c) ***Cessation of Interest.*** Subject as provided in Condition 8(a) (*Optional Interest Deferral*), Condition 8(b) (*Mandatory Interest Deferral*) and Condition 9 (*Payments*), each Note will cease to bear interest from the due date for final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused. In such case it will continue to bear interest at such rate (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying and Transfer Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 17 (*Notices*).

(d) ***Calculation of Interest for an Interest Period.*** The interest amount payable in respect of each Note for any Interest Period shall be calculated by the Calculation Agent by applying the applicable Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the outstanding principal amount of such Note divided by the Calculation Amount.

(e) ***Determination of Reset Interest Rate.*** The Reset Interest Rate for each Reset Period shall be determined by the Calculation Agent on the relevant Reset Determination Date.

(f) ***Publication.*** The Calculation Agent will cause the Reset Interest Rate determined by it to be notified to the Issuer, the Paying and Transfer Agent, the Trustee and, so long as the Notes are admitted to trading on the Stock Exchange (if the rules of any such stock exchange so require) to such stock exchange, as soon as possible after such determination but in any event not later than the relevant Reset Date. Notice thereof shall also be given by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) as soon as possible after the determination thereof.

(g) ***Notifications.*** All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying and Transfer Agent and the Noteholders. No Noteholder shall be entitled to proceed against the Calculation Agent, the Trustee, the Paying and Transfer Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 7 (*Interest*). The Calculation Agent shall not be responsible to the Issuer, the Noteholders or any third party for any failure of the Reference Dealers to provide quotations as requested of them or as a result of the Calculation Agent having acted on any quotation or other information given by any Reference Dealers which subsequently may be found to be incorrect or inaccurate in any way.

8. Interest Deferral and Mandatory Interest Deferral

(a) ***Optional Interest Deferral.*** Subject to Condition 8(b) (*Mandatory Interest Deferral*) the Issuer may, at its option, elect to defer in whole or in part the Interest Payment in relation to any Optional Deferral Interest Payment Date (the "**Optional Interest Deferral**"), except in relation to a payment of interest to be made on an Interest Payment Date falling on the date of redemption of the Notes, and the Issuer shall not have any obligation to make such payment on such Optional Deferral Interest Payment Date and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose.

(b) ***Mandatory Interest Deferral.*** On any Mandatory Deferral Interest Payment Date, the Issuer will be obliged to defer in whole the Interest Payment in relation to any Mandatory Deferral Interest Payment Date (the "**Mandatory Interest Deferral**"), and the Issuer shall not have any obligation to make such payment on such Mandatory Deferral Interest Payment Date and any non-payment resulting from such deferral shall not constitute a default or an event of default by the Issuer for any purpose.

(c) ***Compulsory Payment of Arrears of Interest.*** Arrears of Interest (together with any Additional Interest Amount (as defined below)) may, at the option of the Issuer be paid in whole or in part at any time (provided that no Equity Deficiency has occurred and is continuing), provided that all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

(i) the tenth Business Day following the occurrence of a Compulsory Arrears of Interest Payment Event (provided that no Equity Deficiency has occurred and is continuing); or

(ii) the next scheduled Interest Payment Date in respect of which the Issuer does not elect to defer all or part of the interest accrued in respect of the relevant Interest Period; or

(iii) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or

(iv) the date upon which an Enforcement Event occurs.

Each amount of Arrears of Interest shall bear interest, as if it constituted the principal amount of the Notes at a rate which corresponds to the interest rate from time to time applicable to the Notes (the "**Arrears Interest Rate**") and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this paragraph (c) and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions hereof.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest.

(d) ***Notice of Deferral.*** The Issuer shall give not less than five nor more than 30 Business Days' prior written notice to the Agents, the Trustee and the Noteholders in accordance with Condition 17 (*Notices*) of any deferral of any interest under the Notes on any Interest Payment Date, whether it results from Optional Interest Deferral or Mandatory Interest Deferral.

So long as the Notes are admitted to trading on the Stock Exchange, and if the rules of any such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

This notice will not be a condition to the deferral of interest. Any delay or failure by the Issuer to give such notice shall not affect the deferral described above nor constitute a default or event of default by the Issuer for any purpose.

If the Issuer fails to pay any Interest Payment on an Interest Payment Date, such non-payment shall evidence that the Issuer has elected, or is required, to defer such Interest Payment in accordance with the foregoing provisions.

(e) ***Partial Payment of Arrears of Interest and Additional Interest Amount.*** If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

(i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

(ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and

(iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note in respect of any period, shall be pro rata to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

9. Payments

(a) ***Principal.*** Payment of principal in respect of each Note and payment of interest due other than on an Interest Payment Date will be made to the person shown in the Register at the close of business on the

Record Date (as defined below) and, in the case of payments due on the final redemption of the Notes, subject to the surrender of the relevant Definitive Note Certificate at the Specified Office of the Registrar or of any Paying and Transfer Agent.

(b) ***Interest and other Amounts.*** Payments of interest and other amounts due on an Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.

(c) ***Record Date.*** Each payment in respect of the Notes will be made to the person shown as the Noteholder in the Register at the close of business (local time in the place of the specified office of the Registrar) on the fifteenth calendar day before the due date for such payment (the "**Record Date**").

*Payments in respect of the Global Note Certificate will be made to the person shown as the Noteholder in the Register on the Record Date, being for this purpose, the first Clearing System Business Day before the due date for payment, where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.*

(d) ***Payments.*** Each payment in respect of the Notes pursuant to Condition 9(a) (*Principal*) and Condition 9(b) (*Interest and other Amounts*) will be made in United States dollars by transfer to a United States dollar account maintained by the payee and identified as such in the Register.

Where payment is to be made by transfer to a United States dollar account, payment instructions (for value the due date, or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated, in the case of payments of principal referred to in Condition 9(a) *(Principal*), on the later of the due date for payment and the day on which the relevant Definitive Note Certificate is surrendered (or, in the case of part payment only, endorsed as the case may be) and, in the case of payments of interest and other amounts referred to in Condition 9(b) (*Interest and other Amounts*) on the due date for payment.

(e) ***Agents.*** The Issuer reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee by giving to the Principal Paying and Transfer Agent, the Calculation Agent and any other Agent concerned at least 60 days' prior written notice, which notice shall expire at least 30 days before or after any due date for payment in respect of the Notes, to vary or terminate the appointment of any Paying and Transfer Agent, the Calculation Agent or the Registrar and to appoint successor or additional Paying and Transfer Agents, the Calculation Agent or another Registrar, provided that it will at all times maintain:

(i) a Principal Paying and Transfer Agent;

(ii) a Paying and Transfer Agent in at least one major European city approved by the Trustee (which may be the Principal Paying and Transfer Agent);

(iii) a Calculation Agent; and

(iv) a Registrar.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying and Transfer Agent, Calculation Agent or Registrar will be given to Noteholders in accordance with Condition 17 (*Notices*) as soon as practicable.

(f) ***Payments subject to Fiscal Laws.*** All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA**"). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(g) ***Delay in Payment.*** Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for payment not being a business day.

(h) ***Payment Business Days.*** If any date for payment in respect of any Note is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition, "**Payment Business Day**" means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York City and, in the case of surrender of a Definitive

Note Certificate (which, for the avoidance of doubt, shall not be relevant when determining if a day is a business day for the purpose of Condition 9(g) (*Delay in Payment*), in the place of the Specified Office of the Registrar or relevant Paying and Transfer Agent, to whom the relevant Definitive Note Certificate is surrendered.

10. Redemption and Purchase, Substitution and Variation

(a) ***Scheduled Redemption.*** Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its principal amount (together with any Arrears of Interest (including any Additional Interest Amounts thereon)) on 13 February 2055 (the "**Maturity Date**"), subject as provided in Condition 9 (*Payments*).

(b) ***Issuer Call Option.*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on the First Reset Date and on every Interest Payment Date thereafter, on giving not less than 10 nor more than 40 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall specify the date set for redemption and shall be irrevocable) at their outstanding principal amount, together with interest accrued but unpaid to (but excluding) the date fixed for redemption (together with any Arrears of Interest (including any Additional Interest Amounts thereon)).

(c) ***Redemption upon the occurrence of an Accounting Event.*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 40 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall specify the date set for redemption and shall be irrevocable) at their Early Redemption Price if, immediately before giving such notice, the Issuer satisfies the Trustee that an Accounting Event has occurred after the Issue Date.

(d) ***Redemption upon the occurrence of a Rating Agency Event.*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 40 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall specify the date set for redemption and shall be irrevocable) at their Early Redemption Price if, immediately before giving such notice, the Issuer satisfies the Trustee that a Rating Agency Event has occurred after the Issue Date, provided that the due date for redemption of which notice hereunder may be given shall be not earlier than the last calendar day before the date on which all or any Notes are assigned a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Notes by the relevant Rating Agency on the Issue Date (or if such equity credit was not assigned to the Notes by the relevant Rating Agency on the Issue Date, the date on which the equity credit was assigned for the first time).

(e) ***Redemption upon the occurrence of a Substantial Repurchase Event*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 nor more than 40 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall specify the date set for redemption and shall be irrevocable) at their Early Redemption Price if, immediately before giving such notice, the Issuer satisfies the Trustee that a Substantial Repurchase Event has occurred after the Issue Date.

(f) ***Redemption upon the occurrence of a Withholding Tax Event.*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 10 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall specify the date set for redemption and shall be irrevocable) at their Early Redemption Price if, immediately before giving such notice, the Issuer satisfies the Trustee that a Withholding Tax Event has occurred after the Issue Date, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

(g) ***Certification.*** Prior to the publication of any notice of redemption pursuant to Condition 10(c) (*Redemption upon the occurrence of an Accounting Event*), Condition 10(d) (*Redemption upon the occurrence of a Rating Agency Event*), Condition 10(e) (*Redemption upon the occurrence of a Substantial Repurchase Event*) and Condition 10(f) (*Redemption upon the occurrence of a Withholding Tax Event*), the Issuer shall deliver or procure that there is delivered to the Trustee (A) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the applicable Accounting Event, Rating Agency Event, Substantial Repurchase Event, Withholding Tax Event, as the case may be, referred to above has occurred or will occur and (with respect to a redemption upon the occurrence of a Withholding Tax Event only) cannot be avoided by the Issuer taking reasonable measures available to it, and (B), with respect to a redemption upon the occurrence of a Withholding

Tax Event, an opinion in form and substance satisfactory to the Trustee of independent legal advisers or tax advisers, in each case of internationally recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of a Tax Law Change, and the Trustee shall be entitled to accept and rely on such certificate and opinion, as the case may be, (without liability to any person and without any further inquiry) as sufficient evidence of the occurrence of the applicable event, in which event it shall be conclusive and binding on the Noteholders.

(h) ***Substitution and variation.*** If at any time after the Issue Date, the Issuer determines that an Accounting Event, a Rating Agency Event or a Withholding Tax Event has occurred and has provided the Trustee with the certificate and, if applicable, opinion pursuant to Condition 10(g) *(Certification*), then the Issuer may as an alternative to an early redemption of the Notes, at any time, without the consent or approval of the Noteholders, (i) exchange the Notes for new notes (the "**Exchanged Notes**"), or (ii) vary the terms of the Notes (the "**Varied Notes**"), so that in either case:

(A) in the case of an Accounting Event, the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be) is recorded as a "financial liability" to the maximum extent possible in the consolidated financial statements of the Issuer pursuant to the application of IFRS;

(B) in the case of a Rating Agency Event, to avoid any part of the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be), which benefitted from equity credit by the relevant Rating Agency prior to the occurrence of the Rating Agency Event, being assigned a level of equity credit (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) that is lower than the equity credit assigned on the Issue Date (or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time); or

(C) in the case of a Withholding Tax Event, payments of principal and interest in respect of the Exchanged Notes or Varied Notes (as the case may be) are not subject to deduction or withholding in application of the laws or regulations of the Relevant Jurisdiction or any political subdivision or any authority thereof,

and the Trustee shall, subject to the following provisions of this Condition 10(h), and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer referred to in paragraph (iv) below, agree to such exchange or variation.

Any such exchange or variation shall be subject to the following conditions:

(i) the Issuer giving not less than 30 nor more than 45 days' notice to the Trustee, the Agents and the Noteholders in accordance with Condition 17 (*Notices*) (which notice shall be irrevocable);

(ii) the Issuer complying with the rules of the Stock Exchange, and (for so long as the rules of such exchange require) the publication of any appropriate offering circular in connection therewith, and the Exchanged Notes or Varied Notes continue to be admitted to trading on the same stock exchange as the Notes if they were admitted to trading immediately prior to the relevant exchange or variation;

(iii) the Exchanged Notes or Varied Notes shall maintain the same ranking in liquidation, the same Rate of Interest and Interest Payment Dates, the same First Reset Date and Second Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders and has not been paid, the same rights to principal and interest, and, if publicly rated by Moody's and/or any other rating agency of equivalent international standing solicited from time to time by the Issuer (the "**Solicited Rating Agency**") immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by all such Solicited Rating Agencies if the Notes are publicly rated by several such rating agencies, or by the relevant Solicited Rating Agency if the Notes are only rated by one such Rating Agency, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the relevant Solicited Rating Agency, to the extent practicable) and shall not contain terms providing for loss absorption through principal write-down or conversion to shares;

(iv) the Issuer delivering or procure that there is delivered to the Trustee a certificate signed by two Authorised Signatories of the Issuer (and, in the case of (b) below, after having consulted in good faith with an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets), certifying that:

(a) the terms of the exchange or variation satisfy the requirements of the relevant paragraph (A), (B) or (C) of this Condition 10(h) (above) and paragraphs (ii) and (iii) above; and

(b) the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably), not being prejudicial to the interests of the Noteholders, including compliance with (iii) above,

and the Trustee shall be entitled to accept and rely on such certificate (without liability to any person and without any further inquiry) as sufficient evidence of the criteria referred to in this paragraph 10(h), in which event it shall be conclusive and binding on the Noteholders; and

(v) the issue of legal opinions addressed to the Trustee from one or more international independent legal advisers of recognised standing confirming (x) that the Issuer has capacity to assume all rights and obligations under the Exchanged Notes or Varied Notes and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Notes or Varied Notes.

The Trustee shall at the expense and cost of the Issuer, execute any documents or deeds prepared by the Issuer to give effect to the exchange or variation of the Notes in accordance with this Condition 10(h), except that the Trustee shall not be obliged to assist in any such exchange or variation if either such exchange or variation itself or the terms of the Exchanged Notes or Varied Notes would, in the Trustee's opinion, impose more onerous obligations upon it or expose the Trustee to any additional duties, responsibilities or liabilities in any respect or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any respect. If the Trustee refrains from executing any such documents and deeds as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 10 (*Redemption and Purchase, Substitution and Variation*).

(i) ***Trustee not obliged to monitor***. The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 10 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 10(i) relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(j) ***Compulsory Sale.*** If, at any time, the Issuer determines that any beneficial owner of Notes, or any account for which such beneficial owner purchased Notes, who is required to be a QIB that is also a QP is not a QIB that is also a QP, the Issuer may:

(i) require such beneficial owner to sell its interest in the Notes (A) to a person who is a QIB that is also a QP, and who is otherwise qualified to purchase such Notes in a transaction exempt from registration under the Securities Act; or (B) to a non-U.S. person purchasing the Notes in an offshore transaction pursuant to Regulation S; or

(ii) require such beneficial owner to sell its interest in such Notes to the Issuer or an affiliate of the Issuer or transfer its interest in such Notes to a person designated by or acceptable to the Issuer. The Issuer has the right to refuse to permit a transfer of interests in such Notes to a person who is not both a QIB and a QP.

(k) ***No other redemption.*** The Issuer shall not be entitled to redeem, or as the case may be, otherwise revise the sale by any Noteholder of, the Notes otherwise than as provided in Conditions 10(a) to 10(f).

(l) ***Purchase.*** The Issuer or any Subsidiary of the Issuer may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise and at any price. The Notes so purchased (including any Notes purchased by it pursuant to Condition 10(j) (*Compulsory Sale*) may be held or resold (provided that such resale is outside the United States or, in the case of any Notes resold pursuant to Rule 144A, is only made to QIBs that are also QPs and is otherwise in compliance with all applicable laws) or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 10(m) (*Cancellation of Notes*). The Notes so purchased and not cancelled, while held by or on behalf of the Issuer (including by any of its Subsidiaries) and/or Related Parties,

shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 16(a) (*Meetings of Noteholders*) or Condition 16(b) (*Written resolution*).

(m) ***Cancellation of Notes.*** All Notes which are submitted for cancellation pursuant to Condition 10(l) (*Purchase*) will be cancelled and may not be reissued or resold. For so long as the Notes are admitted to trading on the Stock Exchange and the rules of such exchange so require, the Issuer shall promptly inform the Stock Exchange of the cancellation of any Notes under this Condition 10(m).

11. Taxation

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of or within any Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note:

(a) ***Other Connection:*** where such tax is imposed as a result of a holder or beneficial owner being liable for such taxes, duties, assessments or governmental charges in respect of such Note by reason of such holder or beneficial owner having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) ***Presentation more than 30 days after the Relevant Date:*** where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note Certificate is surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on surrendering such Definitive Note Certificate for payment on the last day of such period of 30 days; or

(c) ***Payment in a Regional Member State:*** where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note Certificate is surrendered for payment in a Regional Member State.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 11 or any undertaking given in addition to or substitution for it under the Trust Deed.

For the avoidance of doubt, neither the Issuer nor any Agent nor any other person will be obliged to make any additional payments to the holders of Notes in respect of amounts withheld or deducted pursuant to FATCA.

12. Prescription

Claims in respect of principal and interest will become void unless the relevant Definitive Note Certificate is surrendered for payment as required by Condition 9 (*Payments*) within a period of ten years in the case of principal and five years in the case of interest from the appropriate Relevant Date in respect of such payment and thereafter any principal, or other amounts payable in respect of such Notes shall be forfeited and resent to the Issuer.

13. Enforcement Events, No Events of Default

(a) ***Events of Default.*** There are no events of default in respect of the Notes. There is no cross default under the Notes.

(b) ***Enforcement Events.*** Each Note shall immediately become due and repayable in each case at its principal amount, together with any interest accrued but unpaid (together with any Arrears of Interest (including any Additional Interest Amounts thereon)), if any, to the date on which it becomes so due and repayable if one of the following events (each, an "**Enforcement Event**") occurs:

(i) an administrator or liquidator (including liquidation committee) or other similar officer of the Issuer is appointed in relation to the whole or substantially the whole of the undertaking, assets and revenues of the Issuer; or

(ii) an order is made or an effective resolution by the Issuer or any competent authority is passed for the winding up, liquidation or dissolution of the Issuer; or

(iii) any event occurs which under any applicable laws of any Regional Member State, in the Trustee's opinion, has an analogous effect to any of the events referred to in paragraphs (i) and (ii) above.

(c) ***Enforcement on the Enforcement Event date***. On or following the occurrence of an Enforcement Event, the Trustee at its sole discretion and subject to Condition 13(d) (*Enforcement by the Trustee*) may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction), institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Notes, including the institution of proceedings for the winding up or claim in the liquidation of the Issuer or to prove in such winding up (in which proceedings the Notes shall immediately be due and repayable at its principal amount, together with interest accrued but unpaid (together with any Arrears of Interest (including Additional Interest Amounts)) thereon, if any, up to the date on which it becomes so due and repayable) with such claim subordinated as contemplated in Condition 4 (*Status*) but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

(d) ***Enforcement by the Trustee***.

(i) Subject to sub-paragraph (ii) below, the Trustee may at its discretion and without further notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but in no event shall the Issuer, by virtue of the initiation of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(ii) The Trustee shall not be bound to take any action referred to in Conditions 13(c)(*Enforcement on the Enforcement Event date)* or this Condition 13(d)(i) above or any other action or steps under or pursuant to the Trust Deed or the Notes unless (A) it has been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least 25% in principal amount of the Notes then outstanding and (B) it has been indemnified and/or secured and/or prefunded to its satisfaction.

(iii) No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings mentioned in this Condition 13, unless the Trustee, having become so bound to proceed or being able to prove in such winding up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 13.

14. Prohibition of Set-Off

Subject to applicable laws, neither the Trustee (on behalf of Noteholders) nor any Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer under or in connection with the Notes and the Trustee (on behalf of the Noteholders) and each Noteholder (by virtue of being the holder of any Notes), as the case may be, shall be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence if any of the amounts owing to any Noteholder by the Issuer is discharged by set-off (whether by operation of law or otherwise), such Noteholder shall, unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding up, liquidation or dissolution, the liquidator or administrator, as appropriate, of the Issuer for payment to the creditors having a claim ranking senior to the Notes in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the creditors having a claim ranking senior to the Notes in respect of amounts owing to them by the Issuer and accordingly any such discharge shall be deemed not to have taken place.

15. Replacement of Notes

If any Definitive Note Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the Specified Office of the Registrar or any Paying and Transfer Agent subject to all applicable laws and the Stock Exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Definitive Note Certificates must be surrendered before replacements will be issued.

16. Meetings of Noteholders, Modification and Waiver

(a) ***Meetings of Noteholders.*** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Issuer if requested in writing by Noteholders holding not less than one-tenth of the aggregate principal

amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing a clear majority of the aggregate principal amount of the Notes for the time being outstanding or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented; provided, however, that certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, (ii) to reduce or cancel the amount of principal or interest or other amounts payable on any date in respect of the Notes or to reduce the Rate of Interest on the Notes, (iii) to change the currency of payment under the Notes, (iv) to change the governing law of the Notes, (v) to amend this proviso or (vi) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present at the meeting(s) or not.

(b) ***Written resolution.*** A resolution in writing will take effect as if it were an Extraordinary Resolution if it is signed by or on behalf of all holders holding not less than 75% in aggregate principal amount of the outstanding Notes. Such a resolution in writing will be binding on all Noteholders whether or not they participated in such written resolution and may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(c) ***Modification without Noteholders' consent.*** The Trustee may agree, without the consent of the Noteholders, (i) to any modification of these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and (ii) to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. Any such authorisation, waiver, determination or modification shall be binding on the Noteholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 17 (*Notices*).

For the avoidance of doubt these provisions will not prejudice the application of Condition 10(h) (*Substitution and variation*) and the Trustee shall be obliged to concur with the Issuer to effect any exchange or variation of the Notes effected in accordance with the provisions of Condition 10(h) (*Substitution and variation*) without the consent of the Noteholders.

17. Notices

Notices required to be given to Noteholders pursuant to these Conditions will be valid if sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and shall be deemed to have been given on the fourth day after the date of mailing. Notices required to be given to Noteholders pursuant to these Conditions will also be published for so long as the Notes are admitted to trading on the Stock Exchange and the rules of the Stock Exchange so require on the Stock Exchange's website. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

So long as any of the Notes are represented by any Global Note Certificate, notices required to be published in accordance with this Condition 17 may be given by delivery of the relevant notice to Euroclear, Clearstream and DTC for communication by them to the relevant accountholders, provided: (a) that such notice is also delivered to the Stock Exchange; and (b) so long as the Notes are admitted to trading on the Stock Exchange and the rules of the Stock Exchange so require, publication will also be made on the website of the Stock Exchange (www.luxse.com).

Notices required under these Conditions to be given by the Issuer to the Trustee and/or the relevant Paying and Transfer Agent shall be made according to the provisions of the Trust Deed and the Agency Agreement, respectively.

18. Trustee

(a) ***Indemnification.*** Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer

and any entity relating to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries.

(b) ***Exercise of power and discretion.*** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination referred to above), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, except to the extent already provided for in Condition 11 (*Taxation*).

(c) ***Reliance.*** The Trustee may, in making any determination under these Conditions, act on the opinion or advice of, or information obtained from, any accountants, financial, legal or other advisers, investment bank or other expert and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from it so acting.

The Trustee may rely without liability to Noteholders on any certificate or report prepared by any of the above mentioned advisers or experts, including specifically the Auditors (as defined in the Trust Deed), or any auditor, pursuant to the Conditions or the Trust Deed, whether or not the expert, adviser or auditor's liability in respect thereof is limited by a monetary cap or otherwise.

Until the Trustee has actual or express knowledge to the contrary, the Trustee may assume that no Enforcement Event or Potential Enforcement has occurred.

The Trustee is not liable for any failure to monitor compliance by the Issuer with the Conditions (including Conditions 5 (*Covenants*) and 13 (*Enforcement Events, No Events of Default*)); however, the Trust Deed obliges the Issuer to furnish the Trustee with a certificate annually, on which the Trustee may rely as to such compliance.

(d) ***Confidentiality.*** Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the Stock Exchange, the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer.

19. Provision of Information

The Issuer shall, during any period when any Note remains outstanding and in which it is not subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any holder of a Note which is a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such Noteholder, upon the written request of such Noteholder or (as the case may be) prospective Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

20. Further Issues

The Issuer may from time to time, without notice to, or the consent of, the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the date for, and amount of, the first payment of interest) so as to be consolidated and form a single series with the Notes ("**Further Notes**").

Noteholders should note that additional securities that are treated as a single issuance or series for non-tax purposes may not necessarily be treated as part of the same "issue" for U.S. federal income tax purposes. In such case, the new securities may be considered to have been issued with a greater amount of original issue discount, as defined in the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury Regulations issued thereunder, which may affect the market value of the Notes since such additional securities may not be distinguishable from the Notes.

21. Currency Indemnity

The Trust Deed provides that if any Noteholder receives or recovers any amount in a currency other than the Contractual Currency (as defined in the Trust Deed) (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Issuer or otherwise), in respect of any sum expressed to be due to

it from the Issuer, that amount will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt of recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the relevant Noteholder under the Notes, the Issuer will indemnify such Noteholder against any loss sustained by it as a result.

In any event, the Issuer will indemnify the relevant Noteholder against the cost of making any such purchase.

22. Governing Law and Dispute Resolution

(a) ***Governing Law.*** The Trust Deed, the Agency Agreement and the Notes (including any non-contractual obligations arising from or in connection with any of them) are governed by, and shall be construed in accordance with, English law.

(b) ***English Courts.*** The Issuer agrees for the benefit of each of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to hear and determine any claim, dispute or difference of whatever nature arising under, out of or in connection with the Trust Deed, the Agency Agreement and the Notes (including any claim, dispute or difference regarding its existence, termination or validity or any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement and the Notes) (a "**Dispute**") and that the Issuer may not commence proceedings ("**Proceedings**") for the determination of any such Dispute(s) in any other jurisdiction.

(c) ***Appropriate Forum.*** For the purposes of Condition 22(b) (*English Courts*), the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and agrees not to claim that any such court is not a convenient or appropriate forum.

(d) ***Rights of the Trustee and the Noteholders to take Proceedings outside England.*** Conditions 22(b) (*English Courts*) and 22(c) (*Appropriate Forum*) are for the benefit of the Trustee and the Noteholders only. As a result, nothing in this Condition 22 shall (or shall be construed so as to) limit the right of any of the Trustee and the Noteholders to bring Proceedings for the determination of any such Dispute(s) in the courts of England or in any other court of competent jurisdiction, nor shall the bringing of such Proceedings in any one or more jurisdictions preclude the bringing of Proceedings by any of the Trustee or the Noteholders in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(e) ***Process Agent.*** The Issuer confirms and agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited (Eighth Floor, 100 Bishopsgate, London EC2N 4AG, United Kingdom) who have been irrevocably appointed by the Issuer as its agent in England to receive such documents. If such agent ceases to be able to act as a process agent or to have an address in England, the Issuer irrevocably agrees to appoint a new process agent in England and notify the Trustee and the Noteholders thereof as soon as practicable thereafter.

(f) ***Consent to Enforcement etc.*** The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which is made or given in such Proceedings.

(g) ***Waiver of Immunity.*** To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, including in relation to the enforcement of any arbitration award, and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of any applicable statute conferring immunity upon the Issuer to the giving of any relief or the issue of any process in connection with any Proceedings).

USE OF PROCEEDS

An amount equal to the net proceeds of the issue of the Notes (after conversion of such proceeds into Euros pursuant to any swap arrangements the Issuer may enter into) is intended to be used to finance or refinance one or more Eligible Green and/or Social Projects as defined below and as further described in the Issuer's Sustainability Bond Framework dated January 2021 (the "**Sustainability Bond Framework**"), which is available on the Issuer's website (https://admin.boad.org/wp-content/uploads/2025/01/BOAD-Sustainability-bond-Framework.pdf). For the avoidance of doubt, neither the Sustainability Bond Framework nor the Second Party Opinion referred to below have been, nor will be, incorporated by reference herein and, accordingly, neither the Sustainability Bond Framework nor the Second Party Opinion form part of this Offering Circular.

Under the Sustainability Bond Framework, the Issuer, may issue bonds in various formats:

- **Green bonds**: where an amount equal to 100% of the net proceeds raised will be allocated to Eligible Green Projects (as defined in the Sustainability Bond Framework);

- **Social bonds**: where an amount equal to 100% of the net proceeds raised will be allocated to Eligible Social Projects (as defined in the Sustainability Bond Framework); and

- **Sustainability bonds**: where an amount equal to 100% of the net proceeds raised will be allocated to Eligible Green Projects and Eligible Social Projects ("**Eligible Green and/or Social Projects**").

The Notes are sustainability bonds and, accordingly, the net proceeds will be earmarked for the financing and/or refinancing, in whole or in part, of existing or future Eligible Green and/or Social Projects. In order to be earmarked as eligible, projects must meet the definition of Eligible Green and/or Social Projects (see the table below) and be financed by eligible types of financing within a 36 month "lookback" period for the purpose of Eligible Beneficiaries (as defined below).

Eligible types of financing include: (i) medium and long-term loans, including concessional loans; (ii) financing of short-term operations; (iii) assistance to SMEs through credit or refinancing facilities to national financial institutions ("**NFIs**"); (iv) assistance in project preparation, promotion and implementation; and (v) financing of emergency plans, such as responses to pandemics.

"**Eligible Beneficiaries**" for the purposes of the Sustainability Bond Framework are: (i) WAEMU Member States; (ii) the communities and government institutions of the WAEMU Member States; (iii) agencies, financial intermediaries, businesses and private individuals contributing to the economic development or integration of the WAEMU Member States; and (iv) any corporate entity from the WAEMU region or foreign countries willing to invest in the region.

The following table sets out the categories of projects that are considered to be Eligible Green and/or Social Projects under the Sustainability Bond Framework:

Categories of Eligible Social Projects	Categories of Eligible Green Projects
• Affordable basic infrastructure	• Renewable energy
• Access to essential services	• Sustainable mobility
• Economic and financial transition	• Green buildings
• Access to housing and property	• Pollution prevention and control
	• Sustainable water and wastewater management
	• Environmentally sustainable management of living natural resources and land use
	• Climate resilience: land and water related hazards

The Sustainability Bond Framework further describes the above-mentioned projects. The Issuer will apply processes for project evaluation and selection, management of proceeds and reporting consistent with the Green Bond Principles, the Social Bond Principles and the Sustainability Bond Guidelines, as administered by the International Capital Markets Association. The Issuer's objective is to allocate the net proceeds of the Notes to Eligible Green and/or Social Projects by the end of 2027. Pending the full allocation of the net proceeds of the Notes to the eligible Green and/or Social Projects, the Issuer will keep a record of the remaining balance of unallocated Note proceeds held in the Issuer's deposit account with the BCEAO and invest such unallocated amount in cash and/or money market products invested in socially responsible investment funds (SRI) on a best efforts basis, in line with the Issuer's Cash Management & Treasury Policy.

The Issuer intends for the proceeds of the Notes to be used to finance new Eligible Green and/or Social Projects. In line with the Issuer's current financing portfolio, the proceeds of the Notes are expected to be mainly allocated to Eligible Social Projects. The Issuer is committed to increasing its green investments in line with the targets set by the 2021-2025 Strategic Plan.

Annually and until the maturity of the Notes, the Issuer will make public on the Issuer's website an allocation report and an environmental and social impact report, as further described in the Sustainability Bond Framework. The Issuer will also appoint an independent auditor to issue an annual assurance report regarding compliance of the (re)allocation of net proceeds, unallocated amounts and reporting commitments with the Sustainability Bond Framework.

At the request of the Issuer, Vigeo-Eiris issued a Second Party Opinion dated December 2020 (the "**Second Party Opinion**") in relation to the Sustainability Bond Framework confirming that the Sustainability Bond Framework is aligned with the four core components of the Green Bond Principles and Social Bond Principles. No assurance or representation is given by the Issuer, the Joint Lead Managers or the Trustee as to the suitability or reliability for any purpose whatsoever of the Sustainability Bond Framework, the Second Party Opinion or any opinion or certification of any third party (whether or not solicited by the Issuer) made available in connection with the issue of the Notes and, in particular, with any Eligible Green and/or Social Projects to fulfil any environmental, sustainability, social and/or other criteria. The Second Party Opinion is available on the Issuer's website (https://admin.boad.org/wp-content/uploads/2025/01/V.E_SPO_BOAD_EN.pdf). See "*Important notice relating to Sustainability Bonds" and "Risk Factors—Risks related to the Notes generally—There can be no assurance that the use of proceeds of Notes identified as Sustainability Bonds in the "Use of Proceeds" section will be suitable for the investment criteria of an investor*".

For the avoidance of doubt, the Issuer's website referred to above is not, nor shall be deemed to be, incorporated by reference in, and, accordingly, does not form part of this Offering Circular.

In January 2021, the Issuer issued its inaugural sustainability bond in an aggregate principal amount of FCFA 492 billion (€750 million). As at 30 September 2024, 100% of the proceeds of the issuance had been allocated, of which 89.4% of the allocated proceeds were allocated to social projects and 10.6% to green projects. See also "*Description of the Issuer—Environmental, Social and Governance—Sustainability Bond Framework*".

In August 2024, the Issuer issued its inaugural euro-denominated green hybrid bond in an aggregate principal amount of FCFA 66 billion (€100 million), designed to bolster its capital base and support its credit rating. The hybrid structure of the notes provides for substantial leverage, enabling FCFA 262 billion (€400 million) in new financing for its member countries and local economies. The funds are fully allocated to finance green projects across WAEMU region See also "*Description of the Issuer—Environmental, Social and Governance—Sustainability Bond Framework*".

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the capitalisation of the Issuer: (i) as at 30 September 2024, on a historical basis, as derived from the 9-month 2024 Financial Information included elsewhere in this Offering Circular; and (ii) as adjusted to give effect to the issuance and sale of the Notes as if they had occurred on 30 September 2024.

As at 30 September 2024, the total equity/total assets ratio (defined as "total equity" and "deeply subordinated debt" divided by "total assets") was 37.0%. After the issuances of the notes, the total equity/total assets ratio will be 41.7%.

	As at 30 September 2024	
	Actual	**As adjusted for issuance of the Notes**
	(FCFA millions)	
Debt securities issued	**1,467,231**	**1,467,231**
BOAD debentures issues (Eurobonds)	1,427,231	1,427,231
BOAD bills	0	0
Maturities of less than one year/debts represented by securities	0	0
Other debts	**695,770**	**695,770**
Loans for funding long-term projects	695,390	695,390
Loans for funding long-term project studies	380	380
Maturities of less than one year/loans	0	0
Debts attached to debt securities issued and other debts	**30,370**	**30,370**
Accrued interests on debts represented by a security	24,417	24,417
Deferred expenses on bills and bonds	0	0
Interests and fees accrued on other loans	9,426	9,426
Deferred expenses on other loans	(3,473)	(3,473)
Subordinated debts	**124,185**	**417,760**
Interbank debts	**6,658**	**6,658**
Total liabilities at amortised cost	**2,324,213**	**2,617,158**
Capital	**375,320**	**375,320**
Subscribed capital	1,511,000	1,511,000
Callable capital	(892,170)	(892,170)
Unpaid capital	(225,599)	(225,599)
Costs related to deferred paying-up of capital	(17,911)	(17,911)
Share premium	**2,622**	**2,622**
Reserves, *including*	**871,487**	**871,487**
Reserves allocated to development activities	76,050	76,050
Net gains on investments in equity instruments designated at fair value through non-recyclable other comprehensive income	43,562	43,562
Cashflow hedging reserves	11,265	11,265
Other reserves	26	26
Retained earnings	705,946	705,946
Remeasurements of defined benefit liability	(1,321)	(1,321)
Net income for the period	35,960	35,960
Total shareholders' equity	**1,249,429**	**1,249,429**
Total capitalisation	**3,573,642**	**3,866,587**

Investors are encouraged to read this table in conjunction with "*Use of Proceeds*", "*Management's Discussion and Analysis of Result of Operations and Financial Condition*" and the Financial Statements, including the notes thereto, which is included elsewhere in this Offering Circular.

There has been no material change to the total capitalisation of the Issuer since 30 September 2024.

DESCRIPTION OF THE ISSUER

Overview

The Issuer is the common development finance institution of the WAEMU Member States. It is an international organisation created by the Establishment Treaty signed on 14 November 1973 by Benin, Burkina Faso, Côte d'Ivoire, Niger, Senegal and Togo, which were joined by Mali and Guinea Bissau on 1 June 1984 and 2 May 1997, respectively. The Issuer has its headquarters in Lomé, Togo, with Resident Missions, which are permanent representative offices, in each of the WAEMU Member States. The Issuer commenced operations in 1976. The map set forth below indicates in green the WAEMU Member States, which is the region in which the Issuer operates.



Source: The World Bank.

The Issuer's powers originally emanated from Article 23 of the WAMU Treaty and are currently based on Article 33 of the 2007 WAMU Treaty. Pursuant to Article 41 of the 1994 WAEMU Treaty (as defined below), the Issuer is defined as an autonomous specialised institution. Article 2 of the Issuer's By-laws outlines its mission, statutory objectives, areas of intervention and priorities. See "*—Purpose and Mission of the Issuer*".

The Issuer's shareholders are divided into two classes. Class A shareholders comprise the WAEMU Member States and the BCEAO (its largest shareholder) and Class B shareholders comprise several non-regional members, including France, KfW (acting on behalf of the Federal Republic of Germany), the EIB (acting on behalf of the European Union), the AfDB, the Kingdom of Belgium, the People's Bank of China (acting on behalf of the People's Republic of China), Exim Bank of India (acting on behalf of India) and the Kingdom of Morocco. On 21 December 2023, the WAEMU Council of Ministers further authorized BADEA as a new capital participant in BOAD as a Class B shareholder; diligence is currently underway for the release of their portion of the capital. See "*Capital Structure—Capital and shareholding structure*". Both classes of shareholders have played an important part in the Issuer's development. See "*—Strong support from shareholders and the WAEMU Member States*".

The below table outlines the subscribed and total called-up capital of the Class B and Class A shareholders.

Shareholders	At 31.12.2022	New Subscribed Capital (USD mn)*	Post capital increase pro forma
Benin	5.9%	50	5.8%
Burkina Faso	5.9%	50	5.8%
Côte d'Ivoire	5.9%	50	5.8%
Guinea Bissau	5.9%	50	5.8%
Mali	5.9%	50	5.8%
Niger	5.9%	50	5.8%
Senegal	5.9%	50	5.8%
Togo	5.9%	50	5.8%
BCEAO	46.9%	50	33.1%
« A » Class Shareholders	93.7%	450	79.1%

Shareholders	At 31.12.2022	New Subscribed Capital (USD mn)*	Post capital increase pro forma
France	3.5%	75	5.1%
Germany/KfW	0.2%	53	2.1%
EIB	0.4%	30	1.4%
AfDB	0.5%	24	1.3%
China	1.1%	10	1.1%
Belgium	0.5%	18	1.0%
Morocco	0.0%	26	1.0%
EXIMBANK India	0.1%	0	0.0%
BADEA	0.0%	30	1.1%
Total Subscribed	**6.3%**	**266**	**14.1%**
New Targeted « B » Shareholders	0.0%	184	6.8%
« B » Class Shareholders	**6.3%**	**450**	**20.9%**

The creation of the Issuer and the West African Economic and Monetary Union (WAEMU)

Established under the WAMU Treaty, the WAMU is characterised by the existence of a single currency known as the FCFA, the issuance and management of which is entrusted to its common issuing institution, the BCEAO.

In order to develop political and monetary cooperation between the WAEMU Member States, the operating profits of the BCEAO serve to finance common development activities. The WAMU institutions, including the West African Customs Union (the "**WACU**"), were reformed between 1970 and 1973 resulting in the signing of the Establishment Treaty and the establishment of the Issuer as the WAEMU Member States' common instrument for long-term development finance.

Consequently, the WAEMU Heads of State mandated the Governor of the BCEAO to implement the intended goals of economic integration and development. The Treaty establishing the WAEMU was signed on 10 January 1994 in Dakar (the "**1994 WAEMU Treaty**"). Under the 1994 WAEMU Treaty, which entered into force on 1 August 1994, the Issuer became a specialised and autonomous institution of the WAEMU, contributing to the attainment of the WAEMU's objectives.

The WAEMU's aims are to: (i) strengthen competition in the context of an open, competitive market and a streamlined, harmonised legal framework; (ii) ensure the convergence of economic performance and policies by instituting a multilateral surveillance procedure; (iii) create a common market among the WAEMU Member States based on the free movement of persons, goods, services and capital; (iv) work towards a common external tariff and a common trade policy; (v) establish the coordination of national sectorial policies; and (vi) harmonise laws in the WAEMU Member States to the extent necessary for the proper functioning of the common market. Within this framework, the Issuer plays a key role in promoting the balanced development and economic integration of the WAEMU Member States.

The BCEAO, as the central bank, and the Issuer, as the development bank, for the WAEMU region, represent complementary institutions for economic and financial policy in the region; the BCEAO formulates and implements the common regional monetary policy, and the Issuer serves the needs of the WAEMU Member States with respect to long-term economic development and regional integration.

Since the 1980s, the 15 countries forming the ECOWAS, which include WAEMU Member States, have discussed the possibility of introducing a common currency to be called the "ECO", which would be akin to, and replace, the FCFA. Although a peg to the Euro would likely initially be in place, the ECO would not necessarily be permanently pegged to the Euro. Implementation of the ECO requires that the ECOWAS member states meet certain convergence criteria in terms of budget deficit, inflation, central bank financing of the budget deficit and foreign currency reserves. The Conference of Heads of State and Government of ECOWAS has restated its interest in the project on a number of occasions, with a number of target dates set for implementation, most recently by 2027.

On 21 December, 2019, French President Emmanuel Macron and President Alassane Ouattara (President of the Republic of Côte d'Ivoire and, at the time, Chairman of the WAEMU Conference of Heads of State and Government on behalf of the WAEMU Member States) announced a reform, in the form of a treaty, of the monetary cooperation system between France and the WAEMU, including changing the name of the FCFA to the "ECO", the end of the requirement that the BCEAO keep 50% of its foreign currency reserves in the French Treasury, and the withdrawal of French government representatives from the WAEMU's governing bodies. The treaty was ratified by France in February 2021.

During the 57th ordinary session of the Conference of Heads of State and Government of ECOWAS held on 7 September 2020, the Heads of State and Government recognised the economic and financial difficulties created by the COVID-19 pandemic in 2020 and resolved, *inter alia,* to postpone the launching of the single currency to a later unspecified date and to exempt member states from meeting macroeconomic convergence criteria for 2020. In June 2021, the ECOWAS

authorities stated their intention to launch the ECO by 2027 for countries which will have met, from 2024 onwards, regional macroeconomic convergence criteria, including a fiscal deficit ceiling of 3% of GDP. In September 2023, the ECOWAS authorities reiterated their commitment to launch the ECO by 2027 and in December 2024, at the 66th ECOWAS Ordinary Session, the ECOWAS leaders adopted key criteria to identify the first group of member states ready for the integration of the ECO, with other nations to gradually follow.

If and when the ECO is implemented, the Issuer would expect to have the support of its shareholders to absorb the potential negative impacts, as was the case in 1994 when the value of the FCFA compared to the French Franc was halved. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The implementation of the ECO, the common currency contemplated for the ECOWAS region to replace the FCFA, could impact the Issuer*".

Privileges and immunities

The Issuer is a legal entity with full legal personality and full legal capacity available to corporate bodies by national laws in each of the WAEMU Member States. As set out in Article 4 of its By-laws, it enjoys privileges and immunities in the territory of the WAEMU Member States (in common with those generally available to international and supranational financial institutions), including protection of its property and assets from any form of seizure, inviolability of its archives and tax-exempt status for its assets and operations. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer has historically benefited from rights and immunities granted to it by its Member States, however there can be no assurance that it will continue to do so in the future*".

Purpose and mission of the Issuer

The Issuer's purpose, as set out in Article 2 of its By-laws, is to "promote the balanced development of its member states and foster economic integration in West Africa". The Issuer was mandated to help:

- source regional liquidity in accordance with regulations at the state and WAEMU levels;
- obtain external capital through loans or obtain funds from non-repayable direct assistance;
- make equity investments and grant loans, guarantees, interest-rate subsidies and other modes of financing in line with national, WAEMU and international regulations to finance investments or activities in the WAEMU region in the areas of transport infrastructure and ICT/digitalization, energy and natural resources, agricultural production and food security, real estate and social housing, health and education, as well as finance;
- transfer the means of production and of distribution of goods and services to legal persons, public or private, from the WAEMU or one of the WAEMU Member States, or to natural persons that are nationals of the WAEMU;
- carry out advisory activities and provide assistance to legal persons, public or private, from the WAEMU; and
- provide technical and financial evaluations of development projects and the creation, as well as supervision of, entities in charge of their implementation.

Since it commenced operations in 1976, the Issuer has supported development efforts in the WAEMU Member States by supporting the medium-term to long-term financing of projects relating to infrastructure, agriculture and the environment. Any WAEMU or foreign corporate body willing to invest in such projects in the WAEMU region is eligible for the Issuer's financial support and other advisory services. The volume and quality of the Issuer's projects have enabled it to become a major player in the development and integration of the WAEMU region. See "*Risk Management—Intervention and commitment limits—Exposure limits*".

The table below sets out the allocation, by economic sector, of the Issuer's commitments (which are comprised of loan commitments, equity investments and sureties and other guarantees, and cash advances for studies) as at 30 September 2024.

	As at 30 September 2024	
	(FCFA millions)	*(%)*
Energy and natural resources	2,058.1	23.2%
Finance and Insurance	1,160.9	13.1%
Real estate and housing	429.0	4.8%

	As at 30 September 2024	
	(FCFA millions)	*(%)*
Agricultural production and food security	1,302.8	14.7%
Health and education	475.2	5.3%
Transport and ICT/digitalization	3,457.0	38.9%
Total	**8,883.0**	**100.0%**

As at 30 September 2024, 73% of the Issuer's total commitments in the form of short-term, medium-term to long-term loans and equity investments were to sovereign and sovereign related entities, with the remainder to non-sovereign entities. This proportion has been relatively stable over the period under review. The Issuer operates its concessional lending activity through the FDC Window and the FDE Window. The Issuer also operates a market rate lending activity through the Bank Window. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer has resumed concessional lending following implementation of the Interest Subsidy Mechanism; failure of this Interest Subsidy Mechanism to achieve its objectives could materially adversely affect the Issuer's financial condition, growth and prospects*" and "*—Operating and financing models of the Issuer—Operating model*".

The Issuer's Policy Statement further states that the Issuer shall work together with the WAEMU Commission, the BCEAO and other national organisations and institutions of the WAEMU, and in close collaboration with the WAEMU Member States to formulate and harmonise the economic policies of the WAEMU Member States by making clear and relevant choices between national and regional interests.

The Issuer does not pay dividends. Pursuant to Article 47 of its By-laws, the Issuer's profits are fully transferred into reserves to strengthen the Issuer's equity after clearing the previous years' losses, if any.

International partnerships

At the international level, many countries and institutions have established partnerships with the Issuer to support its development agenda. These partnerships include, but are not limited to, non-regional shareholders and/or their development finance arms, as well as the IsDB, the AFD, KfW, the CDB, the BADEA, the ICD, the AfDB, the OeEB, the International Organisation of la Francophonie, EIB, the World Bank, IFC, MIGA, the IMF, FinDev Canada, CICAN, CDP, DBSA, TDB, the IDFC co-chaired by the BOAD Chairman with twenty-six DFIs, UN agencies, including the Food and Agriculture Organisation, and the Permanent Interstate Committee for drought control in the Sahel.

In accordance with its objectives, the Issuer continues to deepen and broaden its international partnerships. The Issuer has a long history of co-operation with Japanese agencies and banks, including the Japan Bank for International Cooperation ("**JBIC**"), the Japan International Cooperation Agency ("**JICA**") and SMBC Bank International plc.

The Issuer has entered into a number of loans with its international partners in order to finance its activities. See "*—Sources of Funding*".

Recent Developments

MIGA Guarantee

In December 2024, MIGA issued a €506 million guarantee to Société Générale of France (SG) and HSBC Bank Plc of the United Kingdom (HSBC) for their loans to BOAD. The guarantee covers the risk of non-honoring of financial obligation by a regional development bank for up to 15 years.

The MIGA-guaranteed loan will support BOAD's lending operations for sustainable and climate projects across its eight member countries. The proceeds of the guaranteed loan will benefit agriculture, renewable energy, general and digital infrastructure, green housing and real estate, health care, and education projects in Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

Developments in Mali, Burkina Faso and Niger and End of Economic Sanctions

Following successive coups in Mali (in August 2020 and in May 2021), Burkina Faso (in September 2022) and Niger (in July 2023), new military regimes took over and were subsequently sanctioned by ECOWAS. On January 28, 2024, Mali, Niger and Burkina Faso announced their decision to leave the ECOWAS, with no mention of the WAEMU zone or the Franc CFA. In February 2024, ECOWAS decided to lift with immediate effect the sanctions imposed on the three countries, reopening their borders and airspaces, and authorizing financial transactions between them and ECOWAS

countries, thus unfreezing Mali's assets. On 29 January 2024, ECOWAS announced that Mali, Niger and Burkina Faso had formally withdrawn from the bloc, but left open the possibility of a return in the future, requesting Member States to continue to accord the three countries privileges of membership, including free movement within the region with an ECOWAS passport.

During the period that Mali and Niger were subject to economic sanctions, the Issuer was temporarily unable to collect payments from the sovereign or any of its corporate borrowers in these countries (Burkina Faso, which was only subject to political sanctions, was not affected) See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships."* Mali paid all its past-due amount to BOAD shortly after the sanctions were lifted in February 2024 and continues to pay all its installments to BOAD in a timely manner. During 2024, Niger paid 75% (i.e., FCFA 12 billion) of amounts past due as a result of the sanctions and agreed with BOAD to pay the remaining 25% (i.e. FCFA 4 billion) during the first quarter of 2025. In the meantime, Niger is paying its current installments and has not accumulated any further unpaid installments. Burkina Faso has never had any arrears to BOAD, either during or after the sanctions, as the country faced only political sanctions and not financial ones.

It is to be noted that BOAD has not experienced any default from private borrowers in the sanctioned countries related to the sanction enforcement.

Guinea Bissau IMF Restructuring

On April 28, 2024, following the IMF restructuring, Guinea-Bissau's debt was rescheduled by BOAD without any write-off.

Update on the Implementation of measures to strengthen equity capital

In its 2021-2025 Strategic Plan, BOAD aims to be the reference bank for sustainable impact on the integration and transformation of West Africa. To fulfil this vision, the BOAD adopted a plan to increase its financing volume by 50% for 2021-2025 compared to the previous five years, while maintaining financial stability and possibly enhancing its credit rating. To reach this goal, it has been essential to strengthen the BOAD's capital structure. Consequently, in 2022, the governing bodies of BOAD approved a capital enhancement plan totalling U.S.$ 1.5 billion (about FCFA 950 billion).

The capital strengthening initiative comprises two main components. The first involves issuing U.S.$900 million in hard equity, split evenly between U.S.$450 million for historical regional shareholders (Category A) and U.S.$450 million for non-regional shareholders (Category B). The second component focuses on issuing U.S.$600 million in subordinated debt with significant equity credit, termed as hybrid debts.

As of December 2022, the governing bodies of BOAD authorized an increase in capital of U.S.$900 million (FCFA 554.35 billion), which raised the authorized capital of the BOAD from FCFA 1,155 billion (U.S.$1,851 million) to FCFA 1,709 billion (U.S.$2,739 million).

As at 31 December 2022, the subscribed capital was FCFA 1,103 billion, which increased to FCFA 1,511 billion at 30 September 2024. As at 30 September 2024, all historical shareholders except India have participated to the capital increase, contributing a total of FCFA 407.35 billion (U.S.$695 million) out of the authorized FCFA 554.35 billion. BOAD also welcomed BADEA as a new capital participant in 2023, with an ongoing subscription of FCFA 18 billion (U.S.$30 million), bringing the total contribution from shareholders to FCFA 425.35 billion (U.S.$.725.27 million). In December 2024, BOAD also received a capital subscription from AfDB in the amount of FCFA 14.750 billion FCFA (U.S.$24 million), bringing the total subscriptions of Category B shareholders to FCFA 145,35 billion (U.S.$230.2 million). With this AfDB subscription, the total contribution from shareholders is projected at the end of December 2024 to be FCFA 440.1 billion (U.S $.697.74 million).

As at 30 September 2024, the capital breakdown includes FCFA 618.83 billion (U.S.$1,056.22 million) called-up capital and FCFA 892.17 billion (U.S.$1,522.76 million) callable capital, with category A regional shareholders contributing FCFA 517 billion (U.S.$882 million) and category B non-regional shareholders providing FCFA 102 billion (U.S.$ 173.96 million) in called-up capital. The release of funds is ongoing, adhering to the established schedule, with FCFA 375 billion (U.S.$640.6 million) already released as at 30 September 2024 and another FCFA 244 billion (U.S.$415.6 million) scheduled for release by 2028.

Currently, almost 80% of the U.S.$900 million has been subscribed, including USD 450 million by Category A shareholders and USD 266 million by Category B shareholders.

BOAD's hybrid debt program, approved in September 2022, involves issuing U.S.$600 million of hybrid debt through private placements. So far, this includes a U.S.$100 million issue subscribed by BADEA in December 2023 and a €100

million issue subscribed by Cassa Depositi e Prestiti from Italy in August 2024. To date, these efforts have mobilized a total of U.S.$204 million (approximately FCFA 130 billion).

Operating and financing models of the Issuer

BOAD finances infrastructure (road, energy, water, sanitation and urban planning, information and communications technology ("**ICT**"), rural, environmental and social development) projects and promotes the development of the private sector (including promoting the development of industry, SMEs and privatisations of public companies) and regional operations (including projects of common interest to two or more countries, or those that are considered regional in nature).

Operating model

The Issuer operates under a unitary governance structure, which runs all of its development financing activities, commercial financing activities and its development activities in the energy sector. The Issuer currently divides these activities into three separate financing windows: the Bank Window, the FDC Window and the FDE Window.

The table below sets out gross outstanding loans per financing window as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions)			
Gross outstanding loans	**2,417,284**	**2,516,414**	**2, 546, 079**	**2,440,876**
FDC Window	1,044,281	1,072,398.4	1,094,255	1,088,323
Bank Window	1,234,525	1,331,044	1,324,978	1,231,849
FDE Window	138,478	132,971	126,846	120,703

Whether a project is funded through the FDC Window, the Bank Window or the FDE Window depends on the type of project. Low profitability projects that benefit the public and the responsibility for which lies with the State (*e.g.,* sanitation and road infrastructure projects) are funded through the FDC Window. Projects sponsored by the private sector are funded through the Bank Window. However, when resources are not available for projects funded through the FDC Window, the WAEMU Member States can access funding through the Bank Window, in the form of market rate sovereign loans. The Issuer may use the Interest Subsidy Mechanism in order to lower the costs of such loans granted through the Bank Window. Projects relating to regional and national priority energy programmes are funded through the FDE Window.

Bank Window

The Bank Window is funded with market resources (including funds from capital market issuances in the regional and international markets and bilateral loans) and finances commercial activities (such as the financing of factories, hotels, energy projects and harbour terminal equipment). These operations take the form of direct or indirect short- to medium-term loans, bond and loan guarantees, loan syndications, short-term financing, equity investment or financial advice.

Indirect loans include four credit products to assist NFIs and SMEs: credit facilities, refinancing framework agreements, credit leasing lines and special credit lines to other regional financial institutions that directly finance projects. See "*— Products and services—Methods of Financing to National Financial Institutions and SMEs*".

The Issuer also offers market rate sovereign loans to WAEMU Member States through the Bank Window, which serve as supplementary funding for urgent non-commercial projects without concessional resources. These loans are based on a rate that takes into consideration the type of borrower and the Issuer's cost of funding from which the loan is funded. They typically have shorter maturities and grace periods than concessional loans. Accordingly, for the pricing of sovereign loans at arm's length, a minimum margin is applied to the Bank Window reference rate. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—Pricing Policy*".

Lending through the Bank Window accounted for 50.5% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 52.0% as at 31 December 2023. The decrease in the proportion of Bank Window lending as at 30 September 2024, as compared to as at 31 December 2023, was relatively low, reflecting a stable expansion of loan commitments. Total outstanding loans disbursements through the Bank Window decreased in absolute terms as at 30 September 2024, as compared to as at 31 December 2023, primarily due to the securitization of FCFA 150 of Bank Window.

FDC Window

The FDC Window is funded by market resources and has benefited since December 2015 from an Interest Subsidy Mechanism funded by the WAEMU Member States and, to a lesser extent, the WAEMU Commission, the BCEAO and the Issuer itself. The FDC Window finances development support operations, including non-commercial socio-economic development projects undertaken by the WAEMU Member States or their independent institutions, predominantly in the rural development and infrastructure sectors. Through the FDC Window, the Issuer extends concessional loans, which benefit from preferential terms, also known as "concessional" terms within the meaning of the OECD's Development Assistance terminology.

The funds made available under the Interest Subsidy Mechanism finance the interest gap between concessional loans granted through the FDC Window and the indebtedness incurred by the Issuer at market rates to fund these loans. The Interest Subsidy Mechanism applies solely to new commitments entered into after the mechanism was introduced. Approximately FCFA 25 billion is made available on a yearly basis. In addition, at least FCFA 3 billion is provided by the Issuer on a yearly basis.

Lending through the FDC Window represented 44.6% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 43.0% as at 31 December 2023, reflecting stability in loan commitments.

The value of the "grant" component of concessional loans (as defined by the IMF) made to WAEMU Member States was set in 2013, and remains, at 35%. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—Pricing Policy*".

FDE Window

The FDE Window finances energy development projects through concessional loans. The FDE was established at the WAEMU level under the Regional Initiative for Sustainable Energy ("**IRED**") and is managed by the Issuer. Pursuant to a decision dated 31 December 2014, the WAEMU Council of Ministers and the WAEMU Member States granted the initial capital of the FDE to the Issuer, which was incorporated into the Issuer's equity to strengthen its capacity to raise further debt financing in support of energy development projects. Lending through the FDE Window represented 4.9% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 5.0% as at 31 December 2023, reflecting stability in loan commitments.

Since 31 December 2019, lending through the FDE Window has been funded with grants from the WAEMU Member States, regulatory bodies and institutions of the WAEMU, as well as from the Kingdom of Belgium. Contributions required to meet future funding requirements under the FDE Window are being sought in the form of borrowings and grants from development agency partners. See "*Description of the Issuer—Strengths—Strong Capitalisation*".

Issuer Financial Statements

The Issuer's financial statements reflect all activities of the Issuer, including those of the Bank Window, the FDC Window and the FDE Window. In addition, the Issuer maintains separate accounts for the FDC Window, consisting of: (i) a statement of sources and uses of funding; (ii) a statement of income and expenditure; and (iii) a statement of off-balance-sheet commitments related to the FDC Window activities. These separate accounts allow the Issuer to monitor the FDC Window's specific financial situation, which comprises concessional funding that the Issuer has obtained and concessional loans that the Issuer has made. All concessional funding and lending is reflected in the FDC Window accounts. The Issuer also maintains separate accounts for the FDE Window, a special window managed in accordance with a framework established at the WAEMU level to monitor the activities of the FDE Window. Both the FDC Window accounts and the FDE Window accounts are audited. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of operations—Lending activity—Financial Statements—FDC Window and FDE Window*".

Financing model

The Issuer has historically financed its activities through retained earnings, borrowing on the regional and international capital markets, and funding from external financing partners. See "*—Sources of funding*".

Generally, the Issuer does not finance more than 50.0% of a given project and aims to encourage the participation of other funding sources for public and private entities from, *e.g.*, other supranational entities, in order to promote diverse

financing sources for large infrastructure projects in the WAEMU region. Accordingly, the Issuer typically finances projects jointly with other multilateral and bilateral development agencies and domestic financial institutions.

As part of its co-financing activities, the Issuer shares its experience in the origination, preparation, financing and implementation of development projects with commercial banks. It also maintains strong relationships with these financial institutions and cooperates with them in various areas, including: (i) the granting of refinancing facilities and equity investments, including to strengthen the financial capacity of domestic financial institutions and enable them to better support MSMEs in the region; (ii) loan syndication; (iii) interbank transactions; and (iv) acquisition of securities issued by the WAEMU Member States and private enterprises on the regional capital markets. The Issuer currently has two distinct sources of funding to finance its FDC Window and Bank Window activities: (i) its shareholders and development agency partners; and (ii) the regional and international capital markets.

The Issuer's financing model is based on the principle that, for every commitment the Issuer extends in the form of a loan, it must have a corresponding commitment in the form of its own resources (*e.g.,* paid-in capital, retained earnings and an identified third-party lender that provides capital to be on-lent by the Issuer) or borrowed resources. The Issuer's policy is to have at all times coverage of 75.0% for activities under the FDC Window and 75.0% under the Bank Window. This policy helps the Issuer draw on funding commitments received to cover loan disbursements whenever a loan commitment is made by the Issuer.

The Issuer allocates equity capital to finance activities through the FDC Window, as resources to finance concessional lending remain limited, even after the implementation of the Interest Subsidy Mechanism. There is no internal rate charged on the allocation of these funds. This approach is based on the fact that, unlike institutions such as the AfDB and the IDA, the Issuer is not a large recipient of international development funds and lacks concessional resources to finance the non-commercial sector. Due to this lack of concessional resources, at times the Issuer is required to substitute concessional resources with market rate resources and to provide "market rate sovereign loans" to WAEMU Member States, which results in a higher cost of funding for borrowers, unless the Interest Subsidy Mechanism can be used.

Pursuant to the Policy Statement, the Issuer must limit its debt level to three times its equity (*i.e.*, 300%). As at 30 September 2024, the Issuer's Statutory Debt ratio was equivalent to 169% of its effective equity capital (core tier 1 capital) as, as compared to 176% in the year ended in 31 December 2023, 197% in the year ended in 31 December 2022 and 233% in the year ended in 31 December 2021, reflecting a controlled debt policy. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer may incur substantially more debt in the future, which may make it difficult for it to service its debt obligations, including the Notes" and "—Strengths—Strong Capitalisation*".

If required, the Issuer can obtain additional liquidity by accessing the BCEAO liquidity window, which permits the Issuer to either discount loans it has made to WAEMU Member States, companies, and financial institutions in the WAEMU region or use them as collateral under repo-type arrangements. The Issuer views this access to funding as an emergency liquidity backstop. As at the date of this Offering Circular, it has not needed to use it.

Strengths

The Issuer believes that the following competitive strengths differentiate it from its peers and will enable it to capitalise on growth opportunities and expand its operations.

Importance of the Issuer in the WAEMU region

As the development banking arm of the WAEMU, the Issuer has been, and continues to be, an important funding source for the WAEMU Member States and contributes significantly to their economies. Since 2009, the Issuer has significantly increased its funding levels and has become one of the leading financial institutions supporting infrastructure and rural development projects in most of the WAEMU Member States.

The Issuer's financing activities contribute to the attainment of the UN Sustainable Development Goals in the WAEMU Member States. Since 2021, projects funded by BOAD have resulted in the following developments: providing new access to electricity from green energy sources for 158,333 people, helping to avoid the emission of 1,052,328 TeqCO2; promoting index-based agricultural insurance for 30,000 cotton producers, 10,000 palm farmers, and 600,000 rice producers; setting up more than 302 health infrastructures (such as testing, screening, and quarantine centres) during COVID-19 and strengthening the capacities of medical staff (including more than 857 healthcare workers); building 4,125 classrooms which benefit 217,898 students, of which 111,958 are girls (51%); connecting 1,500,000 people to drinking water systems; constructing 791 social and middle-class housing units, providing 3,950 people with housing; and supporting 560 SMEs, which in turn provide 12,900 jobs.

Examples of the ways in which the Issuer has contributed, and continues to contribute, to the development of the WAEMU region include:

- Funding major regional infrastructure projects in the WAEMU region, where the Issuer: (i) is a leading lender in terms of amount of funding and number of projects funded in the areas of road construction, energy and rural development in Senegal, Benin, Niger and Mali; (ii) is one of the leading lenders in Côte d'Ivoire in the transport and energy sector; and (iii) is one of the largest contributors to transport and communication facilities upgrade works in Togo.

- Supporting the WAEMU Member States in planning and accessing resources needed for the implementation of national development plans, regularly pledging funding for such programmes, in particular, in Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali and Senegal.

- Playing a structuring role in the regional economy through various initiatives, including:

    - promoting and developing capital markets in the WAEMU, having issued its inaugural regional bond in 1993 (the first public offering in the region) and is the largest non-sovereign issuer (in terms of issuances) in the regional capital markets;

    - promoting new financing instruments and market structures, including the creation of Cauris Management and the guarantee funds African Guarantee Fund West Africa (AGF West Africa (formerly known as, GARI)), a West African investment fund known as SICAV Abdou Diouf and its fund manager, the SOAGA, the CRRH-UEMOA, a Financial Services Investment Fund and BOAD Titrisation, a securitisation vehicle, which manages funds that securitise loan receivables for entities in the WAEMU region (particularly active in the issuance of domestic sovereign sukuks). In addition, the Issuer handles commercial, real estate and personal property transactions directly or indirectly related to such management of loan receivables in order to strengthen the assets of the securitisation funds;

    - launching a crop insurance programme in, and granting crop insurance loans to, Benin and Senegal since 2014 to help protect farmers against the adverse effects of climate variability and price instability on their respective cotton and rice (Benin) and cotton and maize (Senegal) harvests, respectively. Funding is provided first to increase insurance of agricultural activities in countries with agricultural insurance companies and secondly to initiate activities that promote the creation of this type of insurance company in other countries. The Issuer is also funding the development of agricultural insurance in other WAEMU countries, with first steps undertaken in Burkina Faso, Côte d'Ivoire, Mali and Togo, and steering and management committees set up in Côte d'Ivoire and Togo; and

    - leading initiatives in the environmental sector through, among other actions, contributing to initiatives relating to climate change mitigation. For example, the Issuer hosted the first of two RCCs on the CDM in Africa. The Issuer is also a board member of the GCF, an organisation which aims to transform energy generation and access, create climate-compatible towns and cities, encourage low-emission and climate-resilient agriculture, scale up financing for forests and climate change and enhance resilience in the region.

Strong support from shareholders and the WAEMU Member States

The Issuer is backed by a supportive and increasingly diverse shareholder base, split into Class A shareholders, comprised of WAEMU Member States and the BCE (its largest single shareholder), and Class B shareholders, comprised of non-regional shareholders from Europe, Northern Africa and Asia (notably India and China) owning shares in their own name or through their respective development finance arms. Both classes of shareholders have played an important part in the Issuer's development. The WAEMU Member States are represented at the Board of Directors and Board of Directors' committee levels and have all participated in previous capital increases launched by the Issuer. The non-regional shareholders appoint one third of the members of the Board of Directors, representing a higher proportion than their share of capital (13.23% as at 30 September 2024), which allows them greater representation than their share of ownership, with the decisions, in practice, being made by consensus. In 2022, Messrs Sani Yaya, Minister of Economy and Finance of the Togolese Republic, Chairman of the WAEMU Council of Ministers, Serge EKUE, President of BOAD and Sidi Ould Tah, Managing Director BADEA, signed a tripartite declaration on the sidelines of the ordinary session of the WAEMU Council of Ministers. Under the terms of this declaration, the three regional entities are committed to the success of BOAD's capital increase project. See *"Capital Increase—2021-2025 Strategic Plan and Capital Increase".* The Issuer believes that the participation in its capital of non-regional shareholders, including developed and emerging countries in Europe and Asia, has enhanced its international reputation, and intends to enlarge its shareholder base in the future.

Although not provided in any treaty, law or contract, the Issuer believes that, historically, it has benefitted from *de facto* "preferred creditor status" from the WAEMU Member States, which have, at times, agreed to settle obligations to the Issuer in priority to other creditors. Accordingly, the Issuer believes that its exposure to or loans to the WAEMU Member

States subjects it to less risk than its commercial loans, and as a policy matter, in accordance with IFRS 9, has not historically recorded any provisions in its Financial Statements for its loans to WAEMU Member States, whether extended on a concessional basis or at market rates. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—While the Issuer believes that it has historically benefited from de facto "preferred creditor status" from each of the WAEMU Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations*". The involvement of the BCEAO in the operations of BOAD, through the disbursement of the regional shareholders' capital, placement of treasury assets and access to financing, underscores the strong support of the BCEAO. BOAD also has the ability to access the refinancing window of the BCEAO and is the only supranational entity other than the European Investment Bank (EIB) that can access the BCEAO's liquidity facility. Finally, the Issuer does not distribute dividends to its shareholders. All of the Issuer's profits are retained as reserves (after set-off against prior years' losses, if any).

The Issuer plays an important role in the financing of infrastructure projects in the WAEMU Member States, as well as public utilities, which have limited access to long-term funding. The Issuer's healthy balance sheet and its reputation have enabled it to expand its membership and sources of funding over time. The Issuer continues to explore new partnerships with non-regional member states and supranational organisations to further expand its shareholder base and sources of vital support, with the goal of increasing the shareholdings of non-regional member states to 25.0% of its subscribed capital over the medium-term, as compared to 13.23% as at 30 September 2024.

Strong Capitalisation

The Issuer believes that it benefits from strong capitalisation and leverage ratios. As at 30 September 2024 and 31 December 2023, its total equity/total assets ratio (defined as "total equity" + "deeply subordinated debt" divided by "total assets") was 37.0% and 35.5%, respectively, increasing from 32.9% as at 31 December 2022 and 28.9% as at 31 December 2021. See "*Selected Financial Information—Selected Ratios*". As at 30 September 2024 and 31 December 2023, its debt/equity ratio (defined as "debts represented by a security" and "other borrowings from external partners" divided by "actual own funds") was 169% and 176%, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liabilities*". With respect to capital contributions paid by WAEMU Member States (including Mali), such payments in an amount of FCFA 375,320 million, were made on 30 September 2024, and the next payments are not due until September 2025. See "*Risk Factors—Risk Factors relating to the Issuer and the Issuer and the jurisdictions in which it operates—The Issuer has significant exposures to Mali that it cannot recover due to ongoing economic sanctions*".

In August 2024, the Issuer issued its first euro-denominated green hybrid bonds, subscribed by Cassa Depositi e Prestiti (CDP), designed to bolster its capital base and support its credit rating. The hybrid structure of the notes provides for substantial leverage, enabling €400 million in new financing for its member countries and local economies. The funds are being and will continue to be allocated to the construction and rehabilitation of electricity generation infrastructure from renewable sources.

In addition, in December 2024, the African Development Bank Group signed an agreement with the Issuer for a U.S.$24 million equity investment that will enable the Issuer to support businesses in its member countries. The equity investment increases the African Development Bank's share in BOAD from 0.40% to 1.36%.

Robust liquidity As referred to above, the Issuer can access the BCEAO's liquidity window, which permits the Issuer to use loans it makes to WAEMU Member States, companies, and financial institutions in the WAEMU region as collateral under repo-type arrangements. Such loans can be refinanced at interest rates applicable to BCEAO refinancing transactions at the time of the request. The acceptance by the BCEAO of such loans for refinancing purposes is, in principle, independent of the interest rate of such loans. In addition, the Issuer can use its holdings of bonds and other securities as collateral with the BCEAO. Acceptable collateral includes not only all short-term debt instruments issued by the private and public sectors, but also other longer-term debt instruments, which are selected on a case-by-case basis by the Monetary Policy Committee of the BCEAO every quarter. The decision as to the eligibility of any securities for such refinancing by the Monetary Policy Committee is valid throughout the life of the securities. The Issuer views this access to funding as an emergency liquidity backstop, which it has not yet needed to use.

The Issuer believes that this mechanism not only ensures the liquidity of much of the Issuer's assets as eligible collateral, which include debt instruments issued by the WAEMU Member States, but that it also enhances corporate bond liquidity on the regional capital markets. The liquidity coverage ratio (high quality liquid assets ("**HQLA**") divided by the total net cash outflows) was 236% as at 30 September 2024, 306% as at 31 December 2023, 213% as at 31 December 2022 and 285% as at 31 December 2021.

Attractive growth region with a sizeable and growing infrastructure investment opportunity

The Issuer operates in a region with strong potential for continued growth. According to figures published by the WAEMU Commission, the 2024 GDP growth rate for the WAEMU region was 6.2% as compared to 5.3% growth in 2023, reflecting sustained dynamism across all sectors (primary sector: +5.8%; secondary sector: +8.8%; tertiary sector: +4.0%). At the WAEMU Member State level, GDP growth rates in the year ended 31 December 2024, as published by the WAEMU Commission, were as follows: Benin (+6.7%), Burkina Faso (+5.0%), Côte d'Ivoire (+6.1%), Guinea-Bissau (+5.1%), Mali (+4.9%), Niger (+8.8%), Senegal (+6.7%), and Togo (+6.3%).

The 2025 GDP growth rate for the WAEMU region is forecast by the WAEMU Commission to increase to 6.8%, as compared to a growth rate of 6.2% in 2024. The WAEMU Commission forecasts that the GDP growth rate in the WAEMU region will increase to 6.1% in 2026 and 6.6% in 2027.

Diverse and experienced work force and management team

The Issuer's multinational and multi-lingual employees have significant experience in banking and infrastructure financing across the WAEMU Member States and strong technical backgrounds and experience across all sectors on which the Issuer focuses. In addition, the Issuer's management comprises experienced local bankers from public administrations and the private sector with strong reputations in the WAEMU Member States and in-depth knowledge of local conditions, as well as management with significant experience in international financing. Historically, management and employee turnover has been low, reflecting high employee commitment. The Issuer believes that the experience of its employees has helped it to deliver strong financial performance and growth. See "—*Employees*".

Strategy

The Issuer aims to continue to position itself as a strategic partner to the WAEMU Member States in the areas of infrastructure, agriculture and environment, and to become a business partner and leader in innovative financing in the WAEMU region. With effect from 1 January 2021, the Issuer began implementation of the 2021-2025 Strategic Plan.

2021-2025 Strategic Plan (Djoliba Plan)

The 2021-2025 Strategic Plan (also referred to as the Djoliba Plan) was approved by the WAEMU Council of Ministers at its September 2020 meeting. Following the approval, the last quarter of 2020 was devoted to a thorough preparation of the measures adopted, including a continuation of the reform of IT systems, a reinforcement of the results measurement framework, a finalization of the evaluation strategy, and staff training (including disbursements and monitoring tools).

The driving force behind the selection and implementation of the priorities of the 2021-2025 Strategic Plan is to increase the impact of the Issuer's participation in a number of priority sectors, with a vision to be the reference bank for a lasting impact on the integration and transformation of West Africa through strengthening regional integration, contributing to the creation of value and productive jobs in support of the WAEMU Member States and the private sector and strengthening resilience to climate change. The 2021-2025 Strategic Plan has also targeted the strengthening of management systems, increased activities related to climate change and resource mobilisation from the climate funds, further development of financial advisory and financing arrangement activities and focuses on staff career management and staff capacity building (*i.e.,* health, education, portfolio restructuring, impact assessment, *etc*.).

The economic context in which the Issuer has implemented the 2021-2025 Strategic Plan was profoundly altered by the COVID-19 pandemic, as well as by the intensification of regional unrest and security challenges, particularly in the Sahel region. This already fragile context was further aggravated by the Russia-Ukraine conflict, leading to an increase in food and energy prices, thereby exacerbating inflation, trade deficits, and food insecurity in the WAEMU countries. In response to these crises, the Issuer has deployed targeted actions to support the Member States, implementing emergency measures, financing to strengthen economic resilience, and initiatives to support food and energy security. These efforts have enabled the Issuer to play a key role in the stabilization and economic recovery of the region, while reinforcing the resilience of WAEMU Member States throughout the 2021-2025 Strategic Plan period.

The 2021-2025 Strategic Plan is structured around three operational strategic axes and two transversal axes.

Operational Strategic Axes

The Issuer's experience and comparative advantages have led to the definition of three operational strategic axes that reflect the development priorities of the WAEMU Member States. These include:

- ***Regional integration, which is the cornerstone of the Issuer's creation*****:** The Issuer continues to focus on investments that promote regional integration and movement of goods, people and data within the WAEMU region in order to create an attractive investment market of adequate size. It does so in close collaboration with the other institutions of the WAEMU (*i.e.,* the WAEMU Commission, BCEAO, CREPMF, *etc*.). At the outset of

the 2021-2025 Strategic Plan, the Issuer aimed to become a leader in origination, preparation and financial arrangement of integrative projects, in which the Issuer would engage both development institutions and the private sector for their preparation (such as feasibility studies, *etc*.) and execution. From January to September 2024, BOAD approved funding for regional integration in the amount of FCFA 134.6 billion, mainly pertaining to projects including a motorway construction in the Republic of Côte d'Ivoire, the expansion and modernisation of the RN4 in Burkina Faso, and an equity participation in the capital increase of Air Côte d'Ivoire.

- ***Creation of value and productive jobs, in support of WAEMU states and private sectors:*** The Issuer supports the strengthening of a business climate favourable to infrastructure development in the energy, transport, urban development, water, communication and real estate sectors. As part of its interventions, it gives priority to financing the missing links in the global and regional value chains in industry and agriculture and supports small-scale family farming. The 2021-2025 Strategic Plan also emphasised the necessity to contribute to ensuring food security, financial inclusion and social protection of the populations of the WAEMU Member States. In 2023, BOAD invested a total of FCFA 574.2 billion for creating value and productive jobs in support of WAEMU states and private sectors, including through projects such as a programme to clear up the debt of strategic suppliers to Energie du Mali, the construction of 4,300 social and low-cost housing units in Cote d'Ivoire, a loan proposal for the partial funding of the proposed construction of infrastructure and systems in the Diamniadio-AIBD section of the regional express train (TER) in the Republic of Senegal, the development of roads and various networks for infrastructure in the Diass Integrated Special Economic Zone in the Republic of Senegal, and a short-term loan to Société Nationale Burkinabè d'Hydrocarbures to partially finance its operating requirement for importing and marketing hydrocarbons in Burkina Faso.

- ***Building greater resilience to climate change*:** Countries in the WAEMU are particularly sensitive to the consequences of climate change (such as changing rainfall patterns and crop seasons and rising sea levels). BOAD supports them in their efforts to meet the challenges of climate change, including taking actions to adapt to, and increase resilience against, climate change. WAEMU Member States are faced with huge financing needs in terms of adapting to, and mitigating, climate change, which, in turn, calls on the Issuer to increase its ambition in mobilising climate finance to meet these needs. In this regard, the 2021-2025 Strategic Plan envisaged several actions: (i) continued mobilisation of concessional resources from climate funds for the benefit of the WAEMU Member States; (ii) "greening" the WAEMU financial sector and promoting financial innovation for "green" investment; (iii) accelerating climate investments in key sectors, including renewable energy and energy efficiency, sustainable and climate-smart agriculture, and green cities (transport and green building) and climate-resilient infrastructure; and (iv) integrating the climate dimension in the Issuer's financing. In 2023, BOAD approved financing for projects in the area of building resiliency to climate change in the amount of FCFA 231.2 billion, mainly through projects including the development of agricultural infrastructure in the Republic of Benin, construction of three retention basins, collectors and roads in the Republic of Benin, developing urban arterial roads and drainage works in Bissau, in the Republic of Guinea-Bissau, constructing a 20MW photovoltaic solar power plant in Burkina Faso, and constructing a 30MW photovoltaic solar power plant in Senegal.

Under each of these strategic axes, the Issuer's activities focuses on the following five areas:

- Infrastructure and digital economy (35.0%);
- Energy and natural resources (20.0%)
- Agriculture and agri-industry (17.0%)
- Housing, including Tourism and social housing) (16.0%)
- Financial institutions and equity (12.0%)

In each of these areas, emphasis is given to the role and appropriate financing needs of MSMEs to diversify the economic fabric and create jobs in growing areas. Special attention is also paid to youth employment and women's inclusion, as well as to the role of the financial sector (banks, financial institutions and decentralized financial systems) in supporting these areas.

Transversal Axes

Achieving the objectives related to the three operational strategic axes required the Issuer to secure necessary financial resources, skills and management and control systems.

- ***Financial resources (capital increase and active balance sheet management):*** The 2021-2025 Strategic Plan aimed to strengthen the Issuer's capital structure through an increase in equity capital and, if required, institutional and governmental reforms to permit the admission of new, well-rated shareholders, which, in turn, was expected to positively impact the Issuer's credit rating. The Issuer's debt to equity ratio has increased in recent years and, accordingly, the 2021-2025 Strategic Plan placed an emphasis on capital increases and dynamic asset and portfolio management to help optimize the use of capital.

- ***Skills and systems:*** The Issuer aimed to acquire the capacities required to be more effective throughout the value chain: origination, preparation, structuring, financial arrangements, monitoring of the physical and financial execution of projects, and ex-post evaluation. Achieving the vision of the 2021-2025 Strategic Plan also required the continued development of skills of the Issuer's staff and the hiring of specialists/retraining staff in the areas of finance/financial engineering, social sectors and digitalisation.

The 2021-2025 Strategic Plan targeted the achievement of the following development outcomes by 2025:

- *Job creation:* the creation of 245,000 jobs in the WAEMU region, of which 17,000 to be related to MSMEs (through lines of credit to be granted to banks and inclusive finance institutions, such as multilateral financial institutions and NFIs). As at 30 September 2024, 922,563 jobs had been created under the plan

- *Contribution to increased WAEMU Region GDP:* the contribution of approximately FCFA 3,700 billion to the WAEMU region GDP (accounting for an annual contribution estimated at 0.8% of WAEMU region annual GDP) and FCFA 580 billion to fiscal taxes. As at 31 December 2024, projects implemented under this plan aim to achieve a total GDP impact of FCFA 6,549 billion (amounting to an annual contribution estimated to 1% of the WAEMU region's annual GDP), with FCFA 123 billion in fiscal revenue expected to be generated under the plan.

- *Facilitating access to drinking water:* the building of required infrastructure (boreholes, water towers and distribution networks) to increase average drinking water production by 88,000 m^3/day in the WAEMU region. As at 30 September 2024, production had been increased by 317,540 m^3/day under the plan.

- *Facilitating access to food through farm production:* the development of 12,000 hectares of land to enable the annual production of 170,000 tonnes of rice. As at 30 September 2024, production had been increased by 187,897 tonnes under the plan.

- *Supporting the improvement of transport infrastructure and facilitating the movement of people and goods across the WAEMU region:* the construction and rehabilitation of 13,000 kilometres of roads. As at 30 September 2024, 4,416 km of roads had been built or rehabilitated under the plan.

- *Boosting energy generation capacity:* targeting projects that provide electricity generation capacity to improve the rate of electrification and energy supply in the WAEMU region, with the aim of generating additional capacity of 380 MW and a minimum share of 39% of funds allocated to the energy sector to be allocated to renewable energies. As at 30 September 2024, 942 MW of capacity had been added under the plan.

- *Assisting in tackling climate change:* financing projects that contribute to maintaining emissions below the level of 18 million tonnes of carbon dioxide equivalent ($CO2_{eq}$). In addition, the Issuer has set a number of other "green goals" for itself by 2025, including for: (i) 25% of commitments to be dedicated to climate-related projects; (ii) 25 million beneficiaries to have benefitted from capacity resilience strengthening initiatives; and (iii) FCFA 175 billion of funding to have been mobilised from the Issuer's partners to finance green investments.

The Issuer estimates that total commitments of approximately FCFA 3,300 billion (U.S.$5.2 billion) over the 2021-2025 period will be required to meet the development outcomes set out in the 2021-2025 Strategic Plan, of which three quarters are expected to be granted to the public sector and one quarter to the private sector. As at 30 October 2024, 77% has been granted to the public sector and 23% to the private sector. In December 2022, the governing bodies of BOAD approved the decision to increase capital by FCFA 554.35 (U.S.$900 million), thus increasing the authorized capital of the bank to FCFA 1,709.35 billion. As at 30 September 2024, the subscribed capital stands at FCFA 1,511 billion.

The Issuer has put in place an assessment strategy to monitor planned implementation and measure the status of the development outcomes throughout the life of the 2021-2025 Strategic Plan. Such strategy is expected to permit the Issuer

to adapt the objectives of the 2021-2025 Strategic Plan to the evolving economic and social context in the WAEMU Member States, if necessary, and following approval by the Issuer's governing bodies. The strategy consists of three steps. First, compliance with objectives has been monitored throughout the 2021-2025 Strategic Plan's implementation, measured twice a year (in June and September), in a report called "*Note de conformité des activités réalisées par rapport à la stratégie de la BOAD*". Then, an annual evaluation report is produced to take stock of the implementation of the 2021-2025 Strategic Plan against the preceding years. Finally, a mid-term evaluation of the 2021-2025 Strategic Plan was carried out. It should also be noted that the final evaluation of the 2021-2025 Strategic Plan is planned for this year, ahead of the preparation of the new strategic plan, which should cover the period 2026-2030.

As at 30 September 2024, the Issuer had committed new financing in the frame of the Djoliba plan totalling U.S.$4.1 billion, which represents 79.8% of Djoliba objectives. Infrastructure projects represent 34% of these new commitments followed by Agriculture and Energy at 22% and 15%, respectively. As of 30 September 2024, the issuer has achieved significant milestones in its five key areas: 92.6% of financial institutions and equity objectives (U.S.$0.6 billion), 87.8% of agriculture and agri-industry objectives (U.S.$0.9 billion), 84.2% of infrastructure and digital economy objectives (U.S.$1.9 billion), 78.3% of energy and natural resources objectives (U.S.$ 1.1 billion) and 62.4% of housing including tourism and social housing objectives (US$0.8 billion). Three key objectives outperformed BOAD's expectations: (1) the installed electrical capacity totalled 892 MW or 248% the strategic plan objective of 380 MW, drinking water new installed facilities of total capacity of 217,540 m3/day (362% of the Djoliba objective of 60,428), rice production reached 188K tonnes (110% of the Djoliba objective of 170,000 tonnes). CO2 avoided totalled 10 million tonnes (56.7% of Djoliba objectives of 18 million tonnes).

In addition to the capital increase, BOAD worked on reinforcing its financial profile through innovative solutions covering 26% of total balance sheet including sovereign and non-sovereign assets such as two securitization transactions totalling U.S.$500 million representing 11% of total balance sheet and credit insurance with a total ensured assets amount of U.S.$670 million representing 15% of total balance sheet.

Products and services

The Issuer provides predominantly medium-term and long-term financing to private companies active in the WAEMU Member States, as well as to the WAEMU Member States themselves. Since 2012, the Issuer also grants short-term loans, primarily in connection with trade financing, "market rate sovereign loans" (*i.e.*, long-term loans to the WAEMU Member States at market rates and under market conditions), financing in the form of equity investments, guarantees and advances for the financing of studies. The Issuer continues to progressively develop its loan syndication arrangement and advisory services, which permit the Issuer to broaden its offering of products and services to better serve the WAEMU Member States and their respective economies, as well as to create additional sources of revenue.

The Issuer also aims to contribute to the emergence and strengthening of domestic financial institutions through equity investments and other activities. It grants refinancing facilities in order to strengthen the financial capacity of banks and financial institutions and to enable them to better finance regional SMEs.

The Issuer is also a shareholder of the BRVM and of the DC/BR, both located in Abidjan. The Issuer has been involved in the establishment of regional private equity (Cauris Management) and guarantee funds (AGF West Africa), an asset management company (SOAGA), and a mortgage refinancing bank (CRRH-UEMOA), the launch of a crop insurance scheme, the creation of BOAD Titrisation and the Financial Services Investment Fund, and a "Shock Resilient Loans" program under its sovereign loan portfolio.

Equity Investments

The Issuer has made equity investments in all sectors eligible for its financing activities, in accordance with its By-laws and the Policy Statement. As an investment criterion, at the date of completion of an investment, the Issuer must have sufficient visibility of the terms and conditions of a potential exit from its investment.

The Issuer may condition its equity investments, depending on the particular circumstances of each investment, and particularly for strategic equity investments, on having a representative on the management body (*e.g.*, board of directors, supervisory board, credit or investment committee, *etc.*) of the entity in which it is investing. At 30 September 2024, the reported value of the Issuer's equity investments amounted to FCFA 151 billion, or 4.1%, of the Issuer's total assets.

As part of its efforts to support the integration of the WAEMU region, the Issuer holds an equity participation in the Investment Fund for the Development of the Financial Sector**,** which also includes investment funds, pension funds, multilateral development banks, insurance companies, social welfare funds and sovereign funds in its capital structure.

Loan syndication and advisory activities

Under its loan syndication activity, the Issuer plays a financial intermediation or arranger role, which consists of researching and raising funds to finance (in whole or in part) projects undertaken by the WAEMU Member States and by public or private companies.

As part of this activity, the Issuer is the agent or arranger and acts on behalf of a project sponsor. The mandate includes the identification of resources on behalf of the sponsor with various donors (bank, financial institutions, specialised financial institutions, investment funds, private or institutional investors), which can form a consortium, a syndicate or a banking pool for the granting of one or more types of funding for the benefit of the sponsor.

The Issuer's financial advisory activity comprises the following types of services:

- *Privatisations*: as part of a privatisation transaction or the opening of a particular sector to competition, the Issuer assists and advises the WAEMU Member States throughout the sale process, concession implementation or opening up to competition of a sector initially under public monopoly;

- *Mergers & Acquisitions*: the Issuer assists companies wishing to acquire, sell, or merge with an existing business to enable them to assess the feasibility and appropriateness of the transaction, to price the transaction, to create guarantees for investor protection and implement post-acquisition strategies; and

- *Restructurings*: the Issuer provides solutions to companies experiencing financial difficulties and/or undergoing financial restructuring. The services provided can cover any form of restructuring (including financial, operational and/or organisational restructuring) and any technical and financial plan consulting for a project, including: (i) the analysis of technical, market, feasibility studies, environmental and social impact; (ii) the research of valuation reports and skills for technical assistance to the sponsor; and (iii) the identification and the research of funding sources for the project, which could lead to the structuring of financing, for which the sponsor can provide a mandate of arrangement for the Issuer.

During the period from 2021 to 2024 the Issuer obtained 22 new financing arrangement mandates and sub-mandates. In 2024, the most important mandates concerned raising funds for SENELEC for the installation of a radio transmission network in Senegal (FCFA 50,471 million), and for the State of Côte d'Ivoire for the construction of a water distribution network, an electricity line and an access road to the Aghien plant (FCFA 31,755 million). In 2023, the most important mandates concerned the raising of funds for: (i) FCFA 110 billion for the Government of Burkina Faso for the construction of four road infrastructures and (ii) FCFA 100 billion for the Government of Mali for the partial financing of Energie du Mali's strategic suppliers' debt repayment program. In 2022, the most important mandate was to (i) mobilize FCFA 92,359 million in favour of SOLEN Togo for the construction of a 160 MW solar power plant in Kpomé, Togo, and (ii) to mobilize FCFA 70.1 billion in favour of the State of Côte d'Ivoire for the installation of a video projection system (VPU). In 2021, the most important arrangements are the sub-mandates relating to: (i) to MK Construction for the reinforcement and development of the Kanawolo-Korhogo road (FCFA 62.5 billion) and (ii) to EBOMAF for the development and asphalting of a ring road called "Contournement" in Ouagadougou, Burkina Faso (FCFA 51 billion).

Methods of Financing to National Financial Institutions and SMEs

The Issuer offers different methods of financing to assist NFIs, which are regional banks and financial institutions, and SMEs:

- *Refinancing framework agreements*: refinancing existing instruments (*i.e.*, medium-term refinancing lines to commercial institutions, such as commercial banks and microfinance institutions, which extend loans to MSMEs and large businesses). The maximum amount available under such agreements is FCFA 1 billion, unless otherwise agreed by the Issuer. Refinancing framework agreements provide a maximum term of 10 years and a principal repayment grace period of three years. The Issuer will refinance a maximum of approximately 50% of the amount of the loan extended by the financial institution;

- *Specialised comprehensive packages*: financing a range of projects within the same programme that is known in advance or has been previously evaluated by the Issuer. This financing is done through an NFI or promotion agency. The term "programme" refers to all small projects within the same sector, based on the cost of funding. The specialised comprehensive package can also cover special projects which would have been eligible for direct assistance from the Issuer but which, due to insufficient proximity to the project, are being refinanced through a local bank, which is better placed to monitor the project.

Fund management for third parties

The Issuer has proven experience in asset management. In addition to managing the FCFA 250 billion in respect of the FDE Window, BOAD manages, among others, the Climate Studies Fund (FCFA 1 billion), the KFW-PACAN fund for natural disasters (FCFA 3.8 billion), the Green Climate Fund (FCFA 16 billion), the Climate Change Adaptation Fund (FCFA 12.2 billion), and the Global Environmental Facility (GEF) fund (FCFA 11.8 billion) as at 30 September 2024.

Approved projects

The Board of Directors generally meets in February, March, May, June, September, November and December of each year.

Projects approved in 2024 include:

- *Short-term facility to Ivory Cocoa Products (ICP) SA for the partial funding of the 2024-2025 cocoa season in Côte d'Ivoire*. BOAD's loan will be used to finance the purchase of some 7,500 tonnes of cocoa beans. This project is classified as "sustainable development project". In addition, the Bank's financing will contribute to improving the livelihoods of over 6 million people, consolidating 5,000 indirect and induced jobs, and safeguarding some 170 full-time jobs at ICP. BOAD's contribution was FCFA 15 billion to the project.

- *Short-term credit facility for the partial refinancing of the Sociétés Coopératives Simplifiées Producteurs de Coton (SCOOPS-PC) of the SOFITEX zone as part of the 2024-2025 cotton season in Burkina Faso.* The project aims to strengthen Ecobank Burkina's short-term financial resources meant to support the financing requirements of producer cooperatives (SCOOPS-PC) in the SOFITEX zone as part of the 2024-2025 cotton season. The project will facilitate access to funds for some 1,100 producer cooperatives (SCOOPS-PC) (approximately 23,000 farm managers, including 400 women) to purchase the required inputs for cotton farming. BOAD has contributed FCFA 10 billion to the project.

- *Second phase of Togo agrifood processing project (PTA-Togo).* This project is designed to foster inclusive job-creating agricultural growth, reduce the region's food imports and promote private investment in the targeted sectors (rice, maize, soya, sesame, broiler chicken and cashew nuts), will further enable capacity-building for players in the priority agro-industrial sectors. The projected impact is 800,000 beneficiaries, including 50% women, 10,000 people will have access to water supply and an additional 10,000 people to electricity. BOAD contributed FCFA 30 billion to the project.

- *Loan proposal for the partial funding of the phase 2 of the water development project for value chains development (PROVALE-CV 2) in Senegal.* The project will focus on restoring soil fertility, increasing agricultural, livestock and aquaculture production, and boosting the incomes of beneficiaries in order to contribute towards inclusive and sustainable economic growth in the region. BOAD's contribution was FCFA 25 billion FCFA to the project.

Projects approved in 2023 include:

- *Drinking Water Supply in Fragile Localities Project in Burkina Faso.* The project will help increase the production and storage of drinking water in security-challenged areas and areas with difficult hydrogeology. It will also serve an additional population of around 174,000 by 2025, and 201,000 by 2030. BOAD contributed FCFA 11 billion to the project.

- *Emergency Project for Strengthening the Resilience of Agricultural Stakeholder in Guinea-Bissau Republic.* The project will provide emergency food assistance of 12,000 tons of food to vulnerable populations and will help intensify rice and vegetable production over a cumulative area of 15,000 ha, through the supply of inputs and agricultural mechanization equipment, such as tractors, power tillers and combine harvesters, to small producers. BOAD's contribution was FCFA 25 billion.

- *Compagnie Malienne pour le Développement des Textiles (CMDT), for partial financing of the 2022-2023 cotton harvest in Mali.* This loan will contribute to the transformation of around 526,000 tonnes of seed cotton into cotton fibre (220,695 tonnes) for the 2022-2023 campaign. BOAD's short-term loan was FCFA 5 billion.

- *Development of the Center for Medical and Health Research and reinforcement of tertiary reference health infrastructures in Niamey, Niger.* The aim of the project is to contribute to improving the health of the population focusing on health research and quality care. BOAD contributed FCFA 20 billion to the project.

Projects approved in 2022 include:

- *The financing of the construction and operation of an agro-industrial complex for processing cashew nuts and extracting cashew nutshell oil, by the company BENIN CASHEW SA in the Glo Djigbe Industrial Zone (GDIZ)*

in Benin. The project aims to build and operate give industrial units for processing raw cashew nuts with an annual nominal capacity of 100,000 tonnes and an industrial unit for extracting cashew nutshell oil with an annual capacity of 20,000 tonnes. BOAD contributed FCFA 10 billion to the project.

- *The financing of the second phase of the irrigation development program in the Baní basin and Selingue (P2-PDI-BS) in the middle Bani region of Mali.* The Bank's financing of FCFA 30 billion covers: (i) the upgrade of two plains with a cumulative surface area of 4,300 ha to full water control, for double-season rice growing and off-season market gardening; (ii) the development of two sections of tracks with a cumulative length of 31 km; (iii) capacity building and support for beneficiaries with a view to increasing agricultural production; and (iv) activities to develop animal and fish production.

- *The financing of an emergency project for the production of mineral fertilizers in Burkina Faso*. The project aims to: (i) acquire raw materials for the production of 29,000 tons of mineral fertilizers and (ii) strengthen the logistical capacities of the Société d'Exploitation des Phosphates du Burkina (SEPB). BOAD contributed FCFA 14 billion to this project.

- *The financing of a project for the construction and operation of a 52 MWC photovoltaic solar power plant in Sokhoro, Côte d'Ivoire by the company FERKE SOLAR SA*. The project aims to (i) design, finance, build and operate a photovoltaic (PV) solar power plant with an installed capacity of 52 MWc in the form of BOOT (Build-Own-Operate and Transfer) in Sokhoro, Côte d'Ivoire and (ii) design, finance and build the infrastructure required for the plant for the Côte d'Ivoire. BOAD contributed FCFA 15.5 billion to this project.

- *The financing of a rural electrification project of one hundred and seventy-two (172) localities by extension of the medium and low voltage electricity distribution network in the Togolese Republic*. The project aims to electrify one hundred and seventy-two (172) rural localities, by extension of the medium and low voltage (HTA and BT) electricity distribution network, throughout the five regions of Togo. BOAD contributed FCFA 20.2 billion to this project.

- *The financing of a project to build a digital technology park (PTN) in the urban center of Diamniadio in the Republic of Senegal*. The project aims to build and equip a digital technology park on an area of 25 ha in the Diamniadio urban center in Senegal, This will involve (i) hosting at least 40% of the data of large private companies and large state companies in Senegal in its Datacenter; (ii) installing at the PTN at least 30% of SMEs in the digital ecosystem in Senegal and a branch or regional office of at least three GAFAM companies (Google, Apple, Facebook, Amazon, Microsoft); and (iii) installing at least ten training, research, innovation and incubation institutions at the PTN, with at least 20,000 people trained and integrated into their network. The Bank contributed FCFA 24.5 billion to this project.

- *The financing of the Kobo-Kanawolo section construction project (47.3 km) of the northern highway in the Republic of Côte d'Ivoire.* The overall objective of the project is to support traffic growth along this corridor linking the Autonomous Port of Abidjan (PAA) to the hinterland countries of Mali, Burkina Faso and Niger, in order to support the growth of the national economy. This will involve (i) improving traffic on the road by reducing travel time by approximately 50%, from 1 hour 20 minutes to 40 minutes; (ii) reducing vehicle maintenance costs by at least 40% after the highway is put into service, from approximately 3,500 FCFA/km to approximately 2,100 FCFA/km for all categories included in the analysis; and (iii) reducing the number of traffic accidents by 70% on the highway. BOAD's contribution is 30 billion FCFA.

- *The refinancing of facilities for BGFIBank Côte d'Ivoire (BGFI Bank CI).* This is a short-term facility intended to partially finance the 2023-2024 cocoa and cashew campaigns in Côte d'Ivoire and a medium-term facility aimed at supporting Micro, Small and Medium Enterprises (MSMEs). The two projects of FCFA 15 billion and FCFA 10 billion respectively aim to strengthen the productive and cash flow capacities of companies that benefit from the support of BGFIBanK CI. BOAD contributed FCFA 25 billion to this project.

- *The financing of the construction of 4,300 social and economic housing units in Côte d'Ivoire*. this was Phase 2 of constructing 1,200 housing units in Abidjan PK24, in Côte d'Ivoire. This project will contribute to improving quality of life and reducing poverty in Abidjan. More specifically, it will provide decent housing to vulnerable populations at affordable costs and promote new ways of accessing housing for low-income households. BOAD has contributed FCFA 40 billion to this project.

Infrastructure

Major infrastructure projects approved in 2024, 2023 and 2022 included:

- *The proposed upgrading of the Fresco-Sassandra-San Pedro-Grand Bereby section of the coastal road in the Republic of Côte d'Ivoire*. The project's overall objective is to contribute to the economic development of the areas served by facilitating access to these important agricultural, tourist and mining production areas, thereby improving trade between the San Pedro and Gboklè regions and the District of Abidjan. The project will generate 2,650 direct and indirect jobs. In addition, environmental impacts will be controlled by compensatory reforestation to strengthen the project's 'carbon sink' function, by fair compensation for people affected by the project, and by the implementation and monitoring of environmental and social measures. BOAD's contribution was FCFA 28.638 billion to the project.

- *The Komsilga power plant extension project (phase 4) by Société Nationale d'Electricité du Burkina (SONABEL) in Burkina Faso*. The project's overall objective of the project is to contribute to strengthening the production capacities of the national interconnected grid through the installation and commissioning of an additional 50 MW capacity. The expected income is 350 GWh of electric power generated annually, improved access to electricity for 217,000 inhabitants, creation of 250 jobs. Control of environmental impacts will be supported by the implementation of an environmental and social management plan. BOAD's contribution was FCFA 30 billion to the project.

- *The financing of the construction of a brewery complex and a can production line by Coca-Cola Donga Bottling Company SA in Benin.* The project aims to contribute to supplying the market with quality products, creating jobs and generating wealth by producing: (i) 385 000 hl of soft drinks in year one and 730,000 hl from the fifth year; (ii) an average of 7,300 hl of mineral water over the period and (iii) 64 million cans in year one and 200 million cans in year two and onwards.

- *The financing of a Hydro-agricultural development project with agricultural practices resilient to climate change in the Republic of Niger.* Under this project, 1,000 ha were developed and 749 ha were rehabilitated in agricultural areas, spread over 25 sites in 5 ha units with an economical irrigation system (drip kits and Californian system) and pumping solar (photovoltaic solar kits).

- *The financing of a project for the construction and operation of an integrated cotton processing unit by the Benin Textiles Company (STB) in the Glo-Djigbe industrial zone in Benin*. The cotton processing unit transforms cotton fibres into clothing, with an annual capacity of 10,000 tonnes.

- *The launch of Project 2 of the Program to Strengthen Resilience to Food and Nutritional Insecurity in the Sahel (P2-P2RS) in the Republic of Niger, Senegal and Togo*. This project realized the following integrated activities: (i) reforestation, (ii) development of agricultural and market gardening areas and pastoral water points, (iii) construction of water reservoirs, livestock markets, parks and rural roads, and programme of livestock vaccination, (iv) promotion of integrated centres and groups of youth advisory services and (v) capacity building and implementation of climate technologies and services, with a view to strengthening the resilience of populations of the area project intervention.

- *Project for the construction and operation of a flour mill by the Benin Atlantic Mill (AMB) Company in the Glo-Djigbé Industrial Zone in Benin*. The flour mill has a nominal capacity of 90,000 tonnes of wheat per year).

- *Project for the development of 2,500 ha of hydro-agricultural areas and adaptation to climate change in the Ouémé valley in the Republic of Benin*. This project aims (i) to develop 2,155 ha of irrigated areas in the Lower and Middle Ouémé Valley; (ii) to develop 120 km of tracks and dikes for access to the perimeters of the irrigated areas; and (iii) to construct four crossing structures with a total span of 270 m for the interconnection of the left and right banks of the Ouémé River.

- *Project for the construction and operation of a production unit for mineral water and non-alcoholic drinks by the African Flavored Drinks Company (SABA) Ivoire, in Bonoua in Ivory Coast*. This production unit has three production lines with a total annual nominal capacity of 150,000 hl of water, fruit juices and drinks.

- *Urban road development program and creation of various networks in District 4 of the Diamniadio urban center of in the Republic of Sénégal*. This program, which covers District 4, aims to realize the creation of: (i) a road network comprising 14km of roads developed into 2-by-1 and 2-by-2 lanes; (ii) a drinking water supply system comprising two water tanks of 10,000m^3 each and a network of 55.40km; (iii) a wastewater sanitation system comprising a network of 13.40km; (iv) a rainwater sanitation network over 11.13km; (v) 6.5km of reservation ducts for the telecommunications networks; and (vi) an electrical system comprising Medium Voltage (MV) electrical substations of 630 kVA as well as the Medium Voltage (17km) and Low Voltage (19km) electrical distribution networks and the related remote management.

- *Project for the construction and equipment of school infrastructure in Niger*. The project aims to build in five regions of Niger (Maradi, Niamey, Tahoua, Tillabéry and Zinder): (i) 1,104 equipped classrooms to replace classrooms in straw huts; (ii) 138 administrative facilities; (iii) 552 hygiene facilities; (iv) 55,200 metres of boundary walls; (v) 138 caretaker houses; and (vi) 138 autonomous water points.

- *Construction of 1,528 classrooms, replacing temporary shelters and related facilities in Senegal.* The project will contribute to the improvement of quality and equity in education in Senegal, provide conducive learning conditions for approximately 85,568 disadvantaged students per year, and reduce the dropout rate by 50% in the relevant schools. BOAD's contribution was 12.5 billion FCFA.

- *Partial financing of the drinking water supply project for the city of Abidjan through the construction of a 150,000m^3/day treatment plant in the Aghien lagoon and an associated distribution network, in the Republic of Cote d'Ivoire*. The overall project aims to (i) build a drinking water production plant with a total capacity of 150,000m^3/day from the Aghien lagoon and an associated pipeline network with the construction of two water towers of 5,000 m^3 each, the construction of 3.5km of raw water discharge pipelines, 6km of untreated water discharged pipelines, 8km of drinking water supply pipelines and 4.075km of distribution network; (ii) the construction of 6.8km of 2x1 lane asphalt road (Cocody city, SIT-Anyama landing stage); and (iii) the construction of three 17.5km long Medium Voltage power lines. The Bank's financing is intended for (i) the construction of the distribution network (ii) the construction of the access road and (iii) the construction of the 3rd power line.

- *Project for the construction of a photovoltaic solar power plant with a capacity of 20MW^3 by the National Electricity Company of Burkina (SONABEL) in Koudougou in Burkina Faso.* The project aims to construct a photovoltaic solar power plant with a capacity of 20MW^3 and its distribution facilities and evacuation works, in the town of Koudougou, approximately 100km from Ougadougou, in the Centre-West of Burkina Faso.

- *Project for the implementation of the unified and open platform for Urban Video Protection (VPU) in six secondary cities and six main stadiums in the Cote d'Ivoire*. The project aims to implement a unifiedand open platform for urban video protection in six new secondary cities (Boundiali, Touba, Séguéla, Divo, Kong, Assinie) and six stadiums in Cote d'Ivoire (Abidjan, San Pedro, Yamoussoukro, Korhogo and Bouaké), including the deployment of: (i) a private 4G telecommunications network (eLTE), including the installation of 327 km of optical fiber; (ii) a video surveillance system and (iii) a road traffic control system. The project also provides for the strengthening of the video surveillance system on twenty-four sports fields located in five cities (Abidjan, Yamoussoukro, Bouaké, Korhogo, San-Pédro), three sports villages (Abidjan, Yamoussoukro and Bouaké) and four airports (Abidjan, Yamoussoukro, Bouaké, Korhogo).

- *Development of the Urban Section of the RN25 and the Rehabilitation of the Niamey-Nyala Section and Urban Road Development Project in the City of Niamey, Republic of Niger*. The project aims to: (i) develop and asphalt the RN25 into 2x2 lanes from the Ola roundabout to the Niamey exit at Saga gorou (Filingué road) over 6.5 km and (ii) rehabilitate the Niamey-Nyala road from PK 9.5 (Tanimoune) to PK 7.5 (Bonkaney market crossroads) over 2 km. The overall objective of the project is to contribute to improving traffic conditions for users (flow, comfort and safety) in the city of Niamey and particularly in its Communes III and IV where the project sections are located.

Finance

Refinancing facilities granted by BOAD in support of MPMEs in 2022 and 2023 include:

In 2023:

- Refinancing facility in cooperation with Coris International Bank Benin (CBI-Benin) for FCFA 10,000 million, in Benin

- Refinancing facility in cooperation with the National Bank for Agricultural Development (BNDA) in Mali for FCFA 10,000 million, in Mali

- Refinancing facility in cooperation with Mansa Bank in Côte d'Ivoire for FCFA 10,000 million, in Côte d'Ivoire

- Medium-term loan in cooperation with BOA West Africa in Senegal for FCFA 46,500 million, in Benin, Burkina Faso, Côte d'Ivoire, Mali, Senegal and Togo

In 2022:

- Refinancing facility in cooperation with the Bank of the Union, Côte d'Ivoire (BDU CI) for FCFA 10,000 million, Côte d'Ivoire

- Refinancing facility in cooperation with Visa Bank Burkina for FCFA 10,000, Burkina Faso

Sectors

The five key sectors of the 2021-2025 Strategic Plan supported by the Issuer are: (i) transport and ICT infrastructure and digitalization; (ii) production and equitable access to energy and natural resources; (iii) agricultural production and food security; (iv) real estate (including tourism infrastructure) and housing (including social housing); and (v) health and education. These are decisive sectors for economic growth, competitiveness and regional economic integration and employ the highest percentage of the employed population.

In 2024, 63 new projects were financed through new commitments in the form of short-, medium- and long-term loans, equity investments, guarantees and studies of FCFA 942.9 billion in 2024, of which FCFA 174.7 billion (or 18.5%) were concessional, FCFA 184.6 billion (or 19.6%) were to the private sector and FCFA 75 billion (or 8.0%) were to the merchant public sector. Of the commitments granted in 2024, 70.5 % were to Sovereigns, 23.4% to Private sector and 6.1% to State owned companies. By geography, commitments in 2024 were granted to projects in Benin (10.8%), Burkina Faso (15.5%), Guinea Bissau (0.7%), Côte d'Ivoire (32.8%), Mali (8.1%), Niger (0.0%), Senegal (18.2%), Togo (11.8%) and 2.0% to non-WAEMU states. In 2024, 90.7% of the loans granted were provided to support the five key sectors of the 2021-2025 Strategic Plan. Of the total financing provided in 2024, 33.6% was for Transport and ICT/Digitalization projects, 23.6% for energy and natural resources projects, 20.9% for agricultural production and food security, 4.1% for education and health, and 7.0% for housing including tourism and social housing. The remaining 10.8% of loans granted were to financial institutions in the region.

In 2024, progress was made in respect of the targets relating to the production of drinking water (454.1% of the annual target); the irrigation of agricultural land (627.8% of the annual target), the rice production (120.1% of the annual target), the supply of electricity (422.9% of the annual target), job creation (556.6% of the annual target), and (iv) added value (204.7% of the annual target). Further progress is required to meet the targets relating to roads (36.8% of the annual target) and carbon dioxide reduction (58.4% of the annual target). By reference to the UN Sustainable Development Goals, financing was granted in 2021 to support projects whose implementation will contribute to the achievement of 14 of the 17 UN Sustainable Development Goals.

Examples of key projects in certain of the Issuer's key sectors include:

- *Production and equitable access to energy and natural resources - Construction and operation of a 52 MW photovoltaic solar power plant in Sokhoro, Côte d'Ivoire, by FERKE SOLAR SA.* The project contributes to a better coverage of the country's electricity demand and to increase the share of renewable energies in the energy mix. Its expected impacts during the operation phase are: (i) in terms of contribution to national energy production, 82.933 GWh of electrical energy is guaranteed on average annually; and (ii) in terms of improvement of the environment and quality of life, 370,000 inhabitants will have improved access to electricity, and greenhouse gas emissions will be reduced by the equivalent of 39,000 tonnes of carbon dioxide equivalent ($CO2_{eq}$) per year. This project is in line with UN Sustainable Development Goals 7 (affordable and clean energy) and 13 (climate action).

- *Production and equitable access to energy and natural resources - construction and operation of a 30 MWC photovoltaic solar power plant with a 15 MW/45MWH storage system in Niakhar, Senegal, by Teranga Niakhar Storage.* The project contributes to a better coverage of electricity demand and a more secure power supply in the country. Its expected impacts during the operation phase are as follows: (i) contribution to national energy production, with 63.24 GWh guaranteed annually; and (ii) improvement of the environment and quality of life, with 2,295,000 inhabitants benefiting from improved access to electricity and greenhouse gas emissions reduced by the equivalent of 32,000 tonnes of carbon dioxide equivalent ($CO2_{eq}$) per year. This project is in line with UN Sustainable Development Goals 7 (affordable and clean energy) and 13 (climate action).

- *Production and equitable access to energy and natural resources - construction of a 20 MWC photovoltaic solar power plant by Société Nationale d'Electricité du Burkina (SONABEL) in Koudougou, Burkina Faso.* The project contributes to the increase of New and Renewable Energies in the energy mix and to the reduction of energy production costs. Its expected impacts during the operation phase are: (i) in terms of contribution to national energy production, 30.45 GWh of electrical energy is produced on average each year; and (ii) in terms of improvement of the environment and quality of life, 17,500 additional households have improved access to electricity, and greenhouse gas emissions are reduced by the equivalent of 18,000 tonnes of carbon dioxide equivalent ($CO2_{eq}$) per year. This project is in line with UN Sustainable Development Goals 7 (affordable and clean energy) and 13 (climate action).

- *Health and Education - construction and equipping of three technical vocational high schools in Natitingou, Lokossa and Bohicon in Benin.* This will provide initial training to 900 students per year and per *lycée* with an environment conducive to the development of their skills. The project also contributes to MDG 4 (Ensure equal

access to quality education for all and promote lifelong learning opportunities) and MDG 8 (Promote sustained, shared and sustainable economic growth, full and productive employment and decent work for all). Finally, the project contributes to the African Union's Agenda 2063 through its aspiration no. 1: "a prosperous Africa based on inclusive growth and sustainable development".

- *Health and Education - development of the Center for Medical and Health Research and the strengthening of tertiary reference health infrastructures in Niamey, Niger.* The project contributes to improve the health status of populations through access to quality health services and cutting-edge expertise in health research. The project involves the construction and/or equipping of an operating theatre with eight operating rooms at the *Hôpital National Amirou Boubacar Diallo de Niamey* (HNABD); one mammography department; one sickle cell disease center; one neurovascular intensive care unit and one assisted reproduction department; and the development of burns, intensive care and medical and surgical emergency departments at the *Hôpital National de Niamey* (HNN).

- *Agricultural Production and Food Security - Irrigation Development Program in the Bani Basin and at Sélingué in the Moyen Bani, Mali.* The project involves the development and improvement of 85,000 hectares in the Bani and Sankarani valleys at Sélingué, two main tributaries of the River Niger; and the construction of 250 km of tracks. The Issuer is partnering with AfDB, IsDB, BADEA, BIDC, Eximbank South Korea and Saudian and Kuwaiti funds on this project.

- *Bouaké-Kanawolo motorway construction project*: the 69.5km road section is part of the regional motorway program (PAR). The FCFA 30 billion contribution will contribute to regional trade and create 1,121 jobs, including 350 direct jobs.

- *4,300 social and low-cost housing units construction*: BOAD's FCFA 40 billion participation contributes to the creation of 2,360 homes in Abidjan, 420 in Yamoussoukro and 1,520 in Bouaké. The project will create 657 jobs and generate FCFA 14 billion of added value.

- *Loan proposal for the Regional Express Train (TER) construction in the Diamniadio-AIBD section:* the FCFA 35 billion partial funding will contribute to the 55km TER line connecting downtown Dakar to the Blaise Diagne International airport. The project will enable the daily movement of 180,000 people and help reduce road congestion by at least 20%.

- *Program for Strengthening Resilience to food and nutritional insecurity in Sahel:* project contributes to build 13 water reservoirs, 18 drinking water points, 40 pastoral hydraulic structures, 2,000 ha of restored agricultural land, 280km of rural tracks and 250 solar energy kits. BOAD's contribution is evaluated at FCFA 21 billion.

- *Partial financing of the drinking water supply project in fragile localities in Burkina Faso:* project aims to construct 50 high-flow positive boreholes, 10 drinking water supply systems and 85 mini drinking water supply systems. BOAD is contributing at 94% of the financing with a total participation of FCFA 11 billion.

Funding activities

Compared to financial institutions in the WAEMU region, the Issuer gives priority to funding development projects and generally provides loans with longer maturities. On average, loan maturities range from 10 to 12 years for the private sector and up to 18 years for the non-commercial public sector (concessional loans), compared to maturities ranging from three to seven years offered by private banks in the sub-region.

Loans approved over the past three years (2021 - 2023)

The Issuer's commitments in the form of short-, medium- and long-term loans, equity investments, guarantees and studies totalled FCFA 439.4 billion in 2021, FCFA 547.5 billion in 2022 (reflecting increased emergency funding to mitigate the effects of the COVID-19 pandemic) and FCFA 978,7 billion in 2023, and FCFA 942.9 billion in 2024.

With these levels of annual assistance, cumulative commitments reached FCFA 6,683,5 billion as at 31 December 2021, FCFA 7,227.3 billion at 31 December 2022 and FCFA 8,174.4 billion at 31 December 2023, and FCFA 9,088.6 billion as at 31 December 2024.

See "*—Overall portfolio—Outstanding loans*" for details of outstanding loans extended through the three financing windows.

Disbursement of loans, equity investments, studies and assistance

In accordance with its liquidity policy, the Issuer must hold liquid assets equivalent to at least 9-12 months' worth of net loan disbursements (loan disbursements minus repayments repayments), plus 9-12 months' worth of contracted debt repayments.

Medium-term and long-term loans

The assumption for disbursement forecasts is that of a stable overall disbursement rate with an adjustment in order to remain aligned as closely as possible with the underlying projects. Disbursement forecasts are therefore calculated by applying an annual growth rate to the estimated disbursements for the forecast year.

Short-term loans

Short-term loans are assumed generally to last a maximum of two years and on the basis that 80% of them are disbursed in the first year and 20% in the second year.

Equity investments

Projected disbursements from equity investments are based either on expert estimates for current investments or on the application of an average annual growth rate.

Studies

Projected disbursements for studies are based on the application of an average annual growth rate.

Assistance

Loans granted are fully disbursed during the year of commitment, including FCFA 12 billion under the Development and Cohesion Fund (FDE).

Equity investments

Equity investments are disbursed in accordance with the drawdown timetables agreed with the beneficiaries.

Subsequent equity investments are generally disbursed in average increments of 30.0% during the fiscal year following the approval, 40.0% during the second fiscal year and 30.0% during the third fiscal year.

Overall portfolio

Outstanding loans

Performing gross outstanding loans represent the difference between gross outstanding loans and non-performing loans. Net outstanding loans represent the difference between gross outstanding loans and provisions taken in respect of performing and non-performing loans in accordance with IFRS 9. Under IFRS, provisions for individually assessed loans are determined by a case-by-case assessment of losses incurred as at the date of the statement of financial position. This assessment takes into account the collateral held and the estimated funds considered recoverable from the borrower. The level of provisions to be made is equal to the difference between the amount of exposure and the estimated amount of discounted cash flows recoverable on the borrower's collateral.

The table below sets out gross and net outstanding loans as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions)			
Gross outstanding loans (a)	2,417,284	2,516,414	2,546,079	2,440,876
Non-performing loans (b)	70,701	73,422	67,192	57,992
Performing gross outstanding loans (c) = (a) – (b)	**2,346,583**	2,442,992	2,478,887	2,382,884
Non-performing loans as a percentage of gross outstanding loans (b)/(a) (*unaudited*)	2.92%	2.92%	2.64%	2.38%
Provisions (for performing and non-performing loans according to IFRS 9) (d)	**(94,028)**	111,053	129,811	133,162
Net outstanding loans (e) = (a) - (d)	**2,323,256**	2,405,361	2,416,268	2,307,714

The table below sets out the distribution of gross outstanding loans extended (as distinct from commitments) as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions, except where indicated)			
FDC Window	1,044,281	1,072,398	1,094,255	1,088,323
Bank Window[(1)]	1,234,525	1,311,044	1,324,978	1,231,849
Total	**2,278,806**	2,383,442	2,419,233	2,320,173
Bank Window share (%)	54.2	55.0	54.8	53.1
FDE Window	138,478	132,971	126,846	120,703
Total of the 3 Windows (FDC + Bank + FDE), gross outstanding loans	**2,417,284**	2,516,414	2,546,079	2,440,876

(1) Including market rate sovereign loans of FCFA 545,373 million as at 31 December 2021, FCFA 613,460 million as at 31 December 2022 and FCFA 572,930 million as at 31 December 2023.

The table below sets out the distribution of net outstanding loans extended (as distinct from commitments), by window, as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions)			
FDC Window	1,029,037	1,054,728	1,066,137	1,060,284
Bank Window	1,157,543	1,219,586	1,226,344	1,129,814
Total (FDC Window and Bank Window)	**2,186,580**	2,274,315	2,292,481	2,190,098
FDE Window	136,676	131,047	123,787	117,615
Total (FDC Window, Bank Window and FDE Window, net outstanding loans)	**2,323,256**	2,405,361	2,416,268	2,307,714

Loans to WAEMU Member States (gross outstanding loans) as at 30 September 2024 amounted to FCFA 1,836 billion, representing 75.2% of gross outstanding loans and 79.6% of net outstanding loans. Loans to WAEMU Member States (gross outstanding loans) as at 31 December 2023 amounted to FCFA 1,919 billion, representing 75.4% of gross

outstanding loans and 79.4% of net outstanding loans, as compared to FCFA 1,819 billion as at 31 December 2022 and FCFA 1,728 billion as at 31 December 2021.

Loans to WAEMU Member States included loans from the FDC Window of FCFA 1,094 billion, from the Bank Window (in the form of market rate sovereign loans) of FCFA 698 billion and from the FDE Window of FCFA 127 billion as at 31 December 2023, as compared to FCFA 1,072 billion, FCFA 613 billion and FCFA 133 billion, respectively as at 31 December 2022 and FCFA 1,044 billion, FCFA 545 billion and FCFA 138 billion, respectively, as at 31 December 2021.

As a matter of policy, the Issuer does not make provisions for loans to WAEMU Member States. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer's provisions for credit losses could prove inadequate to cover credit losses related to its loans and contingencies*" and "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—Most of the Issuer's loans are made to the WAEMU Member States, and due to the fact that the Issuer has never experienced any loss on such loans, provisions required under IFRS 9 are very small*".

The table below sets forth the Issuer's gross outstanding loans, by country, as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	**2022**	**2023**	*(unaudited)*
	(FCFA billions)			
Benin	221	244	262	265
Burkina Faso	290	292	344	305
Côte d'Ivoire	429	465	461	432
Guinea Bissau	133	127	123	127
Mali	283	267	336	326
Niger	328	328	260	254
Senegal	407	439	406	407
Togo	326	354	355	326
Outside WAEMU Member States	0	0	0	0
Total	**2,417**	2,516	2,546	2,441

The table below sets forth the Issuer's gross outstanding loans for the commercial sector (*i.e.,* loans to state-owned enterprises, private companies and banks and financial institutions granted through the Bank Window), by sector, as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	**2022**	**2023**	*(unaudited)*
	(FCFA billions)			
Agriculture	0	8	0	0
Industries	88	100	122	50
Finance and insurance	253	232	306	310
Energy, water and information and communication technologies	217	215	175	149
Hospitality and other services	40	59	54	24
Transport, town planning, environment	92	84	96	73
Total	**689**	698	754	605

Equity participations

The table below sets forth the Issuer's equity participations, by country, as at the dates indicated.

	As at 31 December			As at 30 September	
	2021	**2022**	**2023**	**2024** *(unaudited)*	**Number of projects**
	(FCFA millions)				
Benin	6,924	7,299	7,716	7,264	4
Burkina Faso	3,687	4,579	5,119	5,155	4
Côte d'Ivoire	40,178	44,089	52,457	37,214	9
Mali	19,129	19,508	21,040	22,539	2
Niger	8,031	8,160	7,872	6,013	3
Senegal	12,725	14,247	12,977	11,263	5
Togo	13,553	15,278	17,637	23,094	7
Non-WAEMU countries	33,935	33,280	34,978	38,041	13
Total[(1)]	**138,161**	146,440	159,796	150,582	47

Note:
(1) Totals represent gross values.

The table below sets forth the Issuer's equity participations, by sector, as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	**2022**	**2023**	*(unaudited)*
	(FCFA millions)			
Banks and financial institutions	133,844	141,276	146,806	134,467
Energy	2,270	1,854	2,061	1,862
Hotels	285	279	275	275
Commercial infrastructure	1,763	3,031	10,654	13,979
Total[(1)]	**138,161**	146,440	159,796	150,582

Notes:
(1) Totals represent gross values.

The table below set forth the fair value of the 20 largest equity participations of the Issuer as at 30 September 2024.

	30 September 2024 ***(unaudited)***
	(FCFA millions)
Nouvelle BRS CI/ORA Bank CI	27,000
BDM Mali	22,265
ASKY (EX SPCAR)	9,675
Afreximbank	8,491
PROPARCO	7,765
FCP/IFC BOAD	6,756
Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	6,521
CRRH-UEMOA	5,026
FAER	4,443
FOAI - Sicav ABDOU DIOUF	3,679
Air Côte d'Ivoire	3,219
SONIBANK Niger	3,203
ECP Africa Fund IV	3,136
GARI S. A.	3,052

	30 September 2024 *(unaudited)*
	(FCFA millions)
Banque de l'Union Burkina Faso (BDU-BF)	2,850
ORAGROUP	2,686
Banque de l'Union Côte d'Ivoire (BDU-CI)	2,549
BOA Niger	2,447
CAURIS CROISSANCE II	2,336
BOA Bénin	2,307
Total	129,406

Guaranteed loans in the commercial sector (non-sovereign borrowers)

Certain loans made by the Issuer to the commercial sector are guaranteed by: (i) organisations such as the FAGACE, the FSA, AGF West Africa (of which the Issuer held 11.6% of the capital as at 30 September 2024); and/or (ii) escrow accounts, AMP or promissory notes secured by bank deposit accounts. The first category of guarantees represents first-demand guarantees provided by guarantee funds. The second category (so-called financial guarantees) includes guarantees provided by corporates.

At 30 September 2024, the Issuer's guarantee coverage rate (which represents the portion of outstanding loans covered by a financial guarantee from total gross outstanding loans) was 0.4%, as compared to 0.5% as at 31 December 2023 and 0.8% as at 31 December 2022. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The absence of collateral, a decline in the value of collateral or the illiquidity of the collateral securing the Issuer's loans, or a decline in the creditworthiness of third parties guaranteeing the Issuer's loans could adversely affect its loan portfolio*".

Largest exposures

As at 30 September 2024, outstanding non-sovereign and related entity loans of the Issuer's 20 largest exposures amounted to FCFA 429 billion, representing 17.6% of its total gross outstanding loans, as compared to FCFA 456 billion (or 17.9%) as at 31 December 2023 and FCFA 450 billion (or 17.9%) as at 31 December 2022. As at each such date, the Issuer's 20 largest exposures were concentrated in the energy, transport infrastructure, processing industry and NFI sectors, and the Issuer was in compliance with its internal borrower exposure limits.

Investments

Debt securities portfolio

See Note 5.3 to the condensed interim financial information as at, and for the nine months ended 30 September 2024, Note 5.3 to the 2023 Financial Statements and Note 5.3 to the 2022 Financial Statements for details of the Issuer's debt securities portfolio.

Sources of funding

The Issuer's borrowing policy strives to achieve an adequate balance between the availability of resources and their use and currently limits the Issuer's debt to three times its subscribed paid-in capital, plus reserves. The borrowing policy takes into account financial risk due to its activities and assets and, as a result, mainly seeks fixed-rate funding in FCFA or Euro.

As at 30 September 2024, outstanding debt of the Issuer (excluding deposits made by financial institutions with the Issuer) amounted to FCFA 2,324.2 billion, of which FCFA 1,615.8 billion, or 69.5% of the resources was obtained from both the regional capital markets and the international financial markets and FCFA 708.4 billion, or 30.5%, was raised from external partners (including the World Bank ("**WB**"), the AFD**,** the EIB, the KfW, the AfDB, the OEeB, the China Development Bank, SMBC Bank International plc, JICA, Findev, Cassa Depositi e Prestiti (CDP) and the BADEA).

The Issuer is pursuing further funding opportunities with its existing financial partners, as well as opportunities to create new partnerships.

Regional capital markets

The Issuer has been a pioneer in the regional capital markets, issuing its first bond in 1993. It is also the leading non-sovereign bond issuer in the region with 28 issuances of debt instruments since 1993. The Issuer's most recent issuance

in the regional capital markets was in March 2016, when it issued its FCFA 78.2 billion (€119.3 million) 5.9% notes due 2023, for which principal was repaid over four years starting in 2020.

Banks in the WAEMU region holding FCFA-denominated bonds issued by the Issuer can also use the bonds issued by the Issuer as collateral for their refinancing transactions with the BCEAO, subject to completion of an eligibility review and approval of the Monetary Policy Committee of the BCEAO in respect of the bonds. See "*—Operating and financing models of the Issuer—Financing Model*".

The Issuer is taking steps to broaden its investor base and is exploring the possibility of extending its issuances of securities to the WAEMU region, approaching new institutional investors, including some large foreign banking groups with subsidiaries in the WAEMU region, and increased funding through the international capital markets.

Non-regional resources

As at 30 September 2024, total resources raised by the Issuer from sources outside the WAEMU region amounted to FCFA 4,300.2 billion (€6.56 billion), as compared to FCFA 4,234 billion (€6.46 billion) as at 31 December 2023, including non-repayable loans (FCFA 360.5 billion). Non-repayable loans comprise subsidies and donations from the Issuer's development agency partners and the funds mobilised under the Interest Subsidy Mechanism.

The Issuer's borrowings are denominated in various currencies (including, inter alia, Euros, U.S. Dollars, IMF Special Drawing Rights, Swiss Francs and Japanese Yen) and have varying maturities. However, in line with its debt policy, the Issuer has limited its borrowings in currencies other than the Euro in recent years. The portion of the Issuer's borrowings denominated in U.S. Dollars remained stable at 46.8% as at 31 December 2021, 49.4% as at 31 December 2022, 48.8% as at 31 December 2023 and 45.4% as at 30 September 2024. As at 30 September 2024, the Issuer's borrowings in Euros accounted for 52.6% of the Issuer's total borrowings, as compared to 49.0% as at 31 December 2023, reflecting FCFA 1,055.5 billion. As at the date of this Offering Circular, the Issuer considers that all of its exchange rate exposure is fully hedged.

The Issuer raises funds from its partners and investors at both market and preferential rates. As at 30 September 2024, borrowings at market rates accounted for 91.5% of total borrowings, as compared to 90.4% as at 31 December 2023.

Resources obtained from financial institutions (including the WB, the AFD, the EIB, the KfW and the AfDB) under preferential terms include the credit line signed with GCF in 2019, the annual interest rate of which is equal to 125 basis points for a tenor of 20 years, the 75 million euro "climate" credit line signed with AFD and the 121.9 million euro credit line signed with the World Bank for the Regional Off-Grid Rural Electrification Project (ROGEAP).

Between 31 December 2023 and 30 September 2024, liabilities at amortised cost increased by FCFA 133,3 billion. This increase was primarily due to drawdowns on partner loans amounting to FCFA 183,7 billion.

Bilateral and syndicated loans

In 2024, the Issuer entered into the following financing agreements:

- Issue of deeply-subordinated debt in the form of a private placement with Cassa Depositi e Prestiti (CDP) for an amount of €100 million, mainly intended to strengthen BOAD's equity capital.
- Drawing of FCFA 853 million (€1.3 million) from IDA for 27.5 years.
- Drawing of FCFA 19.68 billion FCFA (€30 million) from KfW for 9 years.
- Drawdown of a debt of FCFA 19.68 billion (€30 million) with CDP of Italy for 9 years.
- Drawdown of a FCFA 49.2 billion (€75 million) debt with CDP of Italy for 3 years.
- Drawdown of a FCFA 6.6 billion (€10 million) debt with FinDev Canada for a 9-year term.
- 9-year loan of FCFA 22.9 billion (€35 million euros) from AfDB.
- Drawdown of a MIGA-guaranteed debt of FCFA 126.37 billion (€193 million) with HSBC and Société Générale, each for a 15-year term.

In 2023, the Issuer entered into the following financing agreements:

- A €150 million financing agreement with the AfDB, CDP and FinDev, with a 10-year maturity, to support private-sector companies in the UEMOA zone in all areas of activity, with particular emphasis on projects concerning the agricultural sector, the promotion of women and the improvement of living conditions for the population;
- A €50 million credit agreement with the OPEC Fund, with a 2-year maturity, to finance short-term operations;

- A €100 million credit agreement with SMBC Bank International plc, with a 3-year maturity, to finance projects in all sectors;
- A €15 million grant agreement with Agence Française de Développement (AFD) to subsidize loans under the "SONGTAABA" rapid-impact emergency program and set up a Fonds d'Etudes Climat (FEC); and
- Completion of a deeply-subordinated debt issue in private format with BADEA for U.S.$100 million, to strengthen BOAD's equity capital.

In 2022, the Issuer entered into the following financing agreements:

- A €100 million credit agreement with KfW, with a 10-year maturity, to promote micro, small and medium-sized enterprises (MSMEs); and
- A €16.2 million grant agreement with KfW for the Digital Transformation Fund in WAEMU member states.

In 2021, BOAD entered into the following financing agreements:

- a €50.0 million financing agreement with OPEC Fund for International Development ("**OFID**"), with a maturity of two years, intended to support WAEMU private sector trade finance operations; and
- a U.S.$50.0 million financing agreement with BADEA, with a maturity of one year, intended to refinance trade finance operation.

Issuances on the International Capital Markets

The Issuer has issued three Eurobonds on the international capital markets: (i) in July 2017, the Issuer issued its U.S.$850,000,000 5% notes due 2027; (ii) in October 2019, the Issuer issued its U.S.$830,000,000 4.7% notes due 2031; and (iii) in January 2021, the Issuer issued its €750,000,000 2.75% notes due 2033, its inaugural sustainability bond and the first sustainability bond in Africa.

Concessional resources

The total amount of concessional resources raised by the Issuer from financial partners as at 30 September 2024 was FCFA 193.9 billion (€295.6 million), as compared to FCFA 206.2 billion (€314.4 million) as at 31 December 2023, FCFA 224.3 billion (€341.9 million) as at 31 December 2022 and FCFA 279.5 billion (€426.1 million) as at 31 December 2021.

The total amount of grants received by the Issuer from various partners referred to above (AFD, IDA, AfDB, KfW, BADEA, OeEB) and the Interest Subsidy Mechanism amounted to FCFA 80 billion (€122 million) as at 31 December 2023 and FCFA 93 billion (€142 million) as at 30 September 2024. Certain of these grants, often backed by credit facilities, have enabled the Issuer to modernise its management and organisation in several areas, including financing research, establishment of anti-money laundering ("**AML**") procedures, strengthening the Issuer's and its clients' environmental and social policies, strengthening the structural role of the Issuer on the regional financial market, transitioning to IFRS financial reporting standards, improving the Issuer's IT system through the implementation of the ERP software system and strengthening the organisational units responsible for financing public sector projects.

Debt servicing

The FCFA (which is pegged to the Euro) is freely convertible into other currencies as well as freely "transferable" across borders. The BCEAO is the Issuer's financial services provider. All payments made by the Issuer under its borrowings are made from funds held in the Issuer's accounts maintained by the BCEAO.

Environmental, Social and Governance

The Issuer created an ESMU in 2003 to address environmental and social concerns in project financing, thereby marking the beginning of the integration of environmental governance in the Issuer's operations with the development of its first environmental policy. The ESMU was transformed into the Direction of Environment and Climate Finance ("**DEFIC**") in 2015. A Sustainable Development Committee was also created in 2016 to coordinate the Issuer's internal and external actions in social and environmental responsibility. Since 1 September 2024, all climate finance, environmental, social and sustainable development issues have been merged in a new department to better coordinate and use all tools available to mobilise sustainable resources to bring concessionally to projects financed by the bank. BOAD believes sustainability is key to tapping into new resources, and all of its activities are SDG-aligned.

In furtherance of its dedication to integrate climate (adaptation and attenuation) assessments in the financing of its projects, the Issuer was accredited to the three climates funds under the UNFCCC: (i) the Adaptation Fund (AF) in June

2011, which was renewed in 2016 and a file for further renewal has been submitted; (ii) the Global Environmental Facility (GEF) in June 2015, which is in the process of being renewed; and (iii) the Green Climate Fund (GCF) in October 2016, which has been renewed with respect to specific points. During the accreditation process of the climate funds, the Issuer revised its standards in 2013, 2015 and 2022 in order to meet AF, GEF and GCF requirements relating to fiduciary, environmental and climate change standards, as well as social safeguards. The FVC has also re-accredited BOAD (the first accreditation dating back to April 2017) with an upgrade of the re-accreditation level in terms of the environmental and social categorization of projects, which increased from "B/I 1" to "A/I 1". From a fiduciary point of view, BOAD is authorized to mobilize resources of up to U.S.$250 million per project. This re-accreditation will enable BOAD to mobilize grants, loans at rates ranging from 0% to 1.75%, guarantees and refinancing lines to help UEMOA member states combat the adverse effects of climate change.

Since 2024, the DEFIC has been transformed into the DFDD (*Département du Financement du Développement Durable*, or Department of Financing Sustainable Development) which is in charge of the environmental, social and gender management of projects promoted or financed by BOAD, the preparation and financing climate change adaptation and mitigation projects, including carbon finance, the supervision of climate projects, as well as various accreditations. The Department is involved in all stages of the project financing cycle including the identification, evaluation and supervision. It also include the CSR unit and an innovation unit that promotes financial innovation as well as technological innovation in all BOAD transactions.

BOAD also adopted a climate policy aligned with the Paris Agreement to the United Nations Framework Convention on Climate Change (the "**Paris Agreement**") in December 2022. This climate policy complements BOAD's commitments to climate action undertaken as part of its adherence to the Mainstreaming for Climate Action in Financial Institutions initiative (see below), and its ambition to systematically integrate climate considerations into its strategies and operations. The five voluntary Principles for Mainstreaming Climate Action—(i) commit to developing a climate policy and strategy; (ii) manage operational climate risks; (iii) promote climate-smart objectives; (iv) enhance the climate performance of the portfolio; and (v) report on climate action—provide a framework for institutions to achieve these goals.

These principles align with BOAD's 2021–2025 Environmental and Climate Strategy (SEC II), which has aimed to strengthen resilience to climate change in the UEMOA member states. In September 2023, BOAD established its first Climate Studies Fund to support UEMOA member states in developing adaptation and mitigation projects. To date, the resources mobilized from climate funds amount to FCFA 189 billion, dedicated to financing adaptation and mitigation projects.

The ESMP is the framework for the management of environmental and social aspects (*i.e.,* the mitigation of negative impacts and taking advantage of positive impacts) and is prepared for each project on the basis of the Environmental and Social Impact Assessment report ("**ESIA**"). The cost of the ESMP, which can range between 1.0% and 10.0% of the total cost of the project, is integrated into the overall project cost and can be financed by the Issuer, the developer or by both on a joint basis.

The ESMP identifies, monitors and proposes mitigation or compensation measures for environmental and social risk and potential negative impacts, including greenhouse gas emissions. Such measures are monitored by the Issuer and the relevant environmental agency or regulator in the project country.

BOAD has an Environmental and Social Safeguard Framework (ESSC) which describes its commitment to promoting sustainable and inclusive development in the countries of the WAEMU area through an environmental and social policy, a gender policy and strategy, a series of environmental and social safeguard standards and procedures. These requirements are designed to provide a framework for BOAD's investments in the promotion of regional economic and social development and the fight against poverty. They follow international standards in this area (IFC-World Bank). Those standards are related to: (i) Environmental and Social Assessment (E&S) and Environmental and Social Management System (ESMS); (ii) Workforce and working conditions; (iii) Prevention and management of pollution and rational use of resources; (iv) Community Health, Safety and Security; (v) Land acquisition, restrictions on access and land use, and involuntary resettlement; (vi) Biodiversity and sustainable management of natural resources; (vii) Vulnerable and/or disadvantaged groups; (viii) Cultural heritage; and (ix) Stakeholder Information and Participation.

Furthermore, BOAD has a gender policy which integrates gender-based dimensions in its priorities and operational processes to promote gender mainstreaming in the sustainable development of the region. It also has policies in place on native populations, information dissemination (to ensure dialogue with local stakeholders), and management of grievances.

During 2024, nearly 80 projects were appraised and have undergone an environmental assessment in accordance with BOAD's ESSC.

The Issuer has put in place measures to mitigate the environmental impact of all funded projects and taken steps to reduce greenhouse gas emission through the promotion of the CDM projects. It also hosts the RCC the aim of which is to support the development of projects eligible under the CDM.

In the area of climate change adaptability, the Issuer is committed to the "Mainstreaming for Climate Action in Financial Institutions" initiative, which aims to strengthen climate awareness by participants in international finance. This initiative sets out five principles for the integration of climatic considerations by financial institutions: (i) commitment to developing a climate strategy; (ii) management of climate risks; (iii) promotion of smart climate targets; (iv) improvement of its climate performance; and (v) reporting on its climate action. In the 2021-2025 Strategic Plan, the Issuer has renewed its commitment to strengthen its support to WAEMU Member States in the implementation of their nationally determined contributions in lights of the UN Sustainable Development Goals and the Paris Climate Change Agreement. In particular, the 2021-2025 Strategic Plan targets strengthening the resilience to climate change. See "*—Strategy*".

Other policies adopted by the Issuer in the environmental field, include policies and operational guidelines on environmental pollution prevention and pest control, a policy relating to biodiversity conservation, natural habitats and forest management and a policy on sustainable management of natural resources.

The Issuer also implements various ethics and governance policies, including those relating to anti-money laundering, procurement practices and combatting fraud and corruption. See "*Risk Management—Anti-Money Laundering and other compliance initiatives*".

Sustainability Bond Framework

In furtherance of its sustainable finance aims, the Issuer has developed a Sustainability Bond Framework. See "*Use of Proceeds*" and "*Risk Management—Lending policies and procedures—Sustainability Bond Framework*".

The identification and selection of Eligible Green and/or Social Projects is embedded into the Issuer's project cycle and decision-making procedures. The Sustainability Bond Committee (which is comprised of representatives of several directorates, namely Treasury and Capital Market (Chair), Environment and Climate Finance Directorate, Private Sector Directorate, Development Result Directors, Treasurer Directorate, Disbursement Directorate and IT Directorate) is responsible for the selection of Eligible Green and/or Social Projects.

The Issuer issued its inaugural sustainability bond of €750 million in January 2021. As of 31 December 2023, 100% of the proceeds had been allocated, of which 89.4% was used to finance or refinance social projects and 10.6% was used to finance or refinance green projects. In terms of sector allocation, 48.0% of allocated proceeds were allocated to projects involving access to basic services, 33.25% to affordable basic infrastructure, 7.18% to economic and financial transition, 0.81% to the prevention and fight against pollution, 9.76% to renewable energy and 1% to access to housing and accommodation. In terms of geographic breakdown, as at 31 December 2023, €53.91 million of proceeds had been allocated to a total of 3 projects in Benin, €94.07 million to 8 projects in Burkina Faso, €156.18 million to 11 projects in Côte d'Ivoire, €27.29 million to 1 project in Guinea-Bissau, €103.68 million to 7 projects in Mali, €69.93 million to 5 projects in Niger, €184.04 million to 10 projects in Senegal and €60.89 million to 5 projects in Togo. The projects funded to date have contributed to the attainment of the following UN Sustainable Development Goals: 1 (no poverty), 3 (good health and well-being), 4 (quality education), 6 (clean water and sanitation), 7 (affordable and clean energy), 8 (decent work and economic growth) and 13 (climate action).

Competitive environment

Given the size of the infrastructure deficit in the WAEMU region, there is a tendency for entities financing the infrastructure sector in the WAEMU region often to cooperate and co-invest rather than to compete aggressively. Although the Issuer operates in a relatively competitive market for the provision of financing, it does not view other financial institutions offering financing as direct competition but rather endeavours to work in cooperation with them to provide value to its clients. It is the Issuer's policy to cooperate and coordinate with other DFIs and government agencies and to actively seek out partnerships with international financial institutions and official agencies in co-financing opportunities to meet client needs. The WB, the AFD, the EIB, the KfW, the ADB, the People's Bank of China and local commercial banks are among the Issuer's main partners.

Due to the numerous challenges involved with operating in the region such as, *inter alia*, uncertainty surrounding the legal and regulatory framework for business activity, the inadequate level of resources devoted to the functioning of the judicial system and administrative or bureaucratic red tape, there is a lack of well-structured projects. As the Issuer is typically involved at an early stage in each project's lifecycle, it can put in place the necessary requirements, which allow it to be competitive in attracting financing.

Related party transactions

The Issuer's related parties include its shareholders, directors, key management personnel and certain of the funds in which it has invested. The Issuer does not extend loans to representatives of the WAEMU Council of Ministers. Loans to key management personnel are made on the same conditions as loans to other personnel, which means at preferential conditions compared to market conditions. Loans to, and investments in, related parties other than key personnel are made at market interest rates and subject to arm's length commercial negotiations as to terms. The members of the Board of Directors that are related parties to a particular transaction cannot participate in any board or committee discussions that relate to any such transaction. See Note 23 to the 2023 Financial Statements and to the 2022 Financial Statements for further information on related party transactions.

Technology

The Issuer has an IT system based on a multi-branch architecture (core of the network-distribution-access) which evolves with new technologies (including fibre optic, copper cabling and secured wireless access). The network is based on Microsoft technology with a redundant mailing system and business applications in physical premises and in the cloud (both private and public). Internet access is provided by redundant broadband internet connections via several network protection devices and intrusion detection devices.

In 2011, the Issuer launched its first Information Master Plan ("**IMP**") with the aim of modernising and securing its information system through (i) governance of the information system; (ii) application infrastructures; (iii) technical infrastructures; and (iv) the security of the IT system. The key parts of the first IMP have been fulfilled. In support of the 2021-2025 Strategic Plan, an IMP, named SIRBA, has been developed with the aim of improving the reliability and security of the Issuer's information system. This IMP targets the implementation of fifty projects, as well as the updating of existing projects, in particular, to take account of remote working initiatives implemented. SIRBA is comprised of five key projects: (i) digitalisation of the Issuer's information system; (ii) optimisation of IT security; (iii) strengthening the governance of the information system; (iv) management of the information security management; and (v) management of physical and asset security.

The digital maturity of the Issuer has improved significantly since the starter of this last IMP. SAP Enterprise Resource Planning software (SAP ERP), which is exploited since 2015, has been upgraded now to SAP S/4HANA with better performance and more security. An electronic document management system and archiving solution are also being deployed as part of the Issuer's digitalisation process and drive towards paperless operations.

Software infrastructure

The Issuer's application system is multifaceted. It is composed of software packages and specific applications.
For accounting, the Issuer uses accounting management software which takes into account budget accounting, general accounting, sub-ledger accounting and fixed assets with a SQL Server data base. SAP's FI-CO module is used for accounting functions.

Sales order processing and inventory management (for the internal use of the Issuer) are managed by SAP's MM module. Human resources are currently managed in tandem by SAP's HR module, including the payroll aspects. Certain human resource functions are managed by specific software, such as the performance management system named "Success Factors". Payroll processing is conducted only on the SAP HR module.

The Issuer also has library management software, with external access via its intranet modernised under the implementation of the IMP 2021-2025. The Issuer's fund transfers are conducted using internally developed software whose operation is secured by a validation circuit with multiple levels that interface automatically with SWIFT. Customer loans are managed by a specific application, which includes the management of the disbursement and reimbursements of the loan. As part of SIRBA, which is being implemented in accordance with the 2021-2025 Strategic Plan, the SAP Fioneer banking module has been selected and is being implemented.

The Issuer has also developed several other applications in-house, in particular, applications to manage transport tickets, management of staff loans, management of telephone enquiries, management of mission orders, *etc*. All these applications were developed under Visual Studio and SQL Server language as database manager, and some are being migrated to secure web applications in order to enable their use via remote access.

IT infrastructure

All the software, software packages and applications mentioned above are part of a system composed of many physical, virtual and cloud servers, some of which are clustered in storage to ensure the availability, integrity, confidentiality and

traceability of the Issuer's database. Users are connected to different servers via workstations (desktop computers, laptops, smartphones, *etc.*) with secured direct or remote (by secure Virtual Private Network (VPN)) access to printers and the internet. The Issuer is connected to the internet through redundant optical fibre and VSAT. These internet connections use redundant equipment with security components such as firewalls and traffic security equipment in order to ensure reliable traffic within the Issuer and with the outside world. All of the Issuer's offices are interconnected through the VSAT system, sharing the central IT system (including the PBX system at the headquarters).

IT security

In connection with the expansion of the Issuer's activities, and to control risks linked to its growth, the Issuer has implemented a security process relating to its IT system. As an internationally recognised banking institution, the security of its IT system is particularly important, because it assures information processing efficiency in a highly regulated context where confidence is a pillar of its business.

The Issuer aims to guarantee the security of its IT system with the support of a database protection policy and appropriate working methods. For this purpose, the Issuer established a Management of Information Security System aimed at continuous improvement of security. The Issuer also has a disaster recovery plan and a business continuity plan ("BCP") and tests are performed frequently. The BCP strategy has been built around the design of two backup storage sites (covering construction risk and country risk) and one temporary backup site (in Europe), and also a permanent backup site in the WAEMU region (in progress). Regarding the temporary backup site outside the WAEMU region, disaster recovery tests are performed twice a year to ensure the optimal operational condition of the BCP. IT recovery tests are performed on the temporary backup site, which is located in Europe. The users are deployed in a country within the WAEMU region, to test remotely the restored system and applications via a secure VPN. In case of disaster, the BCP should allow the Issuer to restart the most critical activities within the following two to five days, prioritising project supervision, staff payroll, control and disbursement. The minimum required staffing essential to the recovery of most critical activities represent about one-fifth of the staff at the Issuer's headquarters. The BCP strategy focuses on: (a) setting up an internal backup at the headquarters of the Issuer; (b) construction of at least one storage sites for backup and a recovery fall-back site in the WAEMU region; and (c) temporary lodging with a service provider outside the WAEMU region. The Issuer has upgraded its BCP to ISO 22301 standards, in order to have the capabilities to establish a better Business Continuity Management System ("BCMS"), although, to date, no ISO certification has been requested for the BCP. In case of disaster, the BCP should allow the Issuer to restart the most critical activities within the following two to five days, prioritising project supervision, staff payroll, control and disbursement. The minimum required staffing essential to the recovery of most critical activities represent about one-fifth of the staff at the Issuer's headquarters.

ISO 27001 Certification, obtained by the Issuer in January 2017, has been renewed and maintained through 2024, confirming the quality of its IT system security. This initiative aims to ensure the continuous improvement of the protection and security of the Issuer's information systems.

In order to update its ISO 27001 certification, the Issuer has finalized the due diligences to successfully transition from the 2013 to the 2022 version.

The Issuer has also engaged in the process of complying with the measures relating to the GDPR, as part of its activities. In addition, a DCP management solution is being implemented, with the aim of better management of controls.

IT investments

The table below sets forth the Issuer's total expenditure on IT investments (hardware, network, security, maintenance, licenses, *etc*.) for the periods indicated.

	For the year ended 31 December			For the nine months ended 30 September
	2021	**2022**	**2023**	**2024**
		(FCFA millions)		
Total expenditure on IT investments	2,661	2,594	3,096	1,922

Legal proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which are expected to have, or have had during the 12 months prior to the date of this Offering Circular, significant effects on the Issuer's financial position or results of operations.

Property

The Issuer owns the building where its headquarters are located at 68, avenue de la Libération, BP 1172 Lomé, Togo. Its telephone number is +228 22 21 59 06.

Subsidiaries

As of the date of this Offering Circular, the Issuer has one subsidiary. This subsidiary is its securitisation subsidiary, "BOAD Titrisation". BOAD Titrisation manages mutual funds for the securitisation of receivables in accordance with securitisation regulations in place in the WAEMU Member States (which may require BOAD Titrisation to also advise clients on the structuring of securitisation transactions). Securitisation transactions conducted by BOAD Titrisation generally do not give rise to recourse against the Issuer or BOAD Titrisation.

None of the activities of this Issuer's subsidiary are currently considered to be sufficiently significant to require the preparation by the Issuer of consolidated financial statements.

Employees

As at 30 September 2024, the Issuer had 343 operational staff (excluding staff on secondment or on call), of which 66.76% were professional staff. All operational staff are nationals of the WAEMU Member States. There are 310 operational employees located at the Issuer's headquarters in Togo, while the remaining 33 are located at the Resident Missions in the other WAEMU states.

The table below sets out the Issuer's staff, by type, as at the dates indicated.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
Professional staff	184	213	226	229
Support staff	115	113	110	114
Total staff	**299**	326	336	343

The table below sets forth the Issuer's staff, by nationality and professional category, as at 30 September 2024.

	Support Staff	**Professional Staff**
Burkina Faso	3	32
Benin	14	47
Côte d'Ivoire	3	31
Guinea Bissau	3	5
Mali	3	19
Niger	4	17
Senegal	3	21
Togo	81	57
Total staff	114	229

Recruitment is based on jobs and skills management planning, which aims to provide the organisational units with adequate and skilled human resources. Temporary staff and consultants are also hired, as necessary. The Issuer's recruitment policy aims to ensure the continuity of its services and staff development through internal mobility and appropriate recruitment. The policy also seeks to engage the best candidates based on the identified needs of the Issuer. All members of the Issuer's management hold at least a master's degree with several years of experience.

The Issuer attracts highly skilled staff by offering better working conditions compared to many other employers in the WAEMU Member States. These working conditions have historically ensured a low turnover and high levels of commitment from staff.

The Issuer has staff rules and regulations in place, which provide for a specialist committee (the "**Joint Consultative Committee**") and conciliation rules in the event of a collective labour dispute. The Joint Consultative Committee is

responsible for addressing staff complaints. The Joint Consultative Committee has seven members, including six elected representatives of staff and one member appointed by the President of the Issuer.

The Issuer's training policy is based on a systematic approach (business, organisational unit and staff) with a training plan covering a rolling three-year period. The implementation of this plan has enhanced and increased the know-how and well-being of the Issuer's staff through professional and personal development and the better management of a staff member's career trajectory.

The President and Vice-President of the Issuer are appointed by the WAEMU Council of Ministers and Board of Directors, respectively. The Vice-President assumes the role of President in the latter's absence. In addition, they are responsible for the management of the Issuer's two divisions: Financing and Investment, and Support and Control. In August 2020, the WAEMU Council of Ministers appointed Mr. Serge Ekué as President of the Issuer. In March 2020 and June 2021, respectively, the Board of Directors appointed Mr. Moustapha Ben Barka and Mr. Sorez Cassama Braima Luis as Vice Presidents of the Issuer.

See "*Management and Governance—Governance Structure*".

The Issuer maintains policies and procedures to combat corruption, which it considers to be a threat to its mission. In addition, the Issuer has policies to protect whistle-blowers. These policies require all staff members to denounce acts of which they are aware that undermine the Issuer's commitment to fighting corruption as evidenced by these policies, committed by any employee of the Issuer in connection with his or her functions or by any other person in connection with a project being financed by the Issuer or in its business dealings with the Issuer. Such formal denouncements may be made anonymously if so desired by the relevant employee, and can be made by email, mail, facsimile, telephone or by completing a form available on the Issuer's intranet and on its website. The Issuer also has an ethical code for all personnel; ethical violations can be reported directly to the Issuer's Ethics Committee. The Issuer guarantees the anonymity of whistle-blowers and provides protection against any possible retaliatory measures taken against such persons.

SELECTED FINANCIAL INFORMATION

The selected statement of comprehensive income data of the Issuer for the nine months ended 30 September 2023 and 2024 and for the years ended 31 December 2021, 2022 and 2023 and the selected statement of financial position data of the Issuer as at 30 September 2024 and as at 31 December 2021, 2022 and 2023 set out below have been derived from, and should be read in conjunction with and are qualified in their entirety by, the Financial Statements, which are included elsewhere in this Offering Circular.

Following the issuance of the Notes, the Issuer agrees, pursuant to Condition 5 under "*Terms and Conditions of the Notes—5. Negative Pledge and certain other Covenants*", to publish annual and semi-annual financial statements under its periodic reporting obligations.

For a description of the basis of preparation of the Financial Statements, see the notes to the Financial Statements, which are included herein, "*Presentation of Financial and Certain Other Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Comprehensive Income Statement

The table below sets forth the Issuer's comprehensive income statement for the years ended 31 December 2021, 2022 and 2023 and for the nine months ended 30 September 2023 and 2024.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
			(FCFA millions)	*(unaudited)*	
Interests and related income	145,904	149,621	167,722	117,578	130,594
Interests and related charges	(85,744)	(76,993)	(78,448)	(59,766)	(68,733)
Net Interest Income (Margin on interests)	**60,160**	**72,627**	**89,274**	**57,812**	**61,861**
Fees and commissions (income)	3,101	3,741	4,397	4,210	5,935
Fees and commission (expense)	(1,111)	(6,580)	(4,991)	(3,402)	(2,206)
Net interest and fee income (Margin on interests and fees)	**62,150**	**69,789**	**88,680**	**58,620**	**65,590**
Exchange rate gains	30,047	8,083	45,380	709	13,939
Exchange rate losses	(107,822)	(65,046)	(8,537)	(7,949)	(193)
Gains/(losses) on hedging instruments	97,761	76,257	(20,174)	20,583	(2,183)
Gains/(losses) on foreign exchange	**19,986**	**19,294**	**16,669**	**13,343**	**11,563**
Margin on interests, fees and foreign exchange	**82,136**	**89,082**	**105,349**	**71,962**	**77,153**
Net gains/(losses) on financial assets designated at fair value through profit and loss (IFRS 9)	112	550	156	36	307
Dividends received (income from equity investments)	3,390	3,419	5,528	4,617	2,860
Net banking income	**85,638**	**93,051**	**111,033**	**76,616**	**80,319**
Cost of risk	**(30,092)**	**(28,829)**	**(39,327)**	**(21,307)**	**(20,543)**
Allocations/Endowment from Member States	3,200	3,200	3,200	3,200	3,200
Other operating income	461	90,316	638	593	92
Expenses or Charges related to development activities	(1,370)	(1,321)	(1,556)	(1,266)	(1,099)
General operating expenses	(26,960)	(32,698)	(37,510)	(23,946)	(25,993)
Staff overheads	(16,935)	(18,988)	(21,763)	(13,764)	(14,948)
Amortisations and depreciations – property, equipment and intangible assets	(1,230)	(1,257)	(1,339)	(972)	(1,011)
Other operating costs	(8,795)	(12,453)	(14,408)	(9,209)	(10,034)
Other operating charges/expenses	(52)	(35)	(24)	(20)	(16)
Other net operating income	**(24,721)**	**59,461**	**(35,253)**	**(21,439)**	**(23,816)**
Net income for the period	**30,824**	**123,682**	**36,453**	**33,870**	**35,960**

	For the year ended 31 December			For the nine months ended 30 September	
	2021	2022	2023	2023	2024
				(unaudited)	
			(FCFA millions)		
Other comprehensive income					
Items that will/may be reclassified to profit or loss	2,090	**11.990**	**(33,412)**	**(31,090)**	**10,173**
Cash flow hedges	2,090	11,990	(33,412)	(31,090)	10,173
Items that will not be reclassified to profit or loss	**4,504**	**7,934**	**9,532**	**6,863**	**(14,590)**
Equity investments at FVOCI – net change in fair value	—	—	—	6,863	(14,590)
Net gains on financial assets at fair value through non-recyclable "other comprehensive income"	5,439	8,381	10,107	—	—
Remeasurements of defined benefit liability	(935)	(447)	(576)	—	—
Other comprehensive income for the period	**6,595**	**19,924**	**(23,880)**	**(24,227)**	**(4,417)**
Total comprehensive income for the period	**37,419**	**143,606**	**12,573**	**9,643**	**31,542**

Statements of Financial Position

Debt securities, subordinated debt and other debt are denominated in foreign currencies (dollars and SDRs) and hedged by currency swaps.

These debts are valued at each balance sheet date at the closing rate for the dollar or SDR. The impact of changes in the closing rate of the dollar or SDR is taken into account on outstanding balance sheet liabilities. The impact of these currency fluctuations is offset by hedging instruments.

Apart from these currency fluctuations (offset by hedging instruments), there are no other changes in these debts (other than other debts).

The table below sets forth the Issuer's statement of financial position as at 31 December 2021, 2022 and 2023 and for the nine months ended 30 September 2024.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	
				(unaudited)
		(FCFA millions)		
ASSETS				
Cash and cash equivalents	**230,373**	**284,092**	**419,516**	**522,953**
Net loans and receivables (net of provisions) at amortised cost, *of which*:	**2,797,015**	**2,805,778**	**2,821,820**	**2,942,367**
Interbank loans (Loans and advances to banks)	10,412	238	4,299	6,628
Loans and advances to customers	2,368,457	2,439,926	2,461,992	2,362,937
Loans and advances to staff	15,514	18,571	22,136	24,385
Debt securities portfolio	396,047	340,595	327,631	543,205
Receivables from shareholders	6,585	6,448	5,761	5,212
Equity investments, of which:	**138,161**	**146,440**	**159,796**	**150,582**
Equity investments designated at fair value through profit and loss	10,771	10,025	10,181	10,488
Equity investments designated at fair value through non-recyclable other comprehensive income (OCI)	127,390	136,414	149,615	140,094
Adjustment accounts and other assets, *of which:*	**115,507**	**115,521**	**59,898**	**73,225**
Derivative assets	88,067	94,084	43,680	51,459
Accruals assets	16,596	11,560	4,338	9,156
Other adjustment accounts	10,844	9,877	11,879	12,610
Tangible assets	**6,177**	**6,041**	**6,411**	**6,411**
Investment properties	**654**	**627**	**579**	**575**
Intangible assets	**1,154**	**1,537**	**1,292**	**1,305**
Non-current assets held for sale	**2,245**	**2,245**	**12,711**	**12,711**
Total Assets	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**

	As at 31 December			As at 30 September
	2021	2022	2023	2024
				(unaudited)
		(FCFA millions)		
LIABILITIES				
Liabilities at amortised cost, *of which*	**2,188,700**	**2,135,146**	**2,190,865**	**2,324,213**
Interbank debts (Deposits with banks)	7,571	7,171	6,814	6,658
Debt securities issued	1,539,277	1,562,479	1,507,447	1,491,648
Other debts	641,852	565,496	617,241	701,722
Subordinated debts	-	-	59,363	124,185
Funds	**114,083**	**92,305**	**79,683**	**92,677**
Adjustments accounts and other liabilities, *of which:*	**28,271**	**20,181**	**22,913**	**30,660**
Derivative liabilities	0	306	3,488	3,277
Accruals liabilities	24,533	15,400	14,393	25,042
Other adjustment accounts	3,739	4,475	5,031	2,342
Provisions	**9,182**	**10,006**	**11,938**	**13,192**
Total liabilities	**2,340,237**	**2,257,638**	**2,305,354**	**2,460,743**
Capital	**247,902**	**260,888**	**326,102**	**375,320**
Subscribed capital	1,103,650	1,103,650	1,511,000	1,511,000
Callable capital	(826,230)	(826,230)	(892,170)	(892,170)
Unpaid capital	(29,009)	(15,956)	(274,818)	(225,599)
Costs related to deferred paying-up of capital	(510)	(577)	(17,911)	(17,911)
Share premium	**2,622**	**2,622**	**2,622**	**2,622**
Reserves	**700,525**	**841,131**	**847,945**	**871,487**
Reserves allocated to development activities	76,050	76,050	76,050	76,050
Net gains on investments in equity instruments designated at fair value through non-recyclable other comprehensive income	39,664	48,045	58,152	43,562
Cashflow hedging reserves	22,514	34,504	1,092	11,265
Other reserves	26	26	26	26
Retained earnings	531,745	559,570	677,492	705,946
Remeasurements of defined benefit liability	(298)	(746)	(1,321)	(1,321)
Net income/(loss) for the period	30,824	123,682	36,453	35,960
Total equity	**951,049**	**1,104,641**	**1,176,668**	**1,249,429**
Total Liabilities and Equity	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**

Selected ratios

The table below sets forth the Issuer's return on average equity, return on average assets and operating ratio for the years ended 31 December 2021, 2022 and 2023 and for the nine months ended 30 September 2024.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	2022	2023	2023	2024
			(unaudited, %)		
Return on average equity[(1)]	3.43%	3.39%	3.18%	3.07%	2.78%
Return on average assets[(2)]	0.95%	1.01%	1.07%	1%	1.00%
Operating ratio (excluding amortisation)	30.04%	33.79%	32.58%	29.98%	31.1%
Operating ratio (including amortisation)[(3)]	31.48%	35.14%	33.78%	31.25%	32.36%

Notes:
(1) Return on average equity is calculated as net income for the period "Y" / ((total equity "Y-1" + total equity "Y")/2).
(2) Return on average assets is calculated as net income for the period "Y" / ((total assets "Y-1" + total assets "Y")/2).
(3) Amortisation refers to "amortisations and depreciations – property, equipment and intangible assets" in the Issuer's comprehensive income statement.
(4) Operating ratio is calculated as general operating expenses / net banking income.

The above ratios and other measures identified as non-IFRS measures elsewhere in this Offering Circular (collectively, "**Non-IFRS Measures**"), have been included in this Offering Circular to facilitate a better understanding of the Issuer's historic trends of its operating and financial condition. The Issuer uses such measures as supplementary information to its IFRS operating results. Non-IFRS Measures are not defined by, or presented in accordance with, IFRS. The Non-IFRS measures are not measurements of the Issuer's operating performance under IFRS and should not be considered as

alternatives to any measures of performance under IFRS. In addition, other banks and entities, including other development banks, may calculate similarly titled Non-IFRS Measures differently from the Issuer. Because entities do not calculate these Non-IFRS Measures in the same manner, the Issuer's presentation of such Non-IFRS Measures may not be comparable to other similarly titled measures used by other banks and entities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Issuer's results of operations and financial condition. Historical results may not be indicative of future performance. Some of the information in this section, including information in respect of the Issuer's plans and strategies for its business and expected sources of financing, contains forward-looking statements that involve risks and uncertainties and is based on assumptions about the Issuer's future business. Actual results could differ materially from those contained in such forward-looking statements as a result of a variety of factors, including the risks discussed in "Risk Factors" included elsewhere in this Offering Circular.

Potential investors should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements and should also read "Risk Factors" for a discussion of certain factors that may affect the business, results of operations or financial condition of the Issuer. The following discussion should be read in conjunction with the Financial Statements, including accompanying notes, which are included elsewhere in this Offering Circular. The financial information set out below and referred to in this section has been extracted from the Financial Statements, or has been extracted from the Issuer's accounting records, which formed the underlying basis of the financial information included in the Financial Statements. Following the issuance of the Notes, the Issuer agrees, pursuant to Condition 5 under "Terms and Conditions of the Notes—5. Negative Pledge and certain other Covenants", to publish annual and semi-annual financial statements under its periodic reporting obligations.

The Financial Statements reflect all of the Issuer's operations and activities, including its operations through each of the Bank Window, the FDC Window and the FDE Window.

The FCFA/U.S.$ conversions in this section are based on the following exchange rates: as of 30 September 2024: FCFA/U.S.$ rate = 585.89; as of 31 December 2023 FCFA/U.S.$ rate = 593.63; as of 30 September 2023 FCFA/U.S.$ rate = 620.35, as of 31 December 2022 FCFA/U.S.$ rate = 615.00; and as of 31 December 2021 FCFA/U.S.$ rate = 579.16. The end-of-period rate is used to value all assets and liabilities existing at the closing date of the accounts and the impact is recorded in the income statement. An average rate is not used.

Overview

The Issuer is the common development finance institution of the WAEMU Member States. It is an international organisation created by the Establishment Treaty signed by the WAEMU Member States. The Issuer has its headquarters in Lomé, Togo and commenced operations in 1976.

The WAEMU is an economic and monetary union created in January 1994, based on the WAMU, whose member states are the same WAEMU Member States, established under the WAMU Treaty. The WAEMU is characterised by the existence of a single currency, the FCFA, the issuance and management of which are entrusted to its common issuing institution, the BCEAO. The FCFA exchange rate is currently pegged to the Euro at FCFA 655.957 to €1.00. The BCEAO, as the central bank, and the Issuer, as the development bank, for the WAEMU region, represent complementary institutions for economic and financial policy in the region.

The Issuer's shareholders, which are divided into two classes, are composed of the WAEMU Member States, the BCEAO (its largest shareholder) and several non-regional members, including France, KfW (acting on behalf of the Federal Republic of Germany), the EIB (acting on behalf of the European Union), the AfDB, the Kingdom of Belgium, the People's Bank of China (acting on behalf of the People's Republic of China), Exim Bank of India (acting on behalf of India), the Kingdom of Morocco and BADEA.

The Issuer's purpose, as set out in Article 2 of the By-laws, is to "promote the balanced development of its member states and foster economic integration in West Africa", in particular by financing a variety of projects in the WAEMU Member States in various sectors, including rural development, road infrastructure, telecommunications, energy, industry, transport, the financial industry and tourism. The Issuer provides short-term, medium-term and long-term funding in these sectors, as well as loan syndication arrangement and advisory services.

The Issuer extends credit through three separate financing windows:

- *Bank Window*: The Bank Window provides commercial funding to private sector entities and, to a lesser extent, the WAEMU Member States and their public sector entities or agencies, in each case at market rates. The Bank Window activities are financed by matching market rate resources. Lending through the Bank Window accounted

for 50.5% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 52.0% as at 31 December 2023.

- *FDC Window:* The FDC Window provides non-commercial rate funding to the WAEMU Member States and their public sector entities or agencies on a concessional basis (*i.e.* "concessional loans" that are extended on preferential terms compared to market rate loans, which may include interest rates below those available in the market, and/or grace periods for the commencement of the repayment of principal and/or the payment of interest). Lending through the FDC Window represented 44.6% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 43.0% as at 31 December 2023.

- *FDE Window*: The FDE Window provides concessional funding of regional and national priority energy programmes and projects. Following the full commitment of the initial FCFA 250 billion of endowment for the FDE Window, the FDE Window is funded with grants from the WAEMU Member States, regulatory bodies and institutions of the WAEMU, as well as from the Kingdom of Belgium. Lending through the FDE Window represented 4.9% of the Issuer's gross outstanding loans as at 30 September 2024, as compared to 5.0% as at 31 December 2023.

Through these three windows, the Issuer provides primarily medium-term and long-term financing; however, since 2012, the Issuer also grants short-term loans, primarily in connection with trade financing, as well as "market rate sovereign loans" (*i.e.* long-term loans to the WAEMU Member States at market rates and under market conditions). These "market rate sovereign loans" extended through the Bank Window apply an interest rate that takes into consideration the type of borrower and the Issuer's cost of funding from which the loan is funded. Accordingly, for the pricing of sovereign loans at arm's length, a minimum margin is applied to the Issuer's Bank Window reference rate. In addition, the Issuer is progressively developing its loan syndication arrangement and advisory services. These services allow the Issuer to broaden its offering of products and services to better serve the WAEMU Member States and their respective economies, as well as to create additional sources of revenue.

See "*Description of the Issuer—Operating and financing models of the Issuer—Operating model*".

Factors affecting the Issuer's Results of Operations

The Issuer principally derives its revenues from net interest income and, to a lesser extent, fee and commission income. Net interest income, or the difference between the interest income the Issuer receives on its interest-earning assets and the interest it pays on interest-bearing liabilities, is generated principally by the Issuer's lending and treasury activities. The Issuer generates fees and commissions mainly from its loan syndication activities and financial advisory services, as well as financing transactions. The results of operations of the Issuer are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected its results in the periods presented and which the Issuer expects will affect its results in the future. Factors other than those set forth below could also have a significant impact on the results of operations and financial condition in the future. See "*Risk Factors*".

Economic and political environment in the WAEMU

All of the Issuer's lending activities and financial services currently take place in the WAEMU region, where it provides funding to WAEMU Member States and to entities based in such states or based elsewhere but whose objective is to contribute to the promotion of the WAEMU private sector. Accordingly, the Issuer's operating results and financial position are determined by the economic, political, financial and social environment of WAEMU member countries.

The service sector's contribution to growth in 2024 was 1.3 points, with the primary and secondary sectors contributing 2.0 points and 2.9 points, respectively (as compared to 3.1 points, 1.3 points and 1.7 points, respectively, in 2023). As published by the WAEMU Commission, the 2024 growth rate in each of the WAEMU member countries was as follows: Benin, +6.7% (as compared to +6.1% in 2023), Burkina Faso, +5.0% (as compared to +4.4%% in 2023), Côte d'Ivoire, +6.1% (as compared to +7.0% in 2023), Guinea-Bissau, +5.1% (as compared to +4.2% in 2023), Mali, +4.9% (as compared to a contraction of 5.2% in 2023), Niger, +8.8% (as compared to +4.4% in 2023), Senegal, +6.7% (as compared to +4.1% in 2023) and Togo, +6.3% (as compared to +6.4% in 2023). GDP growth rates were higher in 2024, compared to 2023 due to continued dynamism in all sectors. WAEMU zone growth rate is 6.2% in 2024 compared to 5.3% in 2023.

The general level of consumer prices in the WAEMU region increased by an average of 3.8% during 2024, as compared to 3.7%, 7.4% and 3.4% in 2023, 2022 and 2021, respectively. This increase was due to rising prices for all sectors. These include the following sectors: food and non-alcoholic beverages (+5.3%), restaurants and hotels (+3.8%), health (+3.8%), housing, water, electricity, gas and other fuels (+3.7%) and furniture, household goods and routine household maintenance (+2.9%).

According to the WAEMU Commission, the budget deficit of the WAEMU is expected to be 3.7% of GDP in 2025 (3.7% taking into account grants), as compared to 6.2% of GDP in 2024 (5.3% taking into account grants) and 7.0% (5.9% taking into account grants) in 2023, primarily as a result of a greater increase in revenues than in expenditures.

As a percentage of GDP, the external current account deficit of the WAEMU was estimated to be 6.3% in 2024, as compared to 3.0% in 2023, primarily due to a reduction in the deficit balance of goods and services, resulting from a greater increase in exports (+16.0%) (goods and services) than in imports (+1.3%).

In March 2022, a WAEMU Commission note on the prevalence of poverty in the WAEMU region highlighted the effect of investments made by WAEMU Member States in implementing their national development plans ("**NDPs**") and poverty reduction strategies ("**PRS**") on reducing poverty levels, although there remains significant work to be done.

Following successive coups in Mali (in August 2020 and in Mai 2021), Burkina Faso (in September 2022) and Niger (in July 2023), new military regimes took over and were sanctioned by ECOWAS. On 28 January 2024, Mali, Niger and Burkina Faso announced their decision to leave the ECOWAS, with no mention of their intention to leave the WAEMU zone or the Franc CFA. In February 2024, ECOWAS decided to lift with immediate effect the sanctions imposed on the three countries, reopening their borders and airspaces, and authorizing financial transactions between them and ECOWAS countries, thus unfreezing the State's assets. In March 2024, Presidential elections in Senegal unfolded smoothly, marked by high voter turnout and transparent processes. The newly elected President Bassirou Diomaye Faye reaffirmed Senegal's commitment to the WAEMU, pledging regional cooperation and economic stability within the zone. On 31 May 2024, the Senegalese President visited Mali and Burkina Faso and promoted ECOWAS solidarity and reforms. In December 2024, ECOWAS gave another six-month grace period to Burkina Faso, Mali and Niger to reconsider their withdrawal. However, on 29 January 2025, ECOWAS announced that Mali, Niger and Burkina Faso had formally withdrawn from the bloc, but left open the possibility of a return in the future, requesting Member States to continue to accord the three countries privileges of membership, including free movement within the region with an ECOWAS passport. Any deterioration in the Issuer's loan portfolio or reduction in profitability due to the impact of future economic sanctions or other political actions taken by or against Mali, Burkina Faso, Niger or other WAEMU Member States could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. See "*Risk Factors—Factor relating to the Issuer and the jurisdictions in which it operates—the quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships."*

Interest rates

After a sustained period of increasing interest rates in 2022, 2023 and the first quarter of 2024, the Monetary Policy Committee (MPC) of BCEAO decided, at its meeting on 4 December 2024, to maintain their main policy rate at which the BCEAO lends resources at 3.50%, as well as the interest rate for their marginal lending window at 5.50%, levels which have been in effect since 16 December 2023. Changes in interest rates affect the Issuer's net interest income, borrowings and overall results of operations. Interest rates are driven by many factors beyond the Issuer's control, including the policies of global central banks, and African and international economic and political conditions. Furthermore, the Issuer's intentions to continue to expand and diversify its funding sources by accessing international capital markets (such as through the issuances of its Eurobonds in 2016, 2017, 2019 and 2021, as well as the issuance contemplated by this Offering Circular) may increase these risks. The Issuer's profitability may be adversely affected by interest rate risks arising from: (i) interest rate changes associated with the margin on the rate that the Issuer applies to its loans, and advances to customers and the rate at which it borrows to finance its assets; and (ii) interest rate changes associated with the margin that the Issuer earns on its assets funded by its equity and/or loans.

In accordance with its current interest rate risk management policy, the Issuer does not borrow at floating rates. Furthermore, all of the Issuer's loans are granted at fixed rates. Accordingly, the Issuer is not exposed to a mismatch between floating and fixed rates in its assets and its liabilities. However, the Issuer remains exposed to mismatches, or "gap risk", in the repricing of its fixed-rate assets and liabilities. It is not always possible, however, for the Issuer to match the interest periods of its assets and liabilities and as a result, rising interest rates can lead to higher or lower interest margins, depending on whether the Issuer's interest-bearing assets reprice at a faster rate than its interest-bearing liabilities.

The table below sets out the Issuer's net interest margin for the periods indicated (calculated as interest income received on loans to clients and commissions on loan commitments, commissions obtained as processing fees and other flat commissions divided by average balances of gross outstanding loans, minus interest expense on debts represented by a security, other debts, and commitments and commissions paid, other expenses on debts represented by a security and other commissions on borrowings divided by average balances of debts represented by a security and other borrowings from external partners, in each case for the relevant period).

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
		(%)			
Net interest margin.....	2.3	2.2	2.3	1.9	2.4

The net interest margin improved from 1.9% for the nine-month period ended 30 September 2023 to 2.4% for the nine-month period ended 30 September 2024, in particular, due to the combined effect of increased interest income received on loans to customers (caused by the evolution of gross outstanding loans on Bank Window) and the increased cost of borrowing related to the increase of interest expense on debt.

The net interest margin improved from 2.2% in 2022 to 2.3% in 2023, in particular, due to the combined effect of the improvement of interest income received on loans to customers and the increased cost of borrowing related to the increase of interest expense on debt.

The net interest margin fell from 2.3% in 2021 to 2.2% in 2022. This was mainly because the increase in interest income was smaller compared to the rise in average net outstanding loans. Additionally, favourable rates in the international financial market and a reduction in interest rates contributed to this decrease. These lower rates were partly due to the repayment of the 2021 Eurobond at the start of January 2021 and a reduction in debt represented by securities.

Net interest margin is a Non-IFRS Measure. See "*Selected Financial Information—Selected Ratios*".

Foreign exchange rate fluctuations

The Issuer's functional currency is the FCFA, which is also the currency of preparation of its financial statements. The exchange rate of the FCFA is pegged to the Euro, at a rate of €1.00 per FCFA 655.957.

The Issuer's assets, comprised principally of its loans and equity investments, as well as some of its liabilities and off-balance sheet exposures, are incurred in FCFA. However, the Issuer has a portion of its borrowings denominated in other currencies, in particular, U.S. Dollars and SDRs. U.S. Dollars and SDRs represented 45.4% and 2.0%, respectively, of the Issuer's total borrowings as at 30 September 2024 (as compared to 48.8% and 2.2%, respectively, as at 31 December 2023, 49.4% and 2.5%, respectively, as at 31 December 2022 and 46.8% and 2.5%, respectively, as at 31 December 2021). The decrease in the share of U.S. Dollar-denominated borrowings since 31 December 2021 is primarily due to the redemption of the Eurobond issued in 2016. Changes in the value of the FCFA, and of the Euro, against other currencies, in particular the U.S. Dollar, could affect the Issuer's results of operations and financial condition.

Furthermore, to the extent that the Issuer's liabilities are not denominated in the same currency as its related loan assets, this can give rise to translation gains and losses as currencies appreciate or depreciate against the FCFA and the Euro. As at 30 September 2024, the total outstanding amount of borrowings in currencies other than the FCFA was the equivalent of FCFA 2,287 billion (representing 168.5% of total equity), as compared to the equivalent of FCFA 2,155 billion (representing 176% of total equity) as at 31 December 2023.

Lending activity

The Issuer conducts commercial lending activities through its Bank Window and concessional, non-commercial development activities through its FDC Window and FDE Window. The FDC Window carries out the activities of the FDC, which was created by decision of the WAEMU Council of Ministers on 27 June 2002. Since 2010, the Issuer has also administered the FDE Fund, created by the WAEMU in 2009, through the FDE Window (the "**FDE Fund**"). Based on a decision of the WAEMU Council of Ministers dated 31 December 2014, the initial endowment of the FDE Fund provided by the WAEMU Member States was integrated into the Issuer's equity. As at 31 December 2014, the assets corresponding to this initial capital endowment of the FDE, comprising outstanding loans and off-balance sheet commitments in the amounts of FCFA 53 billion and FCFA 146 billion, respectively, which used to be accounted for in

the Issuer's financial statements but not being the property of the Issuer, were likewise fully integrated into the assets of the Issuer.

Additional lending through the FDE Window is being funded with grants from the WAEMU Member States, regulatory bodies and institutions of the WAEMU, as well as from the Kingdom of Belgium. Contributions required to meet future funding requirements under the FDE Window are being sought in the form of borrowings and grants from development agency partners.

Financial statements—FDC Window and FDE Window

The Issuer's Financial Statements, English language translations of which are included elsewhere in this Offering Circular, reflect all of its activities, irrespective of the window through which they are carried out. However, for internal management purposes, separate accounts are also prepared for the FDC Window. The FDC Window financial statements are prepared on the basis of accounting principles which are approved by the Board of Directors. Separate accounts for the FDE Window are approved by the Donor Council (*Conseil des Donateurs*), which is the decision-making and supervisory body of the FDE Fund and which includes the President of the WAEMU Commission, the Governor of the BCEAO, the President of the Issuer and representatives of the other contributors to the FDE (the "**Donor Council**").

The source of funding for activities carried out through the FDC Window is equity capital and concessional and market borrowing. Equity capital is comprised of the initial capital allocated to the FDC, as well as supplementary capital, including accumulated profits of the FDC Window and annual allocation of the Issuer's equity capital. See "*—Liquidity and Capital Resources—Equity allocation policy*". Concessional loans are loans extended to the Issuer by entities such as KfW, AFD and the IDA, on concessional terms and specifically allocated to FDC Window activity. Since 2016, the Issuer has benefited from an Interest Subsidy Mechanism, pursuant to which it can lend at lower rates through the FDC Window and refinance at market rates, with the difference in rates being covered by this mechanism.

This funding is used by the Issuer through the FDC Window to fund loans and related receivables, advances for the financing of research, and other similar uses, but excluding equity investments and market rate sovereign loans to the Issuer's regional shareholders (*i.e.*, the WAEMU Member States).

The Donor Council approves the financial statements for the FDE Window.

Pricing policy

The Issuer's pricing policy is based on its Policy Statement, which provides that "interest rates on loans extended by the Issuer must be enough to balance its accounts and be adjustable for risks".

The Pricing Policy is underpinned by the following principles: (i) transparency between sources of funding and their uses; and (ii) risk adjusted pricing, based on the specific features and risks of each project category.

The Issuer sets a reference rate for loans from each of the two categories of the Bank Window and the FDC Window according to the following formula:

> *Reference rate = average cost of funding + administrative charges (including non-performing loans provisions) + margin for exchange rate risk incurred on foreign currency funding.*

A commercial margin is added to the reference rate for Bank Window activities in order to reflect the risk profile of the relevant project. No commercial margin is applied to FDC Window or FDE Window loans.

Since 2012, the Issuer has reviewed its reference rates semi-annually. To date, the reference rates applied in the second half of each year have not differed from the reference rates applied in the first half of the relevant year.

FDC Window – Interest Subsidy Mechanism

Loans to WAEMU Member States extended through the Issuer's FDC Window were historically financed by concessional borrowing. However, in 2014, the Issuer decided to suspend the granting of loans through the FDC Window until such time as it was able to obtain required concessional funding sources.

In December 2015, the WAEMU Council of Ministers established a new Interest Subsidy Mechanism to allow the Issuer to resume concessional lending through the FDC Window. The funds made available under the Interest Subsidy Mechanism finance the interest gap between concessional loans granted through the FDC Window and the indebtedness

incurred by the Issuer at market rates to fund these loans. The amount paid on the date the loan is granted covers the entire interest difference over the duration of the loan. This mechanism is available only for concessional loans made to WAEMU Member States. The Interest Subsidy Mechanism applies solely to new commitments entered into after the mechanism was introduced and not to lending made under any pre-existing commitments. Therefore it does, and will continue to, progressively compensate the overall gap between the cost of funding and the interest received on FDC loans, as the loans made under pre-existing commitments are gradually reimbursed. Funding began in 2016 with the Issuer resuming concessional lending through the FDC Window in mid-2016.

The Interest Subsidy Mechanism is funded annually as follows: (i) funding from the Member States in an amount of FCFA 15 billion raised through a tax of 0.6% levied on foreign exchange transfers; (ii) a FCFA 5 billion annual contribution from the WAEMU Commission; (iii) a FCFA 5 billion contribution by the BCEAO; and (iv) at least a FCFA 3 billion contribution by the Issuer. International development partners, such as sovereigns and development banks, seeking to contribute to the economic development of the WAEMU region may also contribute to the Interest Subsidy Mechanism. Amounts are paid by the BCEAO on behalf of the contributors based on their available assets at the BCEAO. Amounts made available do not have to be repaid. These are target amounts and, whilst mostly they have consistently been met since 2016, the WAEMU Member States' contribution has often been slightly below target. For 2024, the Interest Subsidy Mechanism was funded in a total amount of FCFA 28 billion, as follows: (i) WAEMU Member States contributed FCFA 15 billion; (ii) the BCEAO FCFA 3 billion; (iii) WAEMU Commission FCFA 3 billion; and (iv) the Issuer FCFA 7 billion.

Due to the nature of the resources of the fund (*i.e.,* resources from external parties), the Issuer cannot account for the fund's resources as equity and so accounts for it as debt in its financial statements. When a loan is granted at an interest rate of, for example, 5.6%, with 2.8% being paid by the resources of the fund, the Issuer takes the equivalent of the 2.8% interest rate and accounts for it in the income statement under "Allocations from Member States". If funding for the Interest Subsidy Mechanism is interrupted, the Issuer will not commit to concessional loans, and concessional lending could once again be suspended although the Issuer will continue to seek concessional resources from its development partners.

Bank Window

The majority of loans extended by the Issuer through the Bank Window are amortising loans. The maximum term for Bank Window loans is 10 years, with an initial three-year principal grace period, although market rate sovereign loans may have a maximum term (and average maturity) of 12 years, with, on average, a three-year principal grace period.

Rates for short-term financing are determined by reference to both the rates used for the Issuer's short-term cash investment operations and prevailing market rates. Similarly, the commission amounts on loan syndication and consultancy services are also based on prevailing market rates.

Commissions on guarantees range from 1.5% to 3.0% of the amount guaranteed (generally the principal amount, but interest amounts can also be included) and are determined on the basis of the risk posed by each borrower. These commissions take into account the role of the Issuer in the development of the regional capital markets, and are, therefore, priced so as to avoid creating a financial burden for local issuers.

The rate for advances for preliminary studies for the financing of development activities is 1.5% *per annum*.

Weighted average interest rates on loans

The table below sets out the weighted average interest rates on loans extended by the Issuer (calculated on an annual basis) for the periods indicated.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
			(unaudited, %)		
Weighted average interest rate					
Weighted average interest rates on loans extended through the FDC Window	3.7	3.9	4.3	4.1	4.3
Weighted average interest rates on loans extended through the Bank Window	6.6	6.2	6.3	5.8	6.8

	For the year ended 31 December			For the nine months ended 30 September	
	2021	2022	2023	2023	2024
			(unaudited, %)		
Weighted average interest rates on loans extended through the FDE Window	1.7	1.6	1.9	1.9	1.8
Weighted average interest rates on all loans	5.3	5.2	5.5	5.1	5.7

The weighted average interest rates set forth in the table above are Non-IFRS Measures. See "*Selected Financial Information—Selected Ratios*".

Cost of funding

As set out under "*Description of the Issuer—Sources of funding*" and *"—Liquidity and Capital Resources*", in addition to resources from shareholders and the Interest Subsidy Mechanism, the Issuer receives funding to support its financing activity through the WAEMU regional capital markets, through regional bilateral loans and, since 2016, from the international capital markets.

As at 30 September 2024, the Issuer's funding consisted of FCFA 375.3 billion (€572.17 million) in paid-in capital, and FCFA 871.5 billion (€1,328.6 million) in reserves. As at the same date, the Issuer's funding comprised of borrowings amounted to FCFA 2,324.2 billion (€3,543.2 million), consisting of FCFA 193.9 billion (€295.6 million) in concessional resources and FCFA 2,130.3 billion (€3,247.6 million) in market rate sovereign loan resources.

The table below sets out the all-in cost of borrowing for the Issuer for the periods indicated.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	2022	2023	2023	2024
			(unaudited, %)		
Cost of borrowing					
Cost of borrowing for the FDC Window	1.8	1.9	2.5	1.8	2.0
Cost of borrowing for the Bank Window	3.6	3.1	3.3	3.3	3.5
Average cost of borrowing	3.1	3.0	3.2	3.2	3.4

The figures set forth in the table above are Non-IFRS Measures. See "*Selected Financial Information—Selected Ratios*".

The average cost of borrowing is calculated by dividing the relevant window financial expenses by the average balance of outstanding loans extended through that window. The cost of borrowing for the FDC Window reflects the implementation of the Interest Subsidy Mechanism.

Presentation of financial statements

As an international organisation, the Issuer is not subject to regulation or supervision by national or international authorities. Nevertheless, the Issuer complies on a voluntary basis with the prudential guidelines of the Bank of International Settlements and the Issuer's financial statements are prepared in accordance with IFRS, including IAS and interpretations, as issued by the IASB. Following the issuance of the Notes, the Issuer agrees, pursuant to Condition 5 under "*Terms and Conditions of the Notes—5. Negative Pledge and certain other Covenants*", to publish annual and semi-annual financial statements under its periodic reporting obligations.

The Issuer does not currently prepare consolidated financial statements, despite its holding of 100% of the share capital of its securitisation subsidiary, BOAD Titrisation, and its 100% holding of FCP/IFC BOAD, as the activities of these companies are not currently regarded as significant in the Issuer's overall activities.

The separate financial statements in respect of the Issuer's Bank Window and FDC Window activities are prepared by the Issuer in accordance with the accounting principles set out therein. The Donor Council prepares separate accounts for the FDE Window according to FDE-specific accounting principles.

The Issuer does not prepare segmental breakdowns along the lines of its business reporting (*i.e.*, by window).

Comprehensive Income Statement

The table below sets forth the Issuer's comprehensive income statement for the years ended 31 December 2021, 2022 and 2023 and for the nine-month period ended 30 September 2023 and 2024.

	For the year ended 31 December			For the nine months ended 30 September	
	2021	**2022**	**2023**	**2023**	**2024**
			(FCFA millions)	*(unaudited)*	
Interests and related income	145,904	149,621	167,722	117,578	130,594
Interests and related charges	(85,744)	(76,993)	(78,448)	(59,766)	(68,733)
Net Interest Income (Margin on interests)	**60,160**	**72,627**	**89,274**	**57,812**	**61,861**
Fees and commissions (income)	3,101	3,741	4,397	4,210	5,935
Fees and commission (expense)	(1,111)	(6,580)	(4,991)	(3,402)	(2,206)
Net interest and fee income (Margin on interests and fees)	**62,150**	**69,789**	**88,680**	**58,620**	**65,590**
Exchange rate gains	30,047	8,083	45,380	709	13,939
Exchange rate losses	(107,822)	(65,046)	(8,537)	(7,949)	(193)
Gains/(losses) on hedging instruments	97,761	76,257	(20,174)	20,583	(2,183)
Gains/(losses) on foreign exchange	**19,986**	**19,294**	**16,669**	**13,343**	**11,563**
Margin on interests, fees and foreign exchange	**82,136**	**89,082**	**105,349**	**71,962**	**77,153**
Net gains/(losses) on financial assets designated at fair value through profit and loss (IFRS 9)	112	550	156	36	307
Dividends received (income from equity investments)	3,390	3,419	5,528	4,617	2,860
Net banking income	**85,638**	**93,051**	**111,033**	**76,616**	**80,319**
Cost of risk	**(30,092)**	**(28,829)**	**(39,327)**	**(21,307)**	**(20,543)**
Allocations/Endowment from Member States	3,200	3,200	3,200	3,200	3,200
Other operating income	461	90,316	638	593	92
Expenses or Charges related to development activities	(1,370)	(1,321)	(1,556)	(1,266)	(1,099)
General operating expenses	(26,960)	(32,698)	(37,510)	(23,946)	(25,993)
Staff overheads	(16,935)	(18,988)	(21,763)	(13,764)	(14,948)
Amortisations and depreciations – property, equipment and intangible assets	(1,230)	(1,257)	(1,339)	(972)	(1,011)
Other operating costs	(8,795)	(12,453)	(14,408)	(9,209)	(10,034)
Other operating charges/expenses	(52)	(35)	(24)	(20)	(16)
Other net operating income	**(24,721)**	**59,461**	**(35,253)**	**(21,439)**	**(23,816)**
Net income for the period	**30,824**	**123,682**	**36,453**	**33,870**	**35,960**
Other comprehensive income					
Items that will/may be reclassified to profit or loss	2,090	**11.990**	**(33,412)**	**(31,090)**	**10,173**
Cash flow hedges	2,090	11,990	(33,412)	(31,090)	10,173
Items that will not be reclassified to profit or loss	**4,504**	**7,934**	**9,532**	**6,863**	**(14,590)**
Equity investments at FVOCI – net change in fair value	—	—	—	6,863	(14,590)
Net gains on financial assets at fair value through non-recyclable "other comprehensive income"	5,439	8,381	10,107	—	—
Remeasurements of defined benefit liability	(935)	(447)	(576)	—	—
Other comprehensive income for the period	**6,595**	**19,924**	**(23,880)**	**(24,227)**	**(4,417)**
Total comprehensive income for the period	**37,419**	**143,606**	**12,573**	**9,643**	**31,542**

Results of operations for the nine-month periods ended 30 September 2023 and 2024

Interest income and expenses

Interest and related income

Interest and related income increased by FCFA 13.0 billion, or 11.1%, to FCFA 130.6 billion in the nine-month period ended 30 September 2024 from FCFA 117.6 billion in the nine-month period ended 30 September 2023. This increase was primarily due to the increase of interest income on loans and advances to customers.

The table below sets forth the Issuer's interest and related income for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Interest income on loans and advances to customers	97,848	108,448
Interest and similar income/interbank receivables	2,543	5,046
Interest on securities portfolio	15,563	15,636
Commitment charges on loans	1,465	1,287
Interest income on personal loans to staff members	159	176
Interest and related income	117,578	130,594

Interest income on loans and advances to customers is the most significant component of the Issuer's total interest and related income and total banking income, reflecting the core business of the Issuer, which is lending through the Bank Window.

Interest income on loans and advances to customers represented 83.0% of total interest and related income in the nine-month period ended 30 September 2024, as compared to 83.2% in the nine-month period ended 30 September 2023. Interest income on loans and advances to customers increased by FCFA 10.6 billion, or 10.8%, to FCFA 108.4 billion in the nine-month period ended 30 September 2024, from FCFA 97.8 billion in the nine-month period ended 30 September 2023. This increase was primarily driven by increases in the amounts of the loans given during the nine-month period ended 30 September 2023.

Interest and similar income on interbank receivables increased by FCFA 2.5 billion, or 98.4%, to FCFA 5.0 billion in the nine-month period ended 30 September 2024, from FCFA 2.5 billion in the nine-month period ended 30 September 2023. This increase was primarily due to an increased number of gross outstanding interbank loans.

Interest on the Issuer's securities portfolio was largely stable at FCFA 15.64 billion in the nine-month period ended 30 September 2024 compared to FCFA 15.56 billion in the nine-month period ended 30 September 2023, due to the stabilisation of the Issuer's debt securities portfolio.

Commitment charges on loans are commitment fees payable by borrowers, which are calculated using the committed but undisbursed amount of commercial loans, being loans extended through the Bank Window. Commitment charges on loans decreased by FCFA 0.2 billion, or 12.1%, to FCFA 1.3 billion in the nine-month period ended 30 September 2024, from FCFA 1.5 billion in the nine-month period ended 30 September 2023. This decrease was primarily due to a decrease in the outstanding amount of loans subject to commitment fees.

Interest and related charges

The table below sets forth the Issuer's interest and related charges for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Interest expense on debt securities	46,877	46,853
Interest expense on other debts (borrowings from financial partners)	8,956	19,003
Retroceded income	3,741	2,349
Fees/commitments received	193	528
Interest and related charges	**(59,766)**	**(68,733)**

Interest and related charges increased by FCFA 9.0 billion, or 15%, to FCFA 68.7 billion in the nine-month period ended 30 September 2024, from FCFA 59.8 billion in the corresponding period in 2023, primarily due to an increase in interest expenses on other debts (including subordinated debts).

Interest expense on debt securities represents the interest payable by the Issuer in respect of borrowings in the WAEMU regional and international capital markets. Interest expense on debt securities was stable at FCFA 46.9 billion in the nine-month period ended 30 September 2024 compared to FCFA 46.9 billion in the nine-month period ended 30 September 2023, primarily due to the stabilisation of debts represented by securities.

Interest expense on other debts represents the interest payable by the Issuer in respect of borrowings at arm's length from sources outside the WAEMU regional capital markets and the international capital markets (*e.g.*, borrowings from AFD, KfW, AfDB, *etc.*). Interest expense on other debts increased by FCFA 10 billion, or 112.2%, to FCFA 19.0 billion in the nine-month period ended 30 September 2024, from FCFA 9.0 billion in the nine-month period ended 30 September 2023. The weighted average interest rate for the Issuer's borrowings at arm's length was 3.4% in the nine-month period ended 30 September 2024 and 3.2% in the nine-month period ended 30 September 2023. Drawings on external funding amounted to FCFA 183.7 billion as at 30 September 2024. The evolution of interest expense on other debt over the period reflects the increase of other debts and subordinated debts over these periods.

Net interest income

For the reasons set out above, net interest income increased by FCFA 4.1 billion, or 7.0%, to FCFA 61.9 billion in the nine-month period ended 30 September 2024, from FCFA 57.8 billion in the nine-month period ended 30 September 2023.

The Issuer's credit margin (defined as the difference between the weighted average interest rates on all loans and the average cost of borrowing) increased from 1.9% for the nine-month period ended 30 September 2023 to 2.4% for the nine-month period ended 30 September 2024. See "*—Factors affecting the Issuer's Results of Operations—Lending activity—Weighted average interest rates on loans*" and "*—Factors affecting the Issuer's Results of Operations—Lending activity—Cost of funding*". The Issuer's credit margin is a Non-IFRS Measure. See "*Selected Financial Information—Selected Ratios*".

Fees and commissions

Fees and commissions (income)

The Issuer earns fees and commission income primarily on loan applications, loan guarantees, and loan syndication and financial services.

The table below sets forth the Issuer's fees and commissions income for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Commissions obtained as processing fees	1,156	1,588
AGF West Africa commission on guarantees	293	23
Other flat commissions	0	0
Commissions on guarantees/bond issues	0	0
Commissions on financial arrangements and advisory services	2,263	4,323
Commissions on GEM and AF	499	0
Retroceded commissions to partners	0	0
Total fees and commissions (income)	**4,210**	**5,935**

Total fees and commissions (income) increased by FCFA 1.7 billion, or 41.0%, to FCFA 5.9 billion in the nine-month period ended 30 September 2024 from FCFA 4.2 billion in the nine-month period ended 30 September 2023. This increase was primarily due to the increase of the commissions on financial arrangements and advisory services. The advisory services consisted of supporting clients in the structuring of their fundraising, in the search for donors (investors), and in the financing of their projects.

Commissions obtained as processing fees are payable by borrowers in the commercial sector and are recognised by the Issuer when loans are granted. The FCFA 0.4 billion increase in commissions obtained as processing fees for the nine-month period ended 30 September 2024, as compared to the same period in 2023, was primarily due to the increase of new deals with customers in the Bank Window.

AGF West Africa commissions are payable by those clients who have subscribed to a guarantee provided by the AGF West Africa funds. AGF West Africa commissions have fluctuated in line with the activity of the AGF West Africa. Other flat commissions are fees relating to loan syndication mandates to provide funding to commercial borrowers arranged by the Issuer. The Issuer did not record any other flat commissions in the nine-month period ended 2024 or the same period in 2023.

Commissions on financial arrangements and advisory services relate to mandates to provide funding to the WAEMU Member States and other public enterprises and local communities in the WAEMU region. The FCFA 2.1 billion increase in commissions on financial arrangements and advisory services for the nine-month period ended 30 September 2024, as compared to the same period in 2023, was primarily due to the collection of commissions on the arrangement of mandates of two new private sector clients in the WAEMU zone.

Commissions on the Global Environment Facility (the "**GEF**") and Adaptation Fund (the "**AF**") comprise agency fees on FEM and FA projects managed and supervised by the Issuer. The decrease in commissions on GEF and AF for the nine-month period ended 30 September 2024, as compared to the same period in 2023, was primarily due to the absence of new deals during the nine-month period ended 30 September 2024. However, commissions from GEF were received after this period.

Fees and commissions (charges)

The table below sets forth the Issuer's commission expenses for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Other charges/debts represented by securities	2,497	1,000
Other fees on loans	590	1,206
Profit or loss on securities portfolio	316	0
Total fees and commissions (charges)	**(3,402)**	**(2,206)**

Total fees and commission (charges) decreased by FCFA 1.2 billion, or 35.2%, to FCFA 2.2 billion in the nine-month period ended 30 September 2024, from FCFA 3.4 billion in the nine-month period ended 30 September 2023. This decrease was mainly due to the decrease of other charges and debts represented by securities, partially offset by an increase in other fees on loans.

Gains/(losses) on foreign exchange

Foreign exchange gains/(losses) arise from the conversion of debts repayable by the Issuer in foreign currencies into FCFA at the exchange rates communicated by the BCEAO as at the reporting date. The Issuer's currency risk policy consists of setting up hedging instruments to hedge against currency fluctuations on its borrowings in SDR and U.S. Dollars and favours borrowings in local currency (FCFA), Euros (to which the FCFA is fixed) and U.S. Dollars. The Issuer uses hedging instruments to hedge against currency fluctuations on its SDR and U.S. Dollar borrowings.

The table below sets forth the Issuer's gains/(losses) on foreign exchange for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Exchange gains	709	13,939
Exchange losses	(7,949)	(193)
Gains (losses) on hedging instruments	20,583	(2,183)

As at 30 September 2024, 47.4% of the Issuer's borrowings were denominated in U.S. Dollars and SDR, while the remainder were denominated in FCFA and Euros. See "*—Factors affecting the Issuer's Results of Operations—Foreign exchange rate fluctuations*" and "*Risk Management—Market risk management—Foreign exchange risk*". Due to the hedging instruments put into place since 2015, nearly all of the Issuer's SDR and U.S. Dollar borrowings are hedged.

Due to the hedge accounting methods applied, the gains or losses on the hedging instruments were more than offset by non-cash gains and losses.

Dividends received

Dividends received represent dividends received from the Issuer's equity investments. A full table of the Issuer's equity investments, and the dividends received on such investments, is set out in Note 6 to the Condensed Interim Financial Information. The Issuer earned dividends from its equity holdings of FCFA 2.9 billion and FCFA 4.6 billion in the nine-month periods ended 30 September 2024 and 2023, respectively, reflecting a decline in the performance of the companies in the Issuer's equity portfolio.

Net banking income

Net banking income represents net income from the Issuer's banking operations as set out above before cost of risk and other operating expenses, and before allocations/endowments from the WAEMU Member States. Net banking income

amounted to FCFA 80.3 billion (U.S.$136.3 million) in the nine-month period ended 30 September 2024, a 4.8% increase from FCFA 76.6 billion (U.S.$123.5 million) in the nine-month period ended 30 September 2023. This increase was primarily due to an increase of margin on interests and commissions.

Cost of risk

Cost of risk, representing provisions for non-performing loans in respect of the commercial loan portfolio and in respect of equity participations, amounted to FCFA 20.5 billion in the nine-month period ended 30 September 2024, a decrease of FCFA 0.8 billion, or 3.6%, from FCFA 21.3 billion in the nine-month period ended 30 September 2023. This decrease in the cost of risk was primarily due to the socio-economic and security situation in the WAEMU and, on the other hand, the recovery actions carried out by the Issuer.

Since loans granted through the FDC and FDE Windows are considered by the Issuer to be relatively risk-free, cost of risk only applies to (and, accordingly, provisions are only made in respect of) loans granted through the Bank Window to non-sovereign borrowers.

Allocations/Endowments from the WAEMU Member States

Allocations or endowments from the WAEMU Member States represent annual allocations to the Issuer which are intended to cover expenses related to development activities, including project-related studies, subsidies on loans to the WAEMU Member States, exchange losses and costs related to specific equity participations. The amount is paid by the WAEMU Member States each year concurrently with their release of share capital, and results in a cash inflow for the Issuer and revenues in the statement of comprehensive income. These allocations are allotted entirely to the FDC Window, and support the Issuer's concessional lending activities.

The endowment from the WAEMU Member States was stable at FCFA 3.2 billion in the nine-month periods ended 30 September 2024 and 2023.

See "*—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism*".

Other operating income

Other operating income amounted to FCFA 0.09 billion in the nine-month period ended 30 September 2024, a decrease of FCFA 0.5 billion from FCFA 0.6 billion in the corresponding period in 2023. This decrease was primarily due to the recognition of certain exceptional income in 2023. As the nature of these transactions is spontaneous, the Issuer did not record any such transactions in 2024.

Charges related to development activities

Expenses or charges related to development activities include expenses relating to the Issuer's interest subsidies on concessional loans (which are financed through the Interest Subsidy Mechanism and preliminary studies for the financing of development activities). Interest subsidies are provided to the Issuer through an historical interest subsidy fund (*Fonds de Bonification d'intérêts*), which is funded by WAEMU Member States on a regular basis. This fund allows the Issuer to extend loans at very favourable conditions to finance infrastructure projects. Expenses to finance studies in relation to

projects proposed by borrowers are advanced by the Issuer to the borrower. If the study culminates in a sustainable project, these advances are borne by the borrower.

The table below sets forth the charges related to development activities for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Interest subsidy	(1,266)	(1,099)
Other charges related to development activities	—	—
Charges related to inconclusive surveys	—	—
Total	**(1,266)**	**(1,009)**

General operating expenditures

General operating expenditures include staff costs, other operating costs (e.g., maintenance costs, vehicles and consulting fees) and provisions on tangible fixed assets.

The table below sets forth the Issuer's general operating expenses for the nine-month periods ended 30 September 2023 and 2024.

	For the nine months ended 30 September	
	2023	**2024**
	(unaudited)	*(unaudited)*
	(FCFA millions)	
Staff overheads	(13,764)	(14,948)
Amortisations and depreciations – property, equipment and intangible assets	(972)	(1,011)
Other operating costs	(9,209)	(10,034)
General operating expenditures	**(23,946)**	**(25,993)**

General operating expenditures increased by FCFA 2.05 billion, or 8.6 %, to FCFA 26 billion in the nine-month period ended 30 September 2024, from FCFA 23.9 billion in the nine-month period ended 30 September 2023. This increase was primarily due to a concomitant increase in staff overheads and other general expenses following the implementation of the Djoliba Plan projects, in particular the IT program.

Cost-to-Income

The Issuer's cost-to-income ratio amounted to 32.4% in the nine-month period ended 30 September 2024.

Net income for the period

Net income for the period amounted to FCFA 36 billion (U.S.$61.0 million) in the nine-month period ended 30 September 2024, an increase of FCFA 2.1 billion, or 6.2%, from FCFA 33.9 billion (U.S.$54.6 million) for the nine-month period ended 30 September 2023, due to the reasons described above.

Results of operations for the years ended 31 December 2021, 2022 and 2023

Interest income and expenses

Interest and related income

Interest and related income increased by FCFA 18.1 billion, or 12.1%, to FCFA 167.7 billion in the year ended 31 December 2023 from FCFA 149.6 billion in the year ended 31 December 2022, having increased by FCFA 3.7 billion, or

2.5%, from FCFA 145.9 billion in the year ended 31 December 2021. The increases in 2023 and 2022 were primarily due to the increase of interest income on loans and advances to customers.

The table below sets forth the Issuer's interest and related income for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Interest income on loans and advances to customers	119,199	125,944	140,843
Interest and similar income/interbank receivables	1,496	1,156	4,001
Interest on securities portfolio	22,929	21,024	20,729
Commitment charges on loans	2,072	1,300	1,928
Interest income on personal loans to staff members	208	196	222
Interest and related income	**145,904**	**149,621**	**167,722**

Interest income on loans and advances to customers represented 84.0% of total interest and related income in 2023, as compared to 84.2% in 2022 and 81.7% in 2021. Interest income on loans and advances to customers increased by FCFA 14.9 billion, or 11.8%, to FCFA 140.8 billion in the year ended 31 December 2023, from FCFA 125.9 billion in the year ended 31 December 2022, having increased by FCFA 6.7 billion, or 5.7%, from FCFA 119.2 billion in the year ended 31 December 2021. The increases in 2023 and 2022 were primarily due to the increase of gross outstanding loans in recent years where the amounts of the loans were bigger.

Interest and similar income on interbank receivables increased by FCFA 2.8 billion, or 246.0%, to FCFA 4.0 billion in the year ended 31 December 2023, from FCFA 1.2 billion in the year ended 31 December 2022, having decreased by FCFA 0.3 billion, or 22.7%, from FCFA 1.5 billion in the year ended 31 December 2021. The increase in 2023 was primarily due to the increase of short-term bank deposits. The decrease in 2022 was primarily due to the decrease of loans and advances to banks.

Interest on the Issuer's securities portfolio decreased by FCFA 0.3 billion, or 1.4%, to FCFA 20.7 billion in the year ended 31 December 2023, from FCFA 21.0 billion in the year ended 31 December 2022, having decreased by FCFA 1.9 billion, or 8.3%, from FCFA 22.9 billion in the year ended 31 December 2021. The decreases in 2022 and 2023 were primarily due to an overall decrease in the size of the Issuer's securities portfolio due to repayments on securities and the redirection of cash for the financing of new loans to customers in 2022 and 2023.

Commitment charges on loans increased by FCFA 0.6 billion, or 48.3%, to FCFA 1.9 billion in the year ended 31 December 2023, from FCFA 1.3 billion in the year ended 31 December 2022, having decreased by FCFA 0.8 billion, or 37.3% from FCFA 2.1 billion in the year ended 31 December 2021. The increase in 2023 was primarily due to the increase of new deals through the Bank Window. The decrease in 2022 was primarily due to the decrease of new deals through the Bank Window.

Interest and related charges

The table below sets forth the Issuer's interest and related charges for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Interest expense on debt securities	(71,106)	(61,678)	(61,785)
Interest expense on other debts (borrowings from financial partners)	(13,936)	(14,292)	(12,403)
Fees/commitments received	(616)	(281)	(393)
Credit insurance Commission	(87)	(742)	(3,867)
Interest and related charges	**(85,744)**	**(76,993)**	**(78,448)**

Interest and related charges increased by FCFA 1.5 billion, or 1.9%, to FCFA 78.4 billion in the year ended 31 December 2023 from FCFA 77.0 billion in the year ended 31 December 2022, having decreased by FCFA 8.8 billion, or 10.2%, from FCFA 85.7 billion in the year ended 31 December 2021. The increase in 2023 was primarily due to the increase of credit insurance commission. The decrease in 2022 was primarily due to the decrease of interest expense on debt securities.

Interest expense on debt securities increased by FCFA 0.1 billion, or 0.2%, to FCFA 61.8 billion in the year ended 31 December 2023, from FCFA 61.7 billion in the year ended 31 December 2022, itself a decrease of FCFA 9.4 billion, or 13.3%, from FCFA 71.1 billion in the year ended 31 December 2021. The slight increase in 2023 was primarily due to the stabilisation of debts represented by securities. The decrease in 2022 was primarily due to the repayment of the 2021 Eurobond at the beginning of January 2021.

Interest expense on other debts decreased by FCFA 1.9 billion, or 13.2%, to FCFA 12.4 billion in the year ended 31 December 2023, from FCFA 14.3 billion in the year ended 31 December 2022, itself an increase of FCFA 0.4 billion, or 2.6%, from FCFA 13.9 billion in the year ended 31 December 2021. The weighted average interest rate for the Issuer's borrowings at arm's length was 3.2% in 2023, 3.0% in 2022 and 3.1% in 2021. Drawings on external funding amounted to FCFA 217.0 billion, FCFA 22.6 billion and FCFA 134.8 billion, respectively, as at 31 December 2023, 2022 and 2021. The evolution of interest expense on other debt over the period reflects the combination of the weighted average interest rate on the Issuer's borrowings over the three-year period as indicated above, and the increase over the three-year period in the drawings on external funding, also as indicated above.

Net interest income

For the reasons set out above, net interest income increased by FCFA 16.6 billion, or 22.9%, to FCFA 89.3 billion in the year ended 31 December 2023, from FCFA 72.6 billion in the year ended 31 December 2022, itself an increase of FCFA 12.5 billion, or 20.7%, from FCFA 60.2 billion in the year ended 31 December 2021.

The Issuer's credit margin (defined as the difference between the weighted average interest rates on all loans and the average cost of borrowing) decreased from 2.3% for the year ended 31 December 2021 to 2.2% for the year ended 31 December 2022, which subsequently increased to 2.3% for the year ended 31 December 2023. See "*—Factors affecting the Issuer's Results of Operations—Lending activity—Weighted average interest rates on loans*" and "*—Factors affecting the Issuer's Results of Operations—Lending activity—Cost of funding*". The Issuer's credit margin is a Non-IFRS Measure. See "*Selected Financial Information—Selected Ratios*".

Fees and commissions

Fees and commissions (income)

The Issuer earns fees and commission income primarily on loan applications, loan guarantees, and loan syndication and financial services.

The table below sets forth the Issuer's fees and commissions income for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Commissions obtained as processing fees	1,793	1,846	1,614
AGF West Africa commission on guarantees	219	181	306
Other flat commissions	25	32	0
Commissions on guarantees/bond issues	0	0	0
Commissions on financial arrangements and advisory services	483	1,288	1,978
Commissions on GEF and AF	582	395	499
Retroceded commissions to partners	0	0	0
Total fees and commissions (income)	**3,101**	**3,741**	**4,397**

Total fees and commissions (income) increased by FCFA 0.7 billion, or 17.5%, to FCFA 4.4 billion in the year ended 31 December 2023 from FCFA 3.7 billion in the year ended 31 December 2022, having increased by FCFA 0.6 billion, or 20.6%, from FCFA 3.1 billion in the year ended 31 December 2021. The increases in 2023 and 2022 were primarily due to the increase of commissions on financial arrangements and advisory services.

Since 31 December 2021, commissions obtained as processing fees have decreased due to the stabilisation of the volume of loans granted by the Issuer subject to processing fees and the decrease in the old stock of fees due to spreading.

The decrease in other flat commissions in 2023, as compared to 2022, was primarily due to the absence of new projects in the year 2023. The increase in other flat commissions in 2022, as compared to 2021, was primarily due to the volume of new projects in the year 2022.

Since 31 December 2021, commissions on financial arrangements and advisory services have increased due to the increase in amount of new deals involving financial arrangements and advisory services.

The increase in commissions on GEF and AF in 2023, as compared to 2022, was primarily due the increase of new deals with partners in year 2023. The decrease in GEF and AF commissions in 2022, as compared to 2021, was primarily due to the decrease of new deals with partners in year 2022.

Fees and commissions (charges)

The table below sets forth the Issuer's commission expenses for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Other charges/debts represented by securities	(429)	(1,533)	(3,914)
Other fees on loans	(680)	(912)	(1,045)
Profit or loss on securities portfolio	(2)	0	0
Others banking operating expenses	0	(4,135)	(31)
Total fees and commissions (charges)	**(1,111)**	**(6,580)**	**(4,991)**

Total fees and commission (charges) decreased by FCFA 1.6 billion, or 24.2%, to FCFA 5.0 billion in the year ended 31 December 2023, from FCFA 6.6 billion in the year ended 31 December 2022, having increased by FCFA 5.5 billion, or 492.0%, from FCFA 1.1 billion in the year ended 31 December 2021. The decrease in 2023 was primarily due to the decrease of other banking operating expenses. This significant increase in 2022 was primarily due to the recognition of costs related to the 2022 bond issue.

Gains/(losses) on foreign exchange

The table below sets forth the Issuer's gains/(losses) on foreign exchange for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Exchange gains	30,047	8,083	45,380
Exchange losses	(107,822)	(65,046)	(8,537)
Gains (losses) on hedging instruments	97,761	76,257	(20,174)

As at 31 December 2023, 49.3% of the Issuer's borrowings were denominated in U.S. Dollars and SDR, while the remainder were denominated in FCFA and Euros. See "*—Factors affecting the Issuer's Results of Operations—Foreign exchange rate fluctuations*" and "*Risk Management—Market risk management—Foreign exchange risk*". Due to the hedging instruments put into place since 2015, nearly all of the Issuer's SDR and U.S. Dollar borrowings are hedged.

Due to the hedge accounting methods applied, the gains or losses on the hedging instruments were more than offset by non-cash gains and losses.

Dividends received

The Issuer earned dividends from its equity holdings of FCFA 3.4 billion, FCFA 3.4 billion and FCFA 5.5 billion in the years ended 31 December 2021, 2022 and 2023, respectively, reflecting the overall stable performance of the companies in the Issuer's equity portfolio.

Net banking income

Net banking income amounted to FCFA 111.0 billion (U.S.$186.8 million) in the year ended 31 December 2023, a 19.3% increase from FCFA 93.1 billion (U.S.$151.9 million) in the year ended 31 December 2022, which was, in turn, an 8.7% increase from FCFA 85.6 billion (U.S.$148.5 million) in the year ended 31 December 2021. The increase in 2023 was primarily due to an increase of dividends received and margin on interests and fees. The increase in 2022 was primarily due to an increase of margin on interests and fees and, in particular, an increase of interests and related income.

Cost of risk

Cost of risk, representing provisions for non-performing loans in respect of the commercial loan portfolio, amounted to FCFA 39.3 billion in the year ended 31 December 2023, an increase of FCFA 10.5 billion, or 36.4%, from FCFA 28.8 billion in the year ended 31 December 2022, which was, in turn, a decrease of FCFA 1.3 billion, or 4.2%, from FCFA 30.1 billion in the year ended 31 December 2021. The increase in the cost of risk in 2023 was primarily due to the consideration of the socio-political situation in some WAEMU countries. The decrease in non-performing loans as at 31 December 2023, as compared to 31 December 2022, was primarily due to the repayment received from customers on certain non-performing loans. Historically, the cost of risk has generally increased in line with the growth of the loan portfolio, the rate of increase of the cost of risk has been indeed higher than the rate of growth of the commercial loan portfolio over the period under review, which increased by 13.0% in 2021, 6.2% in 2022 and 1.1% in 2023, due to the new disbursements. See "*Description of the Issuer—Overall portfolio—Outstanding loans*".

Allocations/Endowments from the WAEMU Member States

The endowment from the WAEMU Member States was FCFA 3.2 billion in each of 2021, 2022 and 2023.

See "*—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism*".

Other operating income

Other operating income amounted to FCFA 0.6 billion in the year ended 31 December 2023, FCFA 90.3 billion in the year ended 31 December 2022 and FCFA 0.5 billion in the year ended 31 December 2021. The exceptional increase in 2022 was due to the decision of the WAEMU Council of Ministers to transfer to BOAD, in the form of a donation, part of the funds of the new bonus mechanism for an amount of FCFA 90 billion, in order to strengthen the bank's equity capital within the framework of the measures taken by its management to anticipate any shocks resulting from the economic and financial sanctions taken against Mali.

Charges related to development activities

The table below sets forth the charges related to development activities for the years ended 31 December 2021, 2022 and 2023.

	For the year ended 31 December		
	2021	**2022**	**2023**
		(FCFA millions)	
Interest subsidy	(1,370)	(1,321)	(1,556)
Other charges related to development activities	—	—	—
Charges related to inconclusive surveys	—	—	—
Total	**(1,370)**	**(1,321)**	**(1,556)**

General operating expenditures

General operating expenditures include staff costs, other operating costs (e.g., maintenance costs, vehicles and consulting fees) and provisions on tangible fixed assets.

The table below sets forth the Issuer's general operating expenses for the years ended 31 December 2021, 2022 and 2023, excluding the defined benefit pension plans.

	For the year ended 31 December		
	2021	2022	2023
		(FCFA millions)	
Staff overheads	(16,935)	(18,988)	(21,763)
Amortisations and depreciations – property, equipment and intangible assets	(1,230)	(1,257)	(1,339)
Other operating costs	(8,795)	(12,453)	(14,408)
General operating expenditures	**(26,960)**	**(32,698)**	**(37,510)**

General operating expenditures increased by FCFA 4.8 billion, or 14.7%, to FCFA 37.5 billion in the year ended 31 December 2023, from FCFA 32.7 billion in the year ended 31 December 2022, having increased by FCFA 5.7 billion, or 21.3%, from FCFA 27.0 billion in the year ended 31 December 2021. The increases in 2023 and 2022 were primarily due to an increase of the staff overheads and an increase of other operating costs.

Cost-to-Income

The Issuer's cost-to-income ratio decreased to 33.8% in the year ended 31 December 2023 from 35.1% in the year ended 31 December 2022. Cost-to-income ratio increased to 35.1% in the year ended 31 December 2022 from 31.5% in the year ended 31 December 2021.

Net income for the period

Net income for the period amounted to FCFA 36.5 billion (U.S.$61.4 million) in the year ended 31 December 2023, FCFA 33.7 billion (U.S.$55 million), excluding the grant of FCFA 90.0 billion (US$ 147.4 million) for the year ended 31 December 2022 and FCFA 30.8 billion (U.S.$53.4 million) in the year ended 31 December 2021, due to the reasons described above, and in particular the FCFA 90 billion recorded under "other operating income" relating to the situation in Mali.

Statements of Financial Position

The table below sets forth the Issuer's statement of financial position as at 31 December 2021, 2022 and 2023 and as at 30 September 2024.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	
		(FCFA millions)		*(unaudited)*
ASSETS				
Cash and cash equivalents	**230,373**	**284,092**	**419,516**	**522,953**
Net loans and receivables (net of provisions) at amortised cost, *of which*:	**2,797,015**	**2,805,778**	**2,821,820**	**2,942,367**
Interbank loans (Loans and advances to banks)	10,412	238	4,299	6,628
Loans and advances to customers	2,368,457	2,439,926	2,461,992	2,362,937
Loans and advances to staff	15,514	18,571	22,136	24,385
Debt securities portfolio	396,047	340,595	327,631	543,205
Receivables from shareholders	6,585	6,448	5,761	5,212
Equity investments, of which:	**138,161**	**146,440**	**159,796**	**150,582**
Equity investments designated at fair value through profit and loss	10,771	10,025	10,181	10,488
Equity investments designated at fair value through non-recyclable other comprehensive income (OCI)	127,390	136,414	149,615	140,094
Adjustment accounts and other assets, *of which:*	**115,507**	**115,521**	**59,898**	**73,225**
Derivative assets	88,067	94,084	43,680	51,459
Accruals assets	16,596	11,560	4,338	9,156
Other adjustment accounts	10,844	9,877	11,879	12,610
Tangible assets	**6,177**	**6,041**	**6,411**	**6,455**
Investment properties	**654**	**627**	**579**	**575**
Intangible assets	**1,154**	**1,537**	**1,292**	**1,305**
Non-current assets held for sale	**2,245**	**2,245**	**12,711**	**12,711**
Total Assets	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**

	As at 31 December			As at 30 September
	2021	2022	2023	2024
				(unaudited)
		(FCFA millions)		
LIABILITIES				
Liabilities at amortised cost, *of which*	**2,188,700**	**2,135,146**	**2,190,865**	**2,324,213**
Interbank debts (Deposits with banks)	7,571	7,171	6,814	6,658
Debt securities issued	1,539,277	1,562,479	1,507,447	1,491,648
Other debts	641,852	565,496	617,241	701,722
Subordinated debts	-	-	59,363	124,185
Funds	**114,083**	**92,305**	**79,638**	**92,677**
Adjustments accounts and other liabilities, *of which:*	**28,271**	**20,181**	**22,913**	**30,660**
Derivative liabilities	0	306	3,488	3,277
Accruals liabilities	24,533	15,400	14,393	25,042
Other adjustment accounts	3,739	4,475	5,031	2,342
Provisions	**9,182**	**10,006**	**11,938**	**13,192**
Total liabilities	**2,340,237**	**2,257,638**	**2,305,354**	**2,460,743**
Capital	**247,902**	**260,888**	**326,102**	**375,320**
Subscribed capital	1,103,650	1,103,650	1,511,000	1,511,000
Callable capital	(826,230)	(826,230)	(892,170)	(892,170)
Unpaid capital	(29,009)	(15,956)	(274,818)	(225,599)
Costs related to deferred paying-up of capital	(510)	(577)	(17,911)	(17,911)
Share premium	**2,622**	**2,622**	**2,622**	**2,622**
Reserves	**700,525**	**841,131**	**847,945**	**871,487**
Reserves allocated to development activities	76,050	76,050	76,050	76,050
Net gains on investments in equity instruments designated at fair value through non-recyclable other comprehensive income	39,664	48,045	58,152	43,562
Cashflow hedging reserves	22,514	34,504	1,092	11,265
Other reserves	26	26	26	26
Retained earnings	531,745	559,570	677,492	705,946
Remeasurements of defined benefit liability	(298)	(746)	(1,321)	(1,321)
Net income/(loss) for the period	30,824	123,682	36,453	35,960
Total equity	**951,049**	**1,104,641**	**1,176,668**	**1,249,429**
Total Liabilities and Equity	**3,291,286**	**3,362,279**	**3,482,022**	**3,710,172**

Assets

Total assets increased by FCFA 228.2 billion, or 6.6%, to FCFA 3,710.2 billion (U.S.$ 6.3 billion) as at 30 September 2024, as compared to FCFA 3,482 billion (U.S.$5.6 billion) as at 31 December 2023, primarily due to increases of loans and advances to customers, the debt securities portfolio, cash and cash equivalents, derivative assets and accruals assets.

Total assets increased by FCFA 119.7 billion, or 3.6%, to FCFA 3,482 billion (U.S.$5.6 billion) as at 31 December 2023, as compared to FCFA 3,362.3 billion (U.S.$5.5 billion) as at 31 December 2022, primarily due to increases of loans and advances to customers, cash and cash equivalents and equity investments.

Total assets increased by FCFA 71.0 billion, or 2.2%, to FCFA 3,362.3 billion (U.S.$5.5 billion) as at 31 December 2022, as compared to FCFA 3,291.3 billion (U.S.$5.7 billion) as at 31 December 2021, primarily due to increases of loans and advances to customers, cash and cash equivalents and equity investments.

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to cash. These amounts are held to meet short-term cash commitments. This line item also records the resources of the FDE Window to finance projects in WAEMU's energy sector. Cash is invested as part of banking operations and purchases of securities in the regional financial markets.

Cash and cash equivalents increased by FCFA 103.4 billion, or 24.7%, to FCFA 523.0 billion as at 30 September 2024, as compared to FCFA 419.5 billion as at 31 December 2023. This increase was primarily due to repayment from customers loans (FCFA 462 billion) and drawdowns on borrowings (FCFA 184 billion), as well as to disbursements on loans (FCFA 275 billion) and debt service repayments (FCFA 101 billion). Cash and cash equivalents increased by FCFA 135.4 billion, or 47.7%, to FCFA 419.5 billion as at 31 December 2023, as compared to FCFA 284.1 billion as at 31 December 2022,

after having increased by FCFA 53.7 billion, or 23.3%, from FCFA 230.4 billion as at 31 December 2021. The increase in cash and cash equivalents in 2023 was primarily due to the repayment from customers loans, drawdowns on borrowings and securitisation of some loans. The increase in cash and cash equivalents in 2022 was primarily due to the repayment from customers loans.

The main component of net loans and receivables is loans and advances to customers, which includes loans to the WAEMU Member States (the non-commercial sector) and to the commercial sector. As at 30 September 2024, loans and advances to customers accounted for 80.3% of net loans and receivables at amortised cost and 63.7% of total assets (as compared to 87.2% of net loans and receivables at amortised cost and 70.7% of total assets as at 31 December 2023, 87.0% of net loans and receivables at amortised cost and 72.6% of total assets as at 31 December 2022 and 84.7% of net loans and receivables at amortised cost and 72.0% of total assets as at 31 December 2021). See "*—Factors affecting the Issuer's Results of Operations—Lending activity*" for a description of the Issuer's loan portfolio. In addition, this item includes loans and advances to banks, loans and advances to staff, debt securities and receivables from shareholders.

The debt securities portfolio amounted to FCFA 543.2 billion as at 30 September 2024, representing an increase of FCFA 215.6 billion, or 65.8%, from FCFA 327.6 billion as at 31 December 2023. This increase was primarily due to new projects in the Issuer's debt securities portfolio; in 2024, BOAD purchased FCFA 300 billion in the market of State Treasury bonds and bills. The debt securities portfolio amounted to FCFA 327.6 billion as at 31 December 2023, representing a decrease of FCFA 13.0 billion, or 3.8%, from FCFA 340.6 billion as at 31 December 2022. This decrease was primarily due to the volume of reimbursement in the Issuer's debt securities portfolio. The debt securities portfolio amounted to FCFA 340.6 billion as at 31 December 2022, representing a decrease of FCFA 55.4 billion, or 14.0%, from FCFA 396.0 billion as at 31 December 2021. This decrease was primarily due to the volume of reimbursement in the Issuer's debt securities portfolio.

Interbank receivables include interest receivables from deposits with the BCEAO and other regional and non-regional (when they hold FCFA funds) financial institutions (such as ORABANK CI, Diamond Bank and BANQUE Atlantique) and interbank loans over three-month periods including accrued interest.

Receivables from shareholders consist mainly of the principal of the capital called but not paid up, which is updated annually as at the end of each year end based on the most recent payment of capital by the shareholders. For the WAEMU Member States shareholders who hold an equal share of capital, the release of capital is carried out during the allocation of BCEAO profits to its members and is usually effected in June of each year with the BCEAO deducting the amount due at source from the relevant member's account with the BCEAO. The mechanism is the same for the funding of the Interest Subsidy Mechanism.

The net worth of equity investments (financial assets) was FCFA 150.6 billion as at 30 September 2024, as compared to FCFA 159.8 billion as at 31 December 2023, FCFA 146.4 billion as at 31 December 2022 and FCFA 138.2 billion as at 31 December 2021. As at 30 September 2024, these equity investments mainly related to holdings in 28 financial institutions, including 17 banks across the WAEMU region. See Note 6 Condensed Interim Financial Information, the 2023 Financial Statements and the 2022 Financial Statements for details of the Issuer's equity portfolio.

Adjustment accounts and other assets include derivative assets, accruals assets and other adjustment accounts, which included assets relating to sundry debtors, prefinancing of studies from foreign funds meant for studies, deposits paid, cash advances and prepayment made and other endowments and subsidies to be received. Derivative assets were FCFA 51.5 billion as at 30 September 2024, as compared to FCFA 43.7 billion as at 31 December 2023, FCFA 94.1 billion as at 31 December 2022 and FCFA 88.1 billion as at 31 December 2021. The increase in derivative assets as at 30 September 2024, as compared to as at 31 December 2023, as well as the decrease in derivative assets as at 31 December 2023, as compared to as at 31 December 2022, as well as the increase in derivative assets as at 31 December 2022, as compared to as at 31 December 2021, were each due to the change in the level of derivatives entered into by the Issuer to hedge against foreign currency exchange fluctuations on interest calculations on loans denominated in foreign currencies, in response to changes in the U.S. Dollar/FCFA exchange rate.

Liabilities

Total liabilities and equity increased by FCFA 228.2 billion, or 6.6%, to FCFA 3,710.2 billion as at 30 September 2024, as compared to FCFA 3,482.0 billion as at 31 December 2023, increased by FCFA 119.7 billion, or 3.6%, to FCFA 3,482.0 billion as at 31 December 2023, as compared to FCFA 3,362.3 billion as at 31 December 2022 and increased by FCFA 71.0 billion, or 2.2%, to FCFA 3,362.3 billion as at 31 December 2022, as compared to FCFA 3,291.3 billion as at 31 December 2021, primarily due to the increase in borrowings drawn, the volume of paid in capital and net income.

As at 30 September 2024, liabilities at amortised cost amounted to FCFA 2,324.2 billion, representing 62.6% of total liabilities and equity, and an increase of 6.1%, as compared to FCFA 2,190.9 billion as at 31 December 2023. This increase was primarily due to withdrawal from other debts and hybrid debts with CDP Italy in the nine months ended 30 September 2024. As at 31 December 2023, liabilities at amortised cost amounted to FCFA 2,190.9 billion, representing 62.9% of total liabilities and equity, and an increase of 2.6%, as compared to FCFA 2,135.1 billion as at 31 December 2022. This increase was primarily due to withdrawals from debt and hybrid debt with BADEA. As at 31 December 2022, liabilities at amortised cost amounted to FCFA 2,135.1 billion, representing 63.5% of total liabilities and equity, and a decrease of 2.4%, as compared to FCFA 2,188.7 billion (66.5% of total liabilities and equity) as at 31 December 2021. This decrease was primarily due to significant repayments on other debts and debts represented by securities in the regional market.

Interbank debts include investments and deposits made by partner institutions in the Issuer, such as the ROPPA, the AFD and the UEMOA - BONIFICATION. Interbank debts decreased to FCFA 6.7 billion as at 30 September 2024 from FCFA 6.8 billion as at 31 December 2023, which itself decreased from FCFA 7.2 billion as at 31 December 2022 and FCFA 7.6 billion as at 31 December 2021. The decrease in interbank debts during each of these periods was due to the use of WAEMU Commission funds for interest rate subsidies.

The Issuer's borrowings can be categorised into: (i) "debt securities issued", corresponding to outstanding debt securities issued by the Issuer on the international capital markets; and (ii) "other debts", consisting of loans to the Issuer from partners such as the AFD**,** the EIB, the KfW, the AfDB, the OEeB, the China Development Bank, SMBC Bank International plc, Findev, Cassa Depositi e Prestiti (CDP) and the BADEA.

Debt securities issued accounted for 64.2% of all liabilities at amortised cost as at 30 September 2024, as compared to 68.8% as at 31 December 2023, 73.2% as at 31 December 2022 and 70.3% as at 31 December 2021. The decrease in debt securities issued as at 30 September 2024 (FCFA 1,491.6 billion) as compared to as at 31 December 2023 (FCFA 1,507.4 billion) was primarily due to a decrease of the exchange rate over this period. The decrease in debt securities issued as at 31 December 2023 (FCFA 1,507.4 billion) compared to as at 31 December 2022 (FCFA 1,562.5) was primarily due to a decrease of the exchange rate over this period, as well as the reimbursement of the regional market bonds due in 2023. The increase in debt securities issued as at 31 December 2022 (FCFA 1,562.5) compared to as at 31 December 2021 (FCFA 1,539.3) was primarily due to a change in the exchange rate over the period. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—Any future unavailability of access to capital markets and other sources of financing could have a material adverse effect on the Issuer's business, operations and financial condition*".

The table below sets forth the maturity profile of liabilities at amortised cost as at the dates indicated.

	As at 31 December	**As at 30 September**	
	2023	**2024** *(unaudited)*	
	(FCFA millions)		*%*
At most six months	31,106	44,055	2%
More than six months and less than one year	28,531	39,038	2%
More than one year and less than two years	57,360	100,618	4%
More than two years and less than three years	144,378	644,345	28%
More than three years and less than five years	619,842	129,022	6%
More than five years	1,281,076	1,336,765	58%
Sub-Total	**2,162,293**	**2,293,843**	100%
Debts attached to loans and debt securities issued	28,571	30,370	
Sub-Total	**2,190,865**	**2,324,213**	

Total equity includes called-up capital, net of the cost of deferred release of such capital (called-up capital that has not already been paid-in is discounted to take into account the time value of money until the time of payment), share premium and reserves.

Total equity amounted to FCFA 1,249.4 billion (U.S.$2.1 billion), representing 33.7% of total liabilities and equity as at 30 September 2024, as compared to FCFA 1,176.7 billion (U.S.$2.0 billion) (33.8% of total liabilities and equity) as at 31 December 2023, FCFA 1,104.6 billion (U.S.$1.8 billion) (32.9% of total liabilities and equity) as at 31 December 2022 and FCFA 951.0 billion (U.S.$1.6 billion) (28.9% of total liabilities and equity) as at 31 December 2021.

Reserves comprise reserves allocated to development activities, net gains on investments in equity instruments, cashflow hedging reserves, retained earnings, remeasurements of defined benefit liability, net income for the period and other reserves. As at 30 September 2024, reserves were FCFA 871.5 billion, representing 69.8% of total equity, as compared to FCFA 847.9 billion (72.1% of total equity) as at 31 December 2023, FCFA 841.1 billion (76.1% of total equity) as at 31 December 2022 and FCFA 700.5 billion (73.7% of total equity) as at 31 December 2021. The increase in reserves is attributed to BOAD's good results achieved in recent years, which are almost entirely allocated to reserves (BOAD does not distribute dividends). It should be noted that BOAD achieved an exceptional result in 2022 in connection with the granting of a donation by the WAEMU Council of Ministers of FCFA 90 billion from the resources of the new mechanism to strengthen its equity.

Apart from retained earnings, reserves primarily include "reserves allocated to development activities". These were comprised mainly of annual allocations from the WAEMU Member States. This line item also includes funds that existed before the transition to IFRS (*e.g.*, interest subsidy funds and education funds). These funds were established voluntarily by the Issuer to support development activities (*e.g.*, through subsidised interest rates on loans and the financing of studies). Interest subsidies are provided to the Issuer through an historical interest subsidy fund (*Fonds de Bonification d'intérêts*), which is funded by WAEMU Member States on a regular basis. It allows the Issuer to extend loans at very favourable conditions to finance infrastructure projects. With the Issuer's transition to the IFRS in 2010, these development activity reserves are recorded as the Issuer's own resources.

The Interest Subsidy Mechanism established in 2015 is not recorded as part of the Issuer's own resources. See "*—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism*".

Liquidity and Capital Resources

The Issuer finances its activities from its own capital, callable capital from its shareholders, regional and international capital market borrowings and bilateral borrowings from other states or their agencies and instrumentalities. As at 30 September 2024, the Issuer's capital consisted of FCFA 375.3 billion (U.S.$640 million) in paid-in capital. As at 30 September 2024, the Issuer had FCFA 871.5 billion (U.S.$1,487 million) in reserves. As at the same date, the Issuer's funding comprised of borrowings (liabilities at amortised cost) amounted to FCFA 2,324.2 billion (U.S.$3,966 million), consisting of FCFA 193.9 billion (U.S.$330 million) in concessional resources and FCFA 507.8 billion (U.S.$866 million) in market rate loan resources, FCFA 1,491.6 billion (U.S.$2,545 million) in debts attached to loans and debts represented by a security, FCFA 124.2 billion (U.S.$211 million) in hybrid debts and FCFA 6.7 billion (U.S.$11.4 million) in interbank debts.

As at 31 December 2023, the Issuer's capital consisted of FCFA 326.1 billion (U.S.$549 million) in paid-in capital. As at 31 December 2023, the Issuer had FCFA 847.9 billion (U.S.$1445 million) in reserves. As at the same date, the Issuer's funding comprised of borrowings (liabilities at amortised cost) amounted to FCFA 2,190.9 billion (U.S.$3,690 million), consisting of FCFA 206.2 billion (U.S.$347 million) in concessional resources and FCFA 411.0 billion (U.S.$692 million) in market rate loan resources, FCFA 1,507.4 billion (U.S.$2,539 million) in debts attached to loans and debts represented by a security, FCFA 59.4 billion (U.S.$100 million) in hybrid debts and FCFA 6.8 billion (U.S.$11.4 million) in interbank debts. See "*Description of the Issuer—Sources of funding*" for further information on the Issuer's sources of funding.

In accordance with Article 47(4) of the By-laws, the Issuer does not distribute dividends to its shareholders. The Issuer's profits are fully transferred into reserves after clearing previous years' losses, if any. If the Issuer incurs losses, these are carried forward to future years.

Financing and liquidity policy

The Issuer does not take deposits from the private sector. It obtains funding from two main sources:

(1) equity capital (capital, allocations, reserves, capitalised dividends); and

(2) funding from the WAEMU regional and international capital markets or from international entities.

The Issuer is authorised under Article 38 of the By-laws to finance itself by accessing the BCEAO repo facilities, which enable the Issuer to sell its sovereign bond holdings to enhance liquidity. The Issuer is the only supranational other than the EIB that benefits from such a liquidity facility. In addition, the Issuer can use bonds issued by companies, and financial institutions in the WAEMU region as collateral for its refinancing transactions with the BCEAO. Such bonds may only be refinanced if held by the Issuer in its own name. The refinancing of such bonds is effected at interest rates prevailing at the BCEAO refinancing window at the time of the request. The acceptance by the BCEAO of such bonds for refinancing purposes is, in principle, independent of the interest rate of such bonds at their issuance.

Equity allocation policy

In accordance with its equity allocation policy, the Issuer considers that for each loan commitment it makes, there should be a corresponding resource in terms of own funds or borrowed resources. This policy allows the Issuer to draw on its resources for the disbursement of loans, when approved.

Equity capital (paid-in capital, plus reserves) is allocated between commercial and non-commercial activities at the end of each year during the budgeting process. Historically, the Issuer used to allocate 50% of its equity capital to finance the activities of the FDC Window and 50% to finance activities of the Bank Window. However, because of the scarcity of concessional funding, as well as concessional funding needs outside of the FDC Window, all new equity capital is allocated to the FDC Window. The FDE Window is funded by the initial endowment of the Energy Development Fund, which now forms part of the Issuer's capital. See *"Description of the Issuer—Operating and financing models of the Issuer—Operating model*".

The internal rate charged on this allocation is calculated on the weighted average cost of the Issuer's loan resources or interventions through the Bank Window. There is no internal rate charged on the allocation of funds to the FDC Window. This approach was adopted because, unlike institutions such as the AfDB or the World Bank Group, which constantly receive concessional funding, the Issuer has limited access to concessional resources and any decrease in concessional funding could impact the Issuer's ability to provide financing at more preferential interest rates for concessional lending purposes. See "*Description of the Issuer—Operating and financing models of the Issuer—Financing model*".

Liquidity policy

The Issuer's liquidity policy aims to protect the Issuer against the risk of not being able to make payments when due, after taking into consideration its liquid portfolio. This policy ensures that there remains a liquidity buffer for banking or administrative operations, as well as for debt servicing.

The Issuer's policy is to hold liquid assets equivalent to at least nine to 12 months' worth of net loan disbursements (disbursements, minus principal repayments where the Issuer is acting as lender), plus nine- to 12-months' worth of debt repayments (where the Issuer is acting as borrower).

BOAD's global treasury position amounted to FCFA 1,068 billion (U.S.$1.8 billion) as at 30 September 2024 equivalent to 22 months' worth of net loan disbursements, compared to FCFA 745 billion (U.S.$1.3 billion) equivalent to 25 months' worth of net loan disbursements as at 31 December 2023 and FCFA 618 billion (U.S.$1.0 billion) equivalent to 21 months' worth of net loan disbursements as at 31 December 2022 and FCFA 629 billion (U.S.$1.1 billion) equivalent to 22 months' worth of net loan disbursements as at 31 December 2021. As part of its liquidity policy, the Issuer can refinance loans with the BCEAO to obtain funding from the BCEAO (although this facility has not been used to date). It can also make deposits with other financial institutions, draw on the credit facilities negotiated with donors, or issue bonds eligible for refinancing operations with the BCEAO.

Cash investment policy

The Issuer's policy is to hold one-quarter of its overall cash funds at the BCEAO, and invest the remaining three-quarters in interbank loans with commercial banks and affiliates of banking groups in the WAEMU region and in debt securities issued by the WAEMU Member States or financial institutions and companies operating in the WAEMU Member States. These investment transactions are governed by the guidelines on market and treasury management operations that set the Issuer's exposure limits per transaction and per counterparty. See "*Risk Management—Intervention and commitment limits*".

As at the date of this Offering Circular, the only counterparties rated were Benin (rated B1 by Moody's, BB- by S&P and B+ by Fitch), Burkina Faso (rated CCC+ by S&P), Côte d'Ivoire (rated Ba2 by Moody's, BB by S&P and BB- by Fitch), Mali (rated Caa2 by Moody's), Niger (Caa3 by Moody's'), Senegal (rated B1 by Moody's and B+ by S&P) and Togo (rated B3 by Moody's and B by S&P).

Debt policy

Pursuant to the Policy Statement, the outstanding debt of the Issuer is limited to an equivalent of three times its equity capital (*i.e.,* paid-in capital, additional capital plus reserves). See "*Description of the Issuer—Operating and financing models of the Issuer—Financing model*" and "*Description of the Issuer—Sources of funding*" for further information on the Issuer's borrowing policy.

Loan portfolio - outstanding loans

The tables below set out a summary of outstanding loans (including loans granted through the FDE Window) and provisions for non-performing loans as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions, except where indicated)			
Gross outstanding loans (a)	2,417,284	2,516,414	2,546,079	2,440,876
Provisions for non-performing loans (b)	58,832	59,903	56,418	54,492
Gross outstanding loans net of provisions for non-performing loans (c) = (a) – (b)	**2,358,452**	**2,456,511**	**2,489,661**	**2,386,384**
Provisions for non-performing loans/gross outstanding loans *(%) (d) = (b)/(a)*	2.4%	2.4%	2.2%	2.2%

For more details on gross outstanding loans by window of activity and for net outstanding loans (calculated as gross outstanding loans minus provisions for both performing and non-performing loans), see "*Description of the Issuer— Operating and financing models of the Issuer— Operating model*" and "*Description of the Issuer—Overall portfolio— Outstanding loans*".

Total gross outstanding loans net of provisions for non-performing loans decreased by 4.1% to FCFA 2,386.4 billion (U.S.$4,073.09 million) as at 30 September 2024 from FCFA 2,489.7 billion (U.S.$4,193.96 million) as at 31 December 2023, having increased by 1.35% from FCFA 2,456.5 billion (U.S.$3,994.33 million) as at 31 December 2022 and by 4.2% from FCFA 2,358.5 billion (U.S.$4,072.19 million) as at 31 December 2021.

Gross outstanding loans as at 31 December 2021 included FCFA 138,479 million corresponding to the market value of FDE Window loans granted to WAEMU Member States, which were acquired by the Issuer as a result of the 31 December 2014 decision of the WAEMU Council of Ministers to transfer the FDE's initial endowment of FCFA 250 billion (U.S.$426.7 million) to the Issuer, which was integrated into the Issuer's equity. As at 30 September 2024, the assets corresponding to this initial capital endowment of the FDE, comprising outstanding loans and off-balance sheet commitments amounted to FCFA 120.7 billion (U.S.$206.0 million) and FCFA 42.9 billion (U.S.$73.2 million), respectively. As at 31 December 2023, the assets corresponding to this initial capital endowment of the FDE, comprising outstanding loans and off-balance sheet commitments amounted to FCFA 126.8 billion (U.S.$213.6 million) and FCFA 44.7 billion (U.S.$75.3 million), respectively. As at 31 December 2022, the assets corresponding to this initial capital endowment of the FDE, comprising outstanding loans and off-balance sheet commitments, amounted to FCFA 133.0 billion (U.S.$216.3 million) and FCFA 48.9 billion (U.S.$79.5 million), respectively. As at 31 December 2021, the assets corresponding to this initial capital endowment of the FDE, comprising outstanding loans and off-balance sheet commitments, amounted to FCFA 138.5 billion (€211.1 million) and FCFA 53.8 billion (U.S.$92.9 million), respectively.

As at 30 September 2024, loans to WAEMU Member States amounted to FCFA 1,836 billion (U.S.$3,133.7 million), representing 75.2% of gross outstanding loans (FCFA 2,440.9 billion (U.S.$4,166.1 million)) and 76.9% of gross outstanding loans net of provisions for non-performing loans (FCFA 2,386.4 (U.S.$4,073.1 million)). These include FCFA 1,088 billion (U.S.$1,857.0 million) in loans granted through the FDC Window, FCFA 121 billion (U.S.$206.5 million) in loans granted through the FDE Window and FCFA 1,232 billion (U.S.$2,102.8 million) in loans granted through the Bank Window known as "market rate sovereign loans".

As at 31 December 2023, loans to WAEMU Member States amounted to FCFA 1,913 billion (U.S.$3,222.6 million), representing 75.4% of gross outstanding loans (FCFA 2,546.1 billion (U.S.$4,289.0 million)) and 76.8 % of gross outstanding loans net of provisions for non-performing loans (FCFA 2,489.7 (U.S.$4,194.0 million)). These include FCFA 1,094 billion (U.S.$1,842.9 million) in loans granted through the FDC Window, FCFA 127 billion (U.S.$213.9 million) in loans granted through the FDE Window and FCFA 1,325 billion (U.S.$2,232.0 million) in loans granted through the Bank Window known as "market rate sovereign loans".

As at 31 December 2022, loans to WAEMU Member States amounted to FCFA 1,819 billion (U.S.$2,957.7 million), representing 72.3% of gross outstanding loans (FCFA 2,516.4 billion (U.S.$4,091.7 million)) and 74% of gross outstanding loans net of provisions for non-performing loans (FCFA 2,456.5 (U.S.$3,994.3 million)). These include FCFA

1,072 billion (U.S.$1,743.1 million) in loans granted through the FDC Window, FCFA 133 billion (U.S.$216.3 million) in loans granted through the FDE Window and FCFA 1,311 billion (U.S.$2,131.7 million) in loans granted through the Bank Window known as "market rate sovereign loans".

As at 31 December 2021, loans to WAEMU Member States amounted to FCFA 1,728.1 billion (U.S.$2,983.8 million), representing 71.5% of gross outstanding loans (FCFA 2,417 billion (U.S.$4,173.3 million)) and 73.3% of gross outstanding loans net of provisions for non-performing loans (FCFA 2,358 billion (U.S.$4,071.4 million)). These include FCFA 1,044 billion (U.S.$1,082.6 million) in loans granted through the FDC Window, FCFA 138.5 billion (U.S.$239.1 million) in loans granted through the FDE Window and FCFA 1,235 billion (U.S.$2,132.4 million) in loans granted through the Bank Window known as "market rate sovereign loans".

Following the implementation of IFRS 9, since 1 January 2018, provisions for non-performing loans are able to be recorded in respect of loans to WAEMU Member States, although no such provisions have yet been so recorded. Previous loan repayments by all of the WAEMU Member States have been satisfactory (i.e., none has defaulted in any payment for a period of more than six months) due to the fact that the Issuer has historically benefited from *de facto* "preferred creditor status" by the WAEMU Member States and no loan to any WAEMU Member State has been classified as a bad debt in the Issuer's accounts. See "*Risk Management—Credit sanctions policy*" and "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—While the Issuer believes that it has historically benefited from de facto "preferred creditor status" from each of the WAEMU Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations*".

Net outstanding Bank Window loans represented 50,5%, 52.0%, 52.1% and 51.1% of the Issuer's gross outstanding loans as at 30 September 2024 and 31 December 2023, 2022 and 2021, respectively.

The table below sets forth the maturity profile of the Issuer's gross outstanding loans as at the dates indicated.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024** *(unaudited)*
	(FCFA millions)			
At most six months	158,253	154,133	135,422	141,658
More than six months and less than one year	132,355	159,847	170,643	172,538
More than one year and less than two years	273,001	304,817	309,744	310,725
More than two years and less than three years	274,303	297,699	296,256	289,762
More than three years and less than five years	495,989	493,563	489,378	487,971
More than five years	1,083,384	1,106,354	1,144,636	1,038,222
Technical outstanding receivables	0	0	0	0
Total gross outstanding loans	**2,417,284**	**2,516,414**	**2,546,079**	**2,440,876**

As noted above, most of the Issuer's loans are amortising loans, with varying principal repayment grace periods.

Provisions for non-performing loans

The Issuer records a provision for non-performing loans based on both individual and collective evaluations of non-performing loans. See Note 5.2.3 to the 2023 Financial Statements and Note 5.2.3 to the 2022 Financial Statements.

The table below sets forth the rate of provisioning for non-performing loans, as well as the provisions for non-performing loans recorded on the Issuer's loan portfolio as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions, except where indicated)			
Non-performing loans (1)	70,701	73,422	67,192	57,992
Gross outstanding loans (2)	2,417,284	2,516,414	2,546,079	2,440,876
Outstanding FDC + FDE loans (3)	1,182,759	1,205,369	1,221,101	1,209,026
Outstanding commercial portfolio (4) = (2) - (3)	1,234,525	1,311,075	1,324,978	1,231,849
Percentage of non-performing loans (5) = (1) / (2)	2.9%	2.9%	2.6%	2.4%
Provisions for non-performing loans (6)	(58,832)	(59,903)	(56,418)	(54,492)
Provisioning rate (7) = (6) / (1)	(83.21)%	(81.59)%	(83.97)%	(93.96)%

Outstanding non-performing loans increased by 3.8% in 2022, before decreasing by 8.5% and 13.7% in 2023 and in the nine-month period ended 30 September 2024, respectively, due to the repayment from customers on certain non-performing loans, while the commercial loan portfolio (*i.e.*, loans granted to state-owned enterprises, private companies and banks and financial institutions; only commercial loans may be deemed non-performing) increased by 6.2% in 2022 and by 11% in 2023, before decreasing by 7% in the nine-month period ended 30 September 2024. As a result, outstanding non-performing loans represented 2.4% of the gross outstanding loans as at 30 September 2024, as compared to 2.6% as at 31 December 2023, 2.9% as at 31 December 2022 and 2.9% as at 31 December 2021.

Provisions increased by 1.8% in 2022, before decreasing by 5.8% and 3.4% in 2023 and in the nine-month period ended 30 September 2024, respectively, due to repayment on certain non-performing loans. The Issuer's provisioning rate has increased from 83.2% as at 31 December 2021 to 94.0% as at 30 September 2024. This increase was primarily due to the removal of overdue debt guaranteed at 35.0%, which was not subject to provisions. In 2021, the Issuer introduced changes to the methodology used to assign ratings to its sovereign counterparties (to align with ratings provided by the international ratings agencies), in order to better take into account the effect of the COVID-19 pandemic, as well as macro-economic conditions in the WAEMU region. See "*Risk Management*".

In addition, non-performing loans coverage was stable at 100.0% since 31 December 2021, reflecting the proactive risk management policy of the Issuer including the provisions of non-performing loans and the external insurance transactions.

In relation to guarantees, no specific provision has been made since 2010. Such provisions have only been made with respect to the Issuer's commercial activity.

Apart from the increased selectivity of projects submitted to the Issuer for funding and close monitoring of funded operations, measures have been taken by the Issuer to further reduce the number of overdue debts. These measures include: (i) the possible transfer of overdue commercial public sector debts to the relevant WAEMU Member State on a case by case basis; and (ii) the involvement of the Board of Directors in debt recovery. In the case of (i), if the relevant WAEMU Member State honours the payment obligation in respect of the transferred debt following such transfer, relevant provisions previously recorded are cancelled. In accordance with the Issuer's policy for provision of loans, provisions continue to be recorded in relation to commercial public sector debts as required by the policy.

Non-performing loans and write-back of provisions

The Issuer has applied IFRS 9 since 1 January 2018. IFRS 9 introduced a new model for recognising impairments in financial assets, based on expected credit losses ("**ECL**"). This new model applies to portfolio debt instruments valued at a depreciated cost or in fair value per recyclable equity. In IFRS 9, it is no longer necessary or possible to wait for a generating event to occur to find a depreciation as was the case under IAS 39 ("incurred loss"). Improvements made by IFRS 9 include, among other things, a single, forward-looking impairment model based on ECL and a "bucket" phase approach (*i.e.,* healthy, significant degradation and failing). The allocation of a financial instrument to each bucket is based on whether or not there has been a significant increase in its credit risk since its initial accounting.

The Issuer carries out the classification of a loan or security within a bucket according to the following criteria:

- **Stage 1** ("healthy portfolio"): financial assets considered as performing loans with no credit downgrading or downgrading of credit risk by one notch since their initial recognition;

- **Stage 2** ("portfolio with significant deterioration in credit risk"): financial assets whose credit risk shows a downgrading by at least two notches since the initial recognition or whose rating is lower than the "Gs5" sensitivity limit in the case of the Issuer. Restructured loans are classified in Bucket 2 with at least the rate Gs6 during the 18 months following their restructuring. "Gs" means "sub-investment rating grade" and corresponds to a risk level higher than that of "investment rating grade"; and

- **Stage 3** ("default portfolio"): financial assets with more than 90-day unpaid instalments or whose credit risk downgrading is such that there is incurred loss. The provision is individual and remains unchanged from the practice under IAS 39.

The amount of impairment and the basis for applying the effective interest rate depends on the bucket in which the financial asset is classified and relates to the difference between the asset's book value (exposure) and the value of expected future cashflows discounted at the effective interest rate of the asset at the time of initial accounting. See Note 2.8.2.2 to the 2023 Financial Statements and 2.8.2.4 to the 2022 Financial Statements.

Other than the one-time settlement of arrears of Niger by the WAEMU Commission in 2000, previous loan repayments by all of the WAEMU Member States have been satisfactory, in that no non-commercial loan has been classified as a bad debt in the Issuer's accounts. In 2017, several loans (in an aggregate amount of FCFA 11 billion) granted by the Issuer to Guinea Bissau were rescheduled over an eight-year period due to financial difficulties, with such rescheduling occurring prior to the loans being declared to be in default. The long tradition of relationships with the Issuer's debtor states, and the Issuer's *de facto* status as a preferred creditor, have historically assisted the Issuer in recovering loans from WAEMU Member States. Sanctions have been imposed by the Issuer only in very rare cases to WAEMU Member States that had historically repaid loans on time but which, due to a political, economic crisis or administrative bottlenecks, failed to repay a particular loan on time.

Non-performing loans amounted to FCFA 58 billion as at 30 September 2024, as compared to FCFA 67.2 billion as at 31 December 2023, FCFA 73.4 billion as at 31 December 2022 and FCFA 70.7 billion as at 31 December 2021. All non-performing loans are loans to the commercial sector.

Net value of equity securities

The table below sets forth the net value of equity securities as at the dates indicated.

	As at 31 December			As at 30 September
	2021	**2022**	**2023**	**2024**
	(FCFA millions)			
Gross outstanding of equity investments as at 1 January of the relevant year	93,888	96,539	95,885	98,979
Increases	4,025	1,265	18,364	5,247
Decreases	(1,374)	(1,919)	(15,271)	(178)
Gross outstanding of equity investments	**96,539**	**95,885**	**98,979**	**104,048**
Gains/losses of equity investments designated at fair value through OCI non-recyclable	39,662	48,045	58,152	43,562
Gains/losses of sold equity investments designated at fair value through OCI non-recyclable	1,960	2,509	2,666	2,972
Net outstanding of equity investments	**138,161**	**146,440**	**159,796**	**150,582**

See Note 6 to the Condensed Interim Financial Information, the 2023 Financial Statements and the 2022 Financial Statements.

Undrawn commitments

The tables below set forth the Issuer's undrawn commitments as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions)			
Commitments received				
Loan commitments to be drawn	185,880	190,318	349,541	165,751
Guarantees received from regional funds	27,651	18,972	12,562	10,088
Guarantees received from international insurers	-	24,182	301,980	336,084
Total	**213,531**	233,473	664,083	**511,923**

	As at 31 December			As at 30 September 2024
	2021	2022	2023	*(unaudited)*
	(FCFA millions)			
Commitments given				
Loan commitments	1,764,044	1,866,246	2,275,474	2,644,791
Advances on development studies	20,892	24,066	30,026	31,888
Commitments for equity participations	55,264	54,198	60,745	72,440
Securities and other guarantees	10,000	25,000	40,000	25,000
Credit insurance premiums payable	5,903	4,978	22,708	22,595
Total	**1,856,102**	**1,974,488**	**2,428,953**	**2,796,714**

Undrawn commitments are recorded as off-balance sheet items in the Financial Statements.

Off-balance sheet commitments received correspond to undrawn credit lines provided by financial partners. Off-balance sheet commitments received comprise funding agreements extended to the Issuer by foreign lenders, which remained undrawn by the Issuer as at the dates indicated, and the guarantees received from the regional funds for loans extended by the Issuer to borrowers. The issuer covers the credit risk of part of its outstanding loans through insurance policies signed with international insurers. Loan commitments given by the Issuer include financing agreements, the disbursement of which is subject to certain conditions precedent or awaiting receipt of the drawing request from the borrower. Commitments in equity participations relate to the Issuer's subscription in the capital of companies (where the Issuer's subscriptions to capital are not yet paid). See Note 18 to the Condensed Interim Financial Information, Note 24 to the 2023 Financial Statements and Note 24 to the 2022 Financial Statements.

The decrease in commitments received on loan commitments to be drawn as at 30 September 2024, as compared to 31 December 2023, was in particular due to the volume of drawings made by the Bank during the financial year 2024. The Issuer has developed a model for off-balance sheet guarantees that allows it to run frequent simulations of drawings of undrawn commitments. This model takes into account off-balance sheet assets to assess and manage liquidity risk.

Critical Accounting Policies

The discussion and analysis of the Issuer's results of operations and financial condition are based on the Financial Statements, which have been prepared in accordance with IFRS as issued by the IASB. The preparation of these Financial Statements requires management to apply accounting methods and policies that are based on difficult or subjective judgments, estimates and assumptions that were determined to be reasonable based on circumstances at the time. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the statement of financial position date and the reported amounts of income and expenses during the reporting period. The resulting accounting estimates could differ from the related actual results. All assumptions, expectations and forecasts used as a basis for certain estimates within the Financial Statements represent good-faith assessments of the Issuer's future performance for which management believes there is a reasonable basis. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key judgments

The Issuer's accounting policy requires that assets and liabilities be recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and evaluation of financial assets in accordance with IFRS 9 (loans and receivables, equity investments and investment portfolio).

Key estimates

Assessing the impairment of loans and advances to customers: the determination of input parameters in the ECL valuation model requires judgements. These parameters refer to default probabilities, the consideration of key assumptions in the estimation of recoverable cash flows (e.g. conversion factors to credit equivalents) and the exposure at default.

Assessing the fair value of equity investments: at each reporting date, the Issuer reviews its equity portfolio to assess its fair value based on financial information or stock prices available and estimates changes in fair value.

Assessing fair value of financial derivatives: at each reporting date, the Issuer contracts a specialist to assess the fair value of hedging instruments put in place to protect itself against currency risk on loans contracted in SDRs and U.S. Dollars.

Assessing obligations linked to defined benefit pension plans: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Issuer determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations.

See Note 2.3 to the Condensed Interim Financial Information, Note 2.5 to the 2023 Financial Statements and Note 2.5 to the 2022 Financial Statements.

See "*Presentation of Financial and Certain Other Information—Financial Statements*" for a description of key audit matters and other matters relating to the Financial Statements.

RISK MANAGEMENT

The Issuer, being a supranational financial institution, is not subject to any regulatory supervision, including by any national body or by the *Commission bancaire de l'Union monétaire Ouest Africaine*. The conduct of its operations is vested with the Board of Directors, which closely monitors directly or through its Audit Committee the Issuer's performance, risk profile and capital adequacy.

The Issuer has adopted and implemented procedures and processes to quantify, monitor and manage its measurable risks (credit risk, market risk, liquidity risk and operational risk) adapted to its activities, its means and its organisation, and has integrated these procedures and processes into its internal management controls. Management monitors the principal risks through specific committees, including, among others, the Commitments Committee, the ALM Committee and the Credit Committee. See "*Management and Governance*".

Lending risk management covers lending risks, financial risks, operational risks and other legal and due diligence risks. In connection with such risk management, the Issuer has undertaken risk mapping since 2013.

Risk Appetite Statement

In December 2020, the Council of Ministers approved a new risk appetite policy statement ("**Risk Appetite Statement**") in accordance with the 2021-2025 Strategic Plan. The Risk Appetite Statement sets forth the level and type of risks the Issuer is prepared to accept, or avoid, in order to meet its strategic targets. The Risk Appetite Statement includes an agreed set of key risk indicators with their acceptable, tolerated and capacity levels; any deterioration in a key risk indicator from the relevant tolerance level is to be brought to the attention of the Board of Directors.

The Risk Appetite Statement sets out the additional forecasting of potential risks posed to counterparties and a new approach to the ratings of such counterparties. The Risk Appetite Statement further emphasises the Issuer's focus on credit risk management. By adhering to its overall stated risk appetite, the Issuer aims to maintain solid credit quality, stable results, as well as the capital and liquidity necessary to maintain its investment grade credit rating. The Issuer's risk management framework is based on a set of limits and thresholds that cover the Issuer's rating, capital adequacy, allocation and capital consumption, as well as portfolio concentration levels and liquidity.

Lending Policies and Procedures

Project cycle and commitment and risk management unit

The Issuer's project cycle includes several review and selection phases carried out by the CAG and the Commitments Committee. Key phases of investigation and supervision of an investment project include identification, initial review, portfolio entry, assessment, negotiations, signing of a financing agreement, project implementation and ex-post evaluation. Risks are identified throughout the cycle, following an iterative process. This cycle allows for a shared vision with the project sponsor on project execution, as well as constant monitoring of the operation being financed. In addition, it allows the Issuer to review the lessons learned and to integrate them into its process for future investments.

Project identification

Each project proposal is submitted to the Issuer, whether at its headquarters or one of the Resident Missions, by the borrower or project sponsor. The Issuer may itself also identify a project in the course of an exploratory mission, in connection with which teams are sent on site to meet with promoters and lenders to investigate projects requiring financing.

Initial review

The actual preparatory inquiry into an investment project by the Issuer starts with the receipt of a formal request for funding accompanied by a dossier containing all relevant information relating to the project.

The team responsible for the appraisal of non-commercial and public sector projects then prepares a preliminary memorandum, highlighting the strengths and weaknesses of the project and other key information (name and registered office, promoter, organisation and management of the project, cost and financing plan, analysing the financial position and project profitability, setting out any outstanding or follow-up issues, *etc*.). The approval of the memorandum by the relevant department concerned precedes portfolio entry of the project.

With regard to loan applications from the private sector, an anti-money laundering/terrorism financing/bribery file is prepared and submitted to the CAG, along with the project briefing. The CAG then decides on whether or not to review the request, taking into account the opinion of the relevant Resident Mission on the project, if such request was generated by the relevant Resident Mission.

Portfolio entry

After reviewing the portfolio entry file submitted by the department handling the request, the Commitments Committee will make recommendations to the Office of the President to either accept or reject the project. In addition to the review of portfolio entry files, the Commitments Committee is also responsible for reviewing loan-commitment related policies, rules or procedures and other documents to be submitted to the Issuer's Board of Directors and committees. The Commitments Committee is chaired by the Special Advisor to the President and has representatives from the risk, finance, operations, legal affairs, compliance, strategy, commitments, and resource mobilisation and planning departments. The Commitments Committee meets on an *ad hoc* basis, as and when required.

Project evaluation

A multidisciplinary team set up by the Issuer carries out project evaluation. The evaluation report is then reviewed by the relevant department and by the Commitments Committee, which will either recommend the continuation, suspension or rejection of the evaluation of the project proposal. During the review of the project evaluation report, the Commitments Committee takes note of a second opinion of the risk management unit based on its rating at the commencement of operation. See "*—Unit in charge of commitments and risk" and "—Risk assessment and credit rating system of the Issuer*" below.

Financing negotiation and decision

The preparatory inquiry into a financing request continues to the next stage, which includes the negotiation of the financing and other contents relating to the project between the promoter and the Issuer.

As discussed below, the decision whether or not to finance the project is then taken by the Board of Directors (which meets every three months) or the Credit Committee (in the case of a project requiring more urgent approval). See "*Management and Governance—Governance Structure—Bodies of the Issuer*".

Disbursements

After the signing of the relevant loan and/or other agreements, disbursements to finance a project are made when the loan conditions have been met and a non-objection certificate has been issued by the Issuer regarding the relevant project. Such non-objection certificate relates to certain structural conditions of the project having been met, as confirmed by the relevant project participants. On the basis of this confirmation, the Issuer issues the related non-objection certificate.

Supervision and monitoring-evaluation of project outcomes

The project implementation phase includes periodic supervision of the technical, financial and environmental aspects of the project.

Upon completion of the project, and within an average of six months from the date of completion or notice of final disbursement of the loan, the Issuer is required to prepare a project completion report.

The Issuer then carries out monitoring and evaluation of the project at various stages of the project cycle, including the establishment of benchmarks of various indicators (based on visits to the project sites, a review of calls for bids, problems encountered by the project sponsor, *etc*.) that will be regularly updated.

The project performance audit, which is the final stage in the project cycle, examines the impact of the outcomes and other project objectives and draws lessons for future project investments. This is usually done two to three years after project completion or after final disbursement.

Unit in charge of risk

The general organisation is based on a lending process, which separates commercial business lines handled by the Issuer's project finance directorates, from commitment lines handled by the CDR.

The unit responsible for risks issues an independent opinion ("second opinion") on all proposals submitted to the Board of Directors, thus contributing to an informed selection of investments to be financed by the Issuer. This unit is an independent entity and is separate from the CDR. It develops and periodically updates policies and processes for the management of lending, market and operational risks and supervises their implementation. The unit also contributes to the implementation of procedures for the recovery of impaired assets.

Sustainability Bond Framework

The Issuer has developed a Sustainability Bond Framework (see "*Use of Proceeds*" and "*Description of the Issuer—Environmental, Social and Governance—Sustainability Bond Framework*"). The identification and selection of Eligible Green and/or Social Projects for allocation of net proceeds of bonds issued under the Sustainability Bond Framework is embedded into the Issuer's project cycle and decision-making procedures described above.

Intervention and commitment limits

The Issuer is not subject to any prudential or other regulation of any national or supranational body. The Board of Directors approves all funding requests regardless of the amount requested, while ensuring that it remains within the Issuer's financing limits. The Credit Committee is, however, mandated to approve requests from the private sector that do not exceed FCFA 5 billion (U.S.$7.9 million), if such financing requests are considered urgent. See "*Management and Governance—Governance structure—Bodies of the Issuer*". It is also expected that the minimum tax-exclusive cost of a project seeking direct funding from the Issuer should be FCFA 3 billion (U.S.$4.8 million).

Exposure limits

The Issuer's operating limits are set out in the Issuer's Risk Appetite Statement, which specifies the level and type of risk that the Issuer is ready to accept or, on the contrary, avoid in order to achieve its strategic objectives. The Issuer pays particular attention to the essential management of credit risk, a risk to which it is exposed, and allocates a large proportion of its own funds to it to cover the related unexpected losses. See "*—Risk Appetite Statement*".

The Issuer's exposures are subject to a framework based on a transversal system of limits taking into account, in particular, the allocated rating, the allocation of own funds, the level of consumption of economic capital, the concentration (geographic, sector, group/related parties) of the portfolio and liquidity. This system is also based on the establishment of different thresholds, the crossing of which leads to the implementation of corrective actions at different levels and a possible feedback of information to the relevant bodies with action plans to realign to the risk appetite limits. While there has been no amendment to the defined limits to date as a result of recent geopolitical events, such impact is indirectly already factored in as such events may impact the Issuer's allocated rating. In 2021, and in order to reflect macro-economic and socio-political events in its markets of operations, the Issuer amended its rating evaluation method for WAEMU Member States by applying the ratings used by the international ratings agencies. Changes to the rating allocated to a counterparty impact the proportion of own funds that can be allocated.

The Risk Appetite Statement includes the following exposure limits:

- *Use of risk capital allocated to operations:* (90% of the Issuer's effective equity, of which 75% for loans and 15% for equity investments) and levels as at 30 September 2024 were 28.37%, including 19.47% for credit risk and 8.90% for equity investments.

- *Limits per country and per state:* For a country (all operations and all borrowers combined), the limit is set at 25% of the Issuer's total risk capital allocated to operations, with an appetite threshold of 20%. In the case of a single state, the limit is 5% of the Issuer's total risk capital allocated to operations, with an appetite threshold of 4%. The level of consumption of risk capital allocated, as well as the utilisation rates of these limits as at 30 September 2024 are as follows:

	All Countries (Global Basis)			Single State		
	Limit	Risk Capital Allocated	Utilisation Rate	Limit	Risk Capital Allocated	Utilisation Rate
Benin	25.0%	2.2%	8.8%	5.00%	0.3%	6.3%
Burkina Faso	25.0%	1.8%	7.2%	5.00%	0.3%	6.3%
Cote d'Ivoire	25.0%	8.9%	35.6%	5.00%	0.4%	7.3%
Guinea Bissau	25.0%	0.3%	1.0%	5.00%	0.2%	3.9%
Mali	25.0%	1.4%	5.7%	5.00%	0.3%	6.7%
Niger	25.0%	0.9%	3.4%	5.00%	0.2%	4.8%
Senegal	25.0%	4.3%	17.4%	5.00%	0.5%	10.5%
Togo	25.0%	8.2%	32.8%	5.00%	0.3%	5.6%

- *Limit per sector:* The level of allocated risk capital consumption, as well as the utilisation rate of the limit, by section, as at 30 September 2024 is set out in the following table:

	Limit	Risk Capital Allocated	Utilisation Rate
Sector			
Energy, water and information and communication technologies	15.00%	2.9%	19.6%
Transport, town planning and environment	10.00%	3.9%	39.2%
Finance and insurance	25.00%	18.7%	75.0%
Other sectors	10.00%	3.1%	31.0%

- *Limit per counterparty category:* The level of allocated risk capital consumption, as well as the utilisation rate of the limit, by counterparty category, as at 30 September 2024 is set out in the following table:

	Limit	Risk Capital Allocated	Utilisation Rate
Counterparty category			
Sovereigns (40% of total risk capital allocated to operations)	40.0%	2.8%	7.1%
Public enterprises (10% of total risk capital allocated to operations)	10.0%	2.0%	20.1%
Private enterprises (25% of total risk capital allocated to operations)	25.0%	9.5%	38.1%
Banks and financial institutions (25% of total risk capital allocated to operations)	25.0%	16.6%	66.3%

See also Note 20 to the 2023 Financial Statements.

Credit sanctions policy

Upon entry into force of a loan agreement, a provisional loan amortisation schedule is communicated to the borrower. About a month before each scheduled payment date, a reminder is sent to the borrower with a copy sent to the Issuer's Resident Mission in the relevant country of the borrower to ensure close monitoring of the actual payment. If there is any payment default by the borrower, reminders are sent and, if all attempts to obtain payment are unsuccessful within three months, the Issuer's sanctions policy will be applied.

The type of sanction applied depends on whether the loan was granted to, or guaranteed by, a WAEMU Member State or granted to a commercial entity.

For loans granted to, or guaranteed by, a WAEMU Member State, the sanctions policy stipulates that a formal demand for performance be sent two months after the due date. The relevant WAEMU Member State is given a three-month grace period during which payment can be made without incurring late payment fees; however, it is also notified that if repayment is not made, the Issuer will discontinue funding any project within the relevant WAEMU Member State.

Any further disbursements will then be suspended on unpaid loans three months after the default, and financing of the entire project will be stopped four months after the default. As from the fifth month after the default, no new loan requests from the defaulting WAEMU Member State will be accepted by the Board of Directors and, after six months, all financing

operations requiring approval of new loans to the WAEMU Member State, or to a third party with the benefit of sovereign guarantee from such State, are suspended.

These sanctions are seen by the Issuer as a powerful deterrent, strongly encouraging WAEMU Member States to honour their commitments.

Previous loan repayments by all of the WAEMU Member States have been satisfactory, in that no non-commercial loan has been classified as a bad debt in the Issuer's accounts, other than, in 2000, where the WAEMU Commission exceptionally settled arrears owed to the Issuer by Niger. The long tradition of relationships with the Issuer's debtor states, and the Issuer's *de facto* status as a preferred creditor, have historically assisted the Issuer in recovering loans from WAEMU Member States. Sanctions have been imposed by the Issuer only in very rare cases to WAEMU Member States that had historically repaid loans on time but which, due to a political, economic crisis or administrative bottlenecks, failed to repay a particular loan on time.

Following successive coups in Mali (in August 2020 and in May 2021), Burkina Faso (in September 2022) and Niger (in July 2023), new military regimes took over and were subsequently sanctioned by ECOWAS. During the period that Mali and Niger were subject to economic sanctions, the Issuer was temporarily unable to collect payments from the sovereign or any of its corporate borrowers in these countries (Burkina Faso, which was only subject to political sanctions, was not affected). See "*Description of the Issuer—Recent Developments— Developments in Mali, Burkina Faso and Niger and End of Economic Sanctions"* and "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships."*

In the case of commercial sector loans, the notice for performance is issued two months after the due date for the payment of principal and interest. Any further disbursements are then suspended three months after the default, after which the process of enforcing any security may begin after prior notice has been issued.

Risk assessment and credit rating system of the Issuer

The Issuer has established a risk rating system to ensure regular monitoring of projects in the commercial sector. The process of internal rating of commercial projects was adopted in 2002 and reviewed in 2010. Before 2018, sovereign counterparties were not rated due to the historical prompt settlement by WAEMU Member States (which have historically conferred on the Issuer a *de facto* "preferred creditor status"). Since 2018, the Issuer has also adopted a new internal rating model, with different models for sovereign debtors and private debtors and specific models for project finance, and private equity (corporates and banks).

In 2021, the Issuer introduced changes to the methodology used to assign ratings to its sovereign counterparties (to align with ratings provided by the international ratings agencies), in order to better take into account the effect of the COVID-19 pandemic, as well as macro-economic conditions in the WAEMU region.

See "*Risk Factors—Risk Factors relating to the Issuer and the Issuer and the jurisdictions in which it operates—While the Issuer believes that it has historically benefited from de facto "preferred creditor status" from each of the WAEMU Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations*".

Under IFRS standards, provisions are made only when there is evidence showing doubtful debt recovery. As a result, it has not been necessary to take provisions on loans to, or bearing a sovereign guarantee by, one of the WAEMU Member States.

Procedures for managing non-performing loans

Key considerations in this area include:

- any debt in arrears longer than three months from the due date is considered a downgrade debt to be written down and provisions in respect of such a loan are recorded; and

- any debt rated below Gs5 (from Gs6 to Gs10) is considered Stage 2 according to the GEMs PD Rating scale and any debt rated Gs7 are placed on a watch list.

Such provisioning is consistent with the "fair value" concept prescribed under IFRS, which requires a debt to be written down and provisioned where the Issuer considers that part of the debt cannot be recovered even if there has been no actual default.

The Issuer has an internal policy with respect to the recovery of arrears that was approved by the Board of Directors. The Head of the Resident Mission in the country concerned also meets with the promoter as part of the recovery attempt, if necessary. See "*—Credit sanctions policy*".

A committee for management of projects in difficulty is chaired by the President of the Issuer or his delegate, and meets quarterly to take decisions about each outstanding debt.

Supervisory missions carried out frequently by the Issuer have made it possible for the Issuer to meet promoters and find solutions in defaulting debt scenarios. Amicable recovery and restructuring are conducted in consultation with the CDR, which is responsible for monitoring the Issuer's loan portfolio. When all amicable means of recovery have been exhausted, the case is referred to the Issuer's Legal Affairs Department.

The procedures incumbent upon the Legal Affairs Department in charge of litigation, are contained in the manual for monitoring and collecting defaulted debts and loan restructuring. These include:

- receiving the pre-litigation files submitted by the Portfolio Department;
- drafting and sending a reminder followed by a formal notice to the defaulting borrower;
- managing relations with the guarantor or surety, if any;
- taking steps for the judicial recovery of debts, in case all other attempts fail; and
- enforcing and monitoring the process of realising the collateral security provided to the Issuer, if any.

If negotiations concern a restructured loan and if the terms of the restructuring are met, the case is forwarded to the appropriate unit and the relevant commitments and risks committees.

Loans are written off after all amicable and/or legal channels have been exhausted (and when all collateral securities (if any) have been realised.)

Non-performing loans and provisioning policy

Following the adoption of IAS/IFRS financial reporting standards by the Issuer in 2010 and IFRS 9 in 2018, all loans in the portfolio (whether performing or not or sovereign or not) can be provisioned. Receivables are subject to individual provision only when there is objective evidence of the existence of an event that occurred after the granting of the loan that may cause a measurable loss. In consequence, there is no longer any provision for contingencies for general banking risks. The provisioning policy is based solely on an individual estimate of losses incurred on loans, equity investments and loan guarantees which are directly linked to the rating of the borrower involved.

The Issuer does not make any specific or general provision for non-commercial loans. Since 2018, the Issuer has assigned internal ratings to borrowers in the non-commercial sector. See "*—Risk assessment and credit rating system of the Issuer*".

In relation to loans made to WAEMU Member States by the Issuer, historically, the WAEMU Member States have generally met their obligations under such loans. See "*—Credit sanctions policy*".

Individualised provision of commercial debts is done by comparing the current net asset value of estimated future recoverable cash flows (defined as the flow of future payments, discounted at the loan interest rate, to which the recovery rate is applied (based on historical payments), plus actualised expected recovery of collateral (if any)) and the carrying value of the debt. The calculation of net asset value of future recoverable cash flow is determined based on the following, for each accounting period closing and each loan in default:

- estimated value of each financial guarantee obtained, if any; and
- estimated realisation time for the enforcement of the collateral, if any.

Based on these data, the value of future cash flows, discounted at the interest rate charged on the loan, is calculated and the difference between such amount and the nominal amount of the loan is added to the interest due.

The number and value of non-performing loans (composed to date only of commercial loans, *i.e.,* loans to state-owned enterprises, private companies and banks and financial institutions) decreased to 17 non-performing loans (FCFA 58.0 billion) as at 30 September 2024, as compared to 18 non-performing loans (FCFA 67.1 billion) as at 31 December 2023 and 18 non-performing loans (FCFA 73.4 billion) as at 31 December 2022 and 25 non-performing loans (FCFA 70.7 billion) as at 31 December 2021.

Loans and credit facilities

The amount of the provisions is equal to the difference between the current value of expected future cash flows and the carrying value in the Issuer's books. This discounting affects the income of the Issuer. The valuation method used for each exposure to defaulted loans and debts to be impaired takes into account the following:

Disbursed but outstanding amounts:

\+ Previously capitalised interest and costs

\- Estimated recoverable amount on first demand as well as present value, which takes into account the time period before recovery (time value of money)

\+ Uncapitalised costs and accrued interest payable

\- Capitalised value of expected payments from borrower

\- Discounted amount on mortgage guarantees payable, with an accurate estimate taking into account the recovery dates (the Issuer retains a zero value if it is not possible to estimate this value)

\- Discounted amount of estimated recovery of medium-term assets provided as collateral (the Issuer retains a zero value if it is not possible to estimate this value)

\- Present value of any future cash inflows, which can be estimated reasonably and accurately (insurance payments, final payments on liquidation, non-recurring income from the loan in question)

= **Exposure (outstanding accounts) of the loan**

See Note 20 and Note 5 to the 2023 Financial Statements and Note 20 and Note 5 of the 2022 Financial Statements for a breakdown of bad debts by sector and by country, together with provisions recorded.

Equity participations

The valuation principles for equity participations are as follows.

Valuation of listed shares

- On initial assessment, the securities are recorded at fair value, which corresponds to the purchase value; and
- On a subsequent assessment, the securities are valued according to the two following valuation options depending on whether the securities were acquired more or less than 24 months prior to the valuation date.

Valuation of unlisted shares.

- On initial assessment, the securities are valued at their purchase price.
- Subsequent valuations are made as follows depending on whether the securities were acquired more or less than 24 months prior to the valuation date:

  (i) Valuation of securities acquired less than 24 months before the valuation date:

a. Recently acquired securities in which an equity investment is being made for the first time are valued at the purchase price which, in the short term, reflects the fair market value of such entity.

b. Recently acquired securities in an entity in which equity investments have been made previously are valued using the method of valuation applied to the valuation a holding of the existing shares.

c. Valuation of securities acquired more than 24 months before the valuation date:

(ii) Valuation following a recent transaction with the held entity: such valuations are based on the value of the actual transaction.

a. Valuation of securities that have received a firm payment offer: such valuations are based on the value of the offer.

b. In the absence of a recent transaction or a firm offer, the valuation is made using models and the comparable approach.

c. In the absence of a recent transaction, a firm offer or the ability to use models and the comparable approach, the valuation is based on the parity value.

Provisioning of equity investments

Unlike financial assets measured at amortized cost, equity investments (shares and participating interests) are measured at fair value at each balance sheet date, and the resulting gains or losses are recognized either in the income statement or in other comprehensive income.

Guarantees for bond issues and commitments by signature

A guaranteed bond, according to IAS/IFRS 39, is a financial liability that is assessed at the amortised cost by using the effective interest rates formula compared to the initial book value. The formula used to depreciate this value is the same as is used for loans in the event of a default by the principal debtor to the guarantor if it had been a direct lender. Thus, the amount of exposure (the debt) is equal to the amount covered by the guarantee minus repayments already made and expected future income under the guaranteed bond but increased by unpaid interest and accrued interest not due.

Market risk management

The Issuer's market risks include interest rate, foreign exchange and asset/liability matching risks. These risks are assessed through the ALM Committee, which also recommends remedial actions to optimise the balance between the risks and profitability of the Issuer.

The ALM Committee meets quarterly to assess the Issuer's market risk and income sensitivity with respect to changes in interest rates. The ALM Committee also, *inter alia*, examines the Issuer's risk metrics and compliance therewith and proposes any actions to be taken to address any concerns to the President. The ALM Committee is chaired by the Director of the Treasury and Capital Markets Department and includes among its members the Director of the Finance and Accounting Department, the Director of the Commitment and Risk Department, a representative from each sector department (agriculture, energy, real estate, infrastructure and digital economy) and a representative from the Strategy and Research Department.

According to its financial management policy, the Issuer's financing gap (a mismatch of resources and commitments) does not require any remedial measures unless its threshold (10.0%. of net banking income or 1.0% of equity capital) is reached with a simulated change of 0.5% in interest. The Issuer regularly runs such simulations to monitor potential financing gaps and impacts on income. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer is exposed to market risks, including exchange rate and interest rate risks, and enters into derivative financial instruments to manage such risks*".

Interest rate risk

The Issuer generally grants loans at fixed interest rates. The borrowing rates when the Issuer borrows funds on the regional capital markets are also fixed for both internal issues (on the WAEMU market) and external loans (in foreign currency) (from lenders outside the WAEMU region). This policy helps to ensure a better matching of the amount of authorised

credit for which resources are available with the same maturity. The Issuer does not accept deposits from private depositors.

The Issuer is exposed to interest rate risks due to a difference in maturity periods between loans made (refinancing or reinvestment risk as the case may be). As at 30 September 2024, the Issuer's borrowings had an average maturity of 8 years and 42.5% of loans made were scheduled to mature in five or more years. The Issuer, therefore, seeks to minimise the risk by linking its resources and its lending activities.

In addition, the Issuer fixes its lending rates at the beginning of each year for the following 12 months with a semi-annual review and conducts periodic draws on resources, which leads to a spread risk that could be favourable or unfavourable to the Issuer's interest rate on loans granted by the Issuer during such period. Measures are taken to raise funds when the market situation is favourable. The Issuer also reserves the right to review its lending rates after six months and/or at the end of the year, which can lead to revisions in lending rates that are not retroactively applicable but will apply to funds that have not yet been disbursed under the Issuer's outstanding commitments (i.e., the Issuer is entitled to adjust interest rates for future interest payments under existing loans).

Interest rate sensitivity is more pronounced on FDC Window activity due to the financing gaps in this activity as a result of the lack of concessional resources, although the implementation of the Interest Subsidy Mechanism contributes to reduce this sensitivity as it covers the gap between the market interest rate at which new concessional loans are funded and the rate on these loans.

The Issuer manages maturity risk by taking into account both current disbursed loans and loans granted but not yet disbursed. It does this individually for each of the FDC Window (which calculation for these purposes includes amounts relating to the FDE Window) and the Bank Window and cumulatively for both windows combined.

The rates of the fixed-rate resources raised by the Issuer are generally lower than the rates of the outstanding fixed-rate loans and commitments extended by the Issuer. Consequently, the Issuer is prone to a refinancing rate risk. However, simulations conducted by the ALM Committee show that exposure limits have not been reached.

The Issuer also manages its interest rate risk by ensuring better maturity periods for the financing it extends and a better risk pricing policy.

See Note 22 to the 2023 Financial Statements and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism*".

Foreign exchange risk

Exchange risk relates to the possibility of recording losses due to an unfavourable exchange rate on the market. The exchange risk arises out of the fact that a portion of loans are issued in foreign currency (other than the Euro), while the statement of financial position is presented in FCFA, which can result in losses in the event of adverse changes in certain currencies against the FCFA or the Euro. As of the date of this Offering Circular, an exchange risk margin is incorporated into interest rates to address adverse currency fluctuations.

The Issuer's currency risk policy prioritises borrowings in local currency (FCFA) and Euro (fixed parity with FCFA and the U.S. Dollar.).

The Issuer's assets, comprised principally of its loans and equity investments, as well as some of its liabilities and off-balance sheet exposures, are incurred in FCFA. However, the Issuer has a portion of its borrowings denominated in other currencies, in particular, U.S. Dollars and SDRs. U.S. Dollars and SDRs represented 45.4% and 2.0%, respectively, of

the Issuer's total borrowings as at 30 September 2024 (as compared to 48.8% and 2.2%, respectively, as at 31 December 2023, 49.4% and 2.5%, respectively, as at 31 December 2022 and 49.4% and 2.5%, respectively, as at 31 December 2021).

As at 30 September 2024, the total outstanding amount of borrowings in currencies other than the FCFA was the equivalent of FCFA 2 287 billion (representing 168.5% of total equity), as compared to the equivalent of FCFA 2,155 billion (representing 176% of total equity) as at 31 December 2023.

The Issuer's debt structure as at 30 September 2024 was as follows:

Currency	Amount in the relevant currency	Exchange rate as at 30 September 2024 (FCFA per unit of relevant currency)	Outstanding (in FCFA million)	% of non-Euro non-FCFA	% of non-FCFA	% of Total
JPY.....	—	—	—	—	—	—
U.S.$	1,772,367,345	585.8900	1,038,412	95.74%	45.40%	45.4%
SDR	58,209,421	794.6780	46,258	4.26%	2.02%	2.0%
Total non-Euro..	—	—	1,084,670	100%		47.4%
Euros.....	1,833,223,462	655.957	1,202,516	—	52.58%	52.6%
Total non- FCFA	—	—	2,287,186	—	100%	100%
FCFA issuance....	—	—	0	—	—	0%
Total Borrowing	**—**	**—**	2,287,186	**100.0%**	**100.0%**	**100.0%**

The Issuer's current mechanism for exchange rate protection includes applying a 0.15% margin on interest rates charged to borrowers in order to protect the Issuer against any exchange rate losses on foreign currency (other than the Euro) borrowings. In addition, negotiations on currency futures contracts with financial institutions have been undertaken in order to ensure better management of the Issuer's exchange risk. These contracts are used to convert into Euro, to the extent possible, all non-Euro or non-FCFA exposures. During the fourth quarter of 2015, the Issuer entered into hedging contracts to cover all of its borrowings denominated in SDR and in U.S. Dollars. However, the Issuer is not fully hedged against exchange risk on its SDR borrowings, as it uses rolling forward swaps with up to five-year maturities, rather than the full maturity of the SDR debt. The Issuer has also hedged its U.S. Dollar exposure resulting from the issuance of its U.S. Dollar-denominated Eurobonds on the international capital markets. The Issuer is more sensitive to fluctuations in SDRs, which represent a substantial part of the outstanding debt in foreign currency that is not denominated in Euro. Resources granted to the Issuer by the IDA are recorded in SDRs.

Liquidity risk

Liquidity risk refers to risks that could arise due to differences between the average term of loans and those of the Issuer's funding. The Issuer's liquidity policy is to hold 9-12 months' net cash requirements. The Issuer measures its liquidity coverage ratio in accordance with Basel III standards. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer is exposed to liquidity risk*".

See Note 20 to the 2023 Financial Statements.

Operational risk management

Operational risks include the risk of loss resulting from inadequate or failed internal processes, personnel and systems or from external events.

Since 2013, the Issuer has carried out a detailed mapping of the operational risks arising from its activities. This mapping is updated every year to reflect changes in the Issuer's environment, including geopolitical and societal events.

The Issuer's operational risks are monitored by the operational risk management unit, which works together with the operational risk correspondents appointed in each departments of the Issuer. In addition, a handbook on procedures and a charter of operational risk correspondents have been developed.

The management process guides risk management efforts based on the level of priority of the risks and the appropriate internal control measures to enhance control operations.

The process is designed for incidents to be compiled progressively so as to obtain a base of losses over several years and to identify the various types of risk in order to better analyse them. Management believes that the macro processes with the greatest risks are: risk of financing operations based on false or fraudulent information; legal risk hampering the enforcement of collateral or guarantees; evaluation of AML procedures of local partner banks; conflicts of interest and corruption between officials of the Issuer and borrowers; error and intent to harm and the obsolescence of IT platforms.

With regard to IT risks, the Issuer has an information system security policy, a BCP and an IT disaster recovery plan, all of which are periodically tested.

To address the risk of possible fraud and corruption in its operations, the Issuer has adopted a policy and established a procedures manual for prevention and control. The Issuer's commitment to fight fraud and corruption is also reflected in the relevant provisions contained in the procedures governing its activities and operations including the rules regarding procurement of goods and services on funded projects, guidelines on procedures for disbursement of funds, various clauses regarding cyber-security in its financing agreements and contracts, statutes, staff regulations and a code of ethics. An ethics committee was also set up to oversee the actions implemented in order to fight against corruption and fraud.

BOAD's Board of Directors have approved two fundamental texts concerning the regulatory framework:

- Policy for the Prevention and Fight Against Corruption and Fraud (PPLCF) (Annex 2): the purpose of this policy is to define the operating framework and the conditions for implementing the activity of fighting fraud and corruption within BOAD. Furthermore, it defines the mechanisms of how BOAD staff and other parties (promoters, suppliers, NGOs, etc.) must react to acts of corruption and fraud in both public and private sector operations, and in BOAD's daily operating activities.

In addition to these two policies, there is a procedure manual for investigations and sanctions in the context of the fight against corruption and fraud. The BOAD Ethics Committee is responsible for submissions including:

- Requests, declarations and requests for authorization in applications of the Code of Ethics;

- Suspicions of agents about illegal activities, serious misconduct or any violation of regulations, policies or directives of the Bank, in particular the Code of Ethics;

- Any witness statement of actions constituting a form of sexual or psychological harassment or intimidation of an officer and victims in these types of actions.

The secretariat of the Ethics Committee is provided by the Head of the Investigations Department.

See Note 19.4 to the 2021 Financial Statements.

Capital adequacy

In addition to the Issuer's internal mechanisms and exposure limits, the Issuer has assessed its capital adequacy using rules established by the Basel II Standard Approach. See "*Capital Structure—Capital and shareholding structure*".

As at 30 September 2024, the Issuer's Core Tier 1 capital, which comprises paid in capital and reserves, additional tier 1 funds and other reserves in fair market value of securities, was FCFA 1,164,086 million, as compared to FCFA 1,085,238 million as at 31 December 2023. See Note 13.3 to the 2023 Financial Statements for a breakdown of the calculation of the Issuer's Tier 1 capital.

Capital adequacy under Basel II is measured by compliance with the internationally accepted solvency ratio, which calculates the minimum equity required to cover risks weighted on and off the statement of financial position. The Issuer's capital adequacy ratio measures the ratio of capital against the risk weighted asset values for credit, market and operational risk, where capital includes Tier 1 and Tier 2 capital (revaluation reserves, non-repayable grants, subordinated perpetual securities and subordinated debt with an initial maturity of five years.) As of the date of this Offering Circular, the Issuer does not hold any such components of Tier 2 capital.

The table below sets forth details of the Issuer's effective equity capital (core tier 1 capital) as at the dates indicated.

	As at 31 December		
	2021	2022	2023
		(FCFA millions)	
A. Core own funds (=1+2) (Tier 1 Capital)	**856,685**	**989,906**	**1,085,238**
1. Capital and other funds	247,902	260,888	326,102
2. Reserves and other funds.....	608,783	729,018	759,136
B. Additional own funds	**64,968**	**73,350**	**142,820**
Effective equity capital (=A+B)	**921,653**	**1,063,256**	**1,228,058**

According to calculations based on the Basel II framework, the solvency or capital adequacy ratio, corresponding to the coverage of all the risks by Core Tier 1 capital as at 30 September 2024, 31 December 2023, 2022 and 2021, was 27.22%, 27.49%, 26.43% and 23.41%, respectively.

The Issuer's capital adequacy policy complies with the Basel II standardised approach, namely to hold equity greater than or equal to 8.0% of risk weighted assets, with an internal minimum target of 15.0%. The Issuer's capacity to enter into commitments is also related to (i) changes in equity; (ii) resource mobilisation opportunities; (iii) its liquidity ratio; and (iv) its debt/equity ratio.

Anti-Money Laundering and other compliance initiatives

The Issuer has implemented an AML and terrorist financing risk management process since 2006. The Issuer's AML/CFT Policy was most recently updated and adopted by the Issuer's Board of Directors at its December 2018 session. The Issuer's AML policy was updated in September 2023 to take into account the EU requirements in terms of tax transparency.

To help ensure that borrowers and partners with which the Issuer transacts are not involved in money laundering or terrorist financing, the Issuer cross-checks relevant information from multiple sources. The Issuer's financing risk management rests on two distinct principles: (i) the requirement to abstain from conducting business in the case of a bad reputation (*e.g.* bad reputation (involvement in fraud or corruption or other behaviour that is inconsistent with business ethics) or an embargo or other sanctions) and (ii) the requirement to cooperate in the fight against the financing of terrorism by making appropriate declarations with the competent authorities if mandatory. As a result, in the case of an embargo or other sanctions, the Issuer takes the appropriate actions to avoid breaching such embargo or other sanctions in its capacity as (i) a lender because such embargo could result in a prohibition of the contemplated commercial transaction, (ii) a depository for assets that could be frozen, or (iii) an asset manager of assets that could be frozen.

The Issuer monitors unusual incidents that occur during the implementation of projects and prepares, through a risk cartography mechanism, a list of clients and businesses that it considers are high risk, as well as clients suspected to have links with terrorist groups, to be PEPs or to be the subject or target of sanctions.

This financial security function is provided by the department in charge of compliance. It uses AML procedures to prepare a file on proposals submitted to the Issuer. To improve its KYC procedure, the Issuer has subscribed to the Dow Jones Risk Database and to the Swift KYC Registry and Accuity Banks Almanac platforms. This is then submitted to the CAG as part of its mandate of preliminary assessment of operations identified by the Issuer.

With regard to the financing of environmental projects, the Issuer has created and implemented its own compliance documents relating to fiduciary standards and environmental safeguard policies. The Issuer has taken steps and obtained accreditation from the GEF (Global Environment Facility), the GCF (the Green Climate Fund) and the AF (the Adaptation Fund).

The Issuer has adopted policies and procedures to promote gender, conflict management and information dissemination and has developed a code of ethics for its staff, including the members of Board of Directors, the President and the Vice-Presidents, to further strengthen and foster good governance. These polices include: (i) the Staff Code of Ethics; (ii) the Code of Ethics for the President and Vice Presidents; (iii) the Charter for the Board of Directors and Affiliated Entities; and (iv) a Charter for Directors representing the Issuer on the Boards of Directors of Companies or Institutions in which it holds shares or is a trustee. The Issuer has also hired two Certified Fraud Examiners.

As of the date of this Offering Circular, the Issuer is closely monitoring allegations of corruption against Mr. Moustapha Ben Barka, one of its Vice Presidents (appointed by the Board of Directors upon Mali's nomination) and who previously held positions in the Mali government, relating to activities prior to his appointment as a Vice President. See "*Risk*

Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—The Issuer does business in jurisdictions with operating risks relating to fraud, bribery and corruption which could have a material adverse effect on its business, results of operations or financial condition".

CAPITAL STRUCTURE

Capital and shareholding structure

As at 30 September 2024, the authorised share capital of the Issuer was FCFA 1,709.35 billion (U.S.$2,917 million), divided into 34,187 shares each with a nominal value of FCFA 50 million. As at 30 September 2024, the Issuer had subscribed capital of FCFA 1,511 billion (U.S.$2,579 million), paid-in capital to be paid over time in accordance with a set timetable of FCFA 618.8 billion (U.S.$1,056 million) and paid-in capital of FCFA 375.3 billion (U.S.$641 million). Shareholders of the Issuer include the WAEMU Member States, the BCEAO and certain foreign states and institutions.

The BCEAO is the Issuer's largest shareholder, holding 36% of the Issuer's share capital as at 30 September 2024. The BCEAO is also the largest depository of cash deposits from the Issuer. The BCEAO is responsible for managing the relationship with the European Central Bank, the French Treasury and the Banque de France with respect to the convertibility and transferability of the FCFA. In addition, the BCEAO takes an active role in the operations of the Issuer, disbursing capital, placing treasury assets and providing access to financing; however the BCEAO is not involved in the disbursement of loans provided by the Issuer to the WAEMU Member States. Bonds issued by the Issuer on the regional capital markets can be used for refinancing activities (repo transactions) with the BCEAO. Moreover, the Issuer is authorised under Article 38 of its By-laws to refinance its loans at the BCEAO, the only supranational entity other than the EIB that benefits from such a central bank liquidity support facility.

The Issuer has two classes of shares:

- Category A shares held by regional shareholders: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo and the BCEAO (the largest single shareholder), which is the central bank and common issuing institution of the WAEMU Member States; and

- Category B shares held by non-regional shareholders: France, the People's Republic of China, AfDB, the Kingdom of Belgium, the EIB, Germany, EXIM Bank of India and the Kingdom of Morocco.

Each category of shares provides for different voting rights and representation rights at the Board of Directors level.

Each of the WAEMU Member States has two votes, the BCEAO (itself controlled by the WAEMU Member States) has half of the total number of votes allotted to the WAEMU Member States, and Category B shareholders have such number of votes as equal a maximum of one third of the total number of votes allotted to Category A shareholders.

The Board of Directors is composed of:

- the Chairperson, who chairs the Board of Directors;

- two representatives appointed by each of the WAEMU Member States;

- the Governor of the BCEAO or his/her representative; and

- the representatives of Category B shareholders, *pro rata* to the capital amount subscribed by these shareholders, such number of representatives being limited to one-half of the total number of representatives of Category A shareholders.

The non-regional shareholders have appointed a total of one-third of the members of the Board of Directors, representing a higher proportion than their share of capital (13.23% as at 30 September 2024), which allows them greater representation than their share of ownership, with the decisions in practice being made by consensus. The Issuer believes that the participation in its capital of non-regional shareholders, including developed and emerging countries in Europe and Asia, has enhanced its international reputation and intends to enlarge this base in the future. The Bank welcomed BADEA in 2021 as a new capital participant, with an ongoing subscription of FCFA 18 billion (U.S.$30.0 million), bringing the total to FCFA 440.1 billion (U.S.$705 million).

The Issuer's share capital has been increased nine times since the Issuer's creation in 1973, most recently in 2022**,** where subscribed capital was increased by 47.9%.

2021-2025 Strategic Plan and Capital Increase

As part of the 2021-2025 Strategic Plan, the Issuer expected to double its capital, which, as at 30 September 2024, amounted to FCFA 1,511 billion, with 41% expected to be paid up by 2028.

The Issuer has sought to increase its capital by U.S.$1.5 billion. The capital strengthening initiative comprises two main components. The first involves issuing U.S.$900 million (FCFA 554.35 billion) in hard equity, split evenly between U.S.$450 million for historical regional shareholders (Category A) and U.S.$450 million for non-regional shareholders (Category B). This capital increase of FCFA 554.35 billion represents the first phase of the strengthening of equity capital for a total amount of U.S.$1.5 billion (FCFA 950 billion). The second phase consists of the issuance of U.S.$600 million in hybrid debt. All shareholders (except India) have participated, contributing a total of FCFA 407.35 billion. The subscribed capital therefore increases from FCFA 1,103 billion as of December 31, 2022 (before the increase) to FCFA 1,511 billion as of September 30, 2024. It should be noted that BOAD welcomed BADEA as a new capital participant in December 2023 with an ongoing subscription of FCFA 18 billion (U.S.$30 million) and also recorded in December 2024 the AfDB's subscription for an amount of FCFA 14.75 billion, bringing the total subscriptions to FCFA 440.1 billion (U.S.$697.74 million). As of 30 September 2024, in the second phase, BOAD has mobilized U.S.$100 million from BADEA and €100 million from CDP in Italy. The issuance of the Notes, which are contemplated as a debt/equity hybrid sustainable instrument, is expected to cover a portion of remaining capital target set out in the 2021-2025 Strategic Plan. See "*Description of the Issuer—Strategy—2021-2025 Strategic Plan (Djoliba Plan)*".

Capital Structure

The callable capital of the Issuer (the portion that has been subscribed but not to be paid until called) serves as "quasi-security" for borrowings that the Issuer enters into, in accordance with Article 37 of the By-laws. If the Issuer defaults on its contractual payment obligations of principal, interest, commissions, fees and charges related to its borrowing, or to meet its payment commitments on loans that it has guaranteed, the Issuer may call the share capital needed by it to meet such obligations. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—Shareholders of the Issuer may not honour their capital commitments*". As at 30 September 2024, 41% of the Issuer's subscribed share capital was called-up capital and 61% of called-up capital was paid capital. Any failure of one of the WAEMU Member States to pay a portion of capital that is due to be paid could have a material adverse effect on the Issuer's operations. See Note 13 to the 2023 Financial Statements for further detail on the Issuer's capital structure as at 30 September 2024.

The table below sets forth the Issuer's capital structure as at 30 September 2024 (in nominal terms and in distribution of shares), together with shareholders' ratings.

Shareholders	Subscribed Capital	%	№ of Shares	Called-Up Capital	Paid Up Capital	Unpaid Capital	Callable Capital	Ratings (Moody's/ S&P/ Fitch)[1]
	(1)=(2)+(5)			(2)=(3)+(4)	(3)	(4)	(5)	
Category A								
Benin	95,400	6	1,908	46,913	22,313	24,600	48,487	B1/BB-/B+
Burkina Faso	95,400	6	1,908	46,913	16,163	30,750	48,487	NR/CCC+/NR
Côte d'Ivoire	95,400	6	1,908	46,913	22,313	24,600	48,487	Ba2/BB/BB-
Guinea Bissau	95,400	6	1,908	46,913	16,163	30,750	48,487	NR/NR/NR
Mali	95,400	6	1,908	46,913	22,313	24,600	48,487	Caa2/NR/NR
Niger	95,400	6	1,908	46,913	16,163	30,750	48,487	Caa3/NR/NR
Senegal	95,400	6	1,908	46,913	22,313	24,600	48,487	B1/B+/NR
Togo	95,400	6	1,908	46,913	22,313	24,600	48,487	B3/B/NR
BCEAO	547,950	36	10,959	141,604	131,764	9,840	406,346	NR/NR/NR
	1,311,150	**87**	**26,223**	**516,908**	**291,818**	**225,090**	**794,242**	
Category B								
France	84,300	6	1,686	27,960	18,870	9,180	56,340	Aa/AA-/AA)
Federal Republic of Germany[2]	34,750	2	695	34,750	34,750	0	0	Aaa/AAA/AA A
Kingdom of Belgium	16,950	1	339	5,940	3,216	2,724	11,010	Aa3/AA/AA-
EIB[3]	22,700	2	454	19,700	19,700	0	3,000	Aaa/AAA/AA A
AfDB	6,000	0	120	1,500	1,500	0	4,500	Aaa/AAA/AA A
Exim Bank of India[4][6]	750	0	15	188	188	0	563	Baa3/BBB- /BBB-

Shareholders	Subscribed Capital	%	№ of Shares	Called-Up Capital	Paid Up Capital	Unpaid Capital	Callable Capital	Ratings (Moody's/ S&P/ Fitch)(1)
People's Republic of China(5)	18,150	1	363	5,460	3,984	1,476	12,690	A1/A+/A+
Kingdom of Morocco	16,250	1	325	6,425	1,385	5,040	9,825	Ba1/BB+/BB+
	199,850	**13**	**3,997**	**101,923**	**83,502**	**18,420**	**97,928**	
	1,511,000	**100.00**	**30,220**	**618,831**	**375,320**	**243,510**	**892,170**	
Unsubscribed Capital	**198,350**		**3,967**					
Authorised Capital	**1,709,350**		**34,187**					

Notes:

(1) Ratings as of the date of this Offering Circular.
(2) Represented by KfW.
(3) Acting on behalf of the European Union.
(4) Acting on behalf of India.
(5) Represented by People's Bank of China.
(6) Between 31 December 2023 and 30 September 2024, total paid-up capital increased by FCFA 49,218 million, from FCFA 326,102 million (as at 30 December 2023) to FCFA 375,320 million (as at 30 September 2024) as a result of payments in the nine month period ended 30 September 2024 by the Issuer's Category A shareholders of their share capital due in respect of the 2023 financial year and 2024. The issuer also received the payments of Category B shareholders relating to the 2022 capital increase.

As at 30 September 2024, Category A shareholders had an aggregate subscribed capital of FCFA 1,311 billion (representing 87% of total share capital) while Category B shareholders had an aggregate subscribed capital of FCFA 200 billion (representing 13% of total share capital).

BCEAO, the Issuer's largest shareholder, holds 36% of the subscribed capital as at 30 September 2024. The profits made by the BCEAO every year on its operations are used to subscribe for the Issuer's shares, as all of the BCEAO's members are also shareholders of the Issuer.

As part of the Issuer's capital increase program aiming to raise additional US$ 900 million of equity, the Issuer added a new non-regional shareholder namely BADEA and received a capital subscription from AfDB in the amount of 14.75 billion FCFA (US$ 24 million). In addition, the Issuer is targeting to welcome new non-regional shareholders "Category B" for a total amount of US$ 184 million. The expected pro-forma of the capital structure is presented in the table below.

Shareholders	At 31 December 2022	New subscribed Capital	Post capital Increase pro forma	Ratings (Moody's/ S&P/ Fitch
	%	US$ million	%	
Category A				
Benin	5.86%	50	5.80%	B1/B+/B+
Burkina Faso	5.86%	50	5.80%	NR/CCC+/NR
Côte d'Ivoire	5.86%	50	5.80%	Ba3/NR/BB-
Guinea Bissau	5.86%	50	5.80%	NR/NR/NR
Mali	5.86%	50	5.80%	Caa2/NR/NR
Niger	5.86%	50	5.80%	B3/NR/NR
Senegal	5.86%	50	5.80%	Ba3/B+/NR
Togo	5.86%	50	5.80%	B3/B/NR
BCEAO	46.84%	50	32.71%	NR/NR/NR
Category B				
France	3.48%	75	5.10%	Aa2/AA/AA(N)
Federal Republic of Germany	0.18%	53	2.10%	Aaa/AAA/AAA
Kingdom of Belgium	0.51%	18	1.00%	Aa3/AA/AA-
EIB	0.36%	30	1.40%	Aaa/AAA/AAA
AfDB	0.54%	24	1.30%	Aaa/AAA/AAA
Exim Bank of India	0.07%	0	0.00%	Baa3/BBB-/BBB-
People's Republic of China	1.09%	10	1.09%	A1/A+/A+
Kingdom of Morocco	0.05%	26	1.00%	Ba1/BB+/BB+
BADEA	0.00%	30	1.10%	Aa1/AA/NR
Total Subscribed	**6.28%**	**266**	**14.09%**	
New targeted "B" shareholders	0.00%	184	6.80%	

Shareholders	At 31 December 2022	New subscribed Capital	Post capital Increase pro forma	Ratings (Moody's/ S&P/ Fitch
	6.30%	**450**	**20.90%**	
	100.00%	**900**	**100%**	

Exchange rate USD/FCFA=615

The table below presents the new subscriptions of both existing and new shareholders of the Issuer, as well as the sequencing of the tranches paid over the past three years up to 30 September 2024.

				Paid-in capital calendar		
Shareholders	**Subscribed Capital**	**Called-up share**	**Total called-up capital**	**2022**	**2023**	**2024**
	US$ million	%	US$ million		US$ million	
Category A						
Benin	50	100%	50		10	10
Burkina Faso	50	100%	50			
Côte d'Ivoire	50	100%	50		10	10
Guinea Bissau	50	100%	50			
Mali	50	100%	50		10	10
Niger	50	100%	50			
Senegal	50	100%	50		10	10
Togo	50	100%	50		10	10
BCEAO	50	40%	20			4
	450	**93%**	**420**		**50**	**54**
Category B						
France	75	40%	30		8	7
Federal Republic of Germany	53	100%	53	53		
Kingdom of Belgium	18	40%	7		2	1
EIB	30	100%	30		30	
AfDB	24	40%	10			
Exim Bank of India	0	40%	0			
People's Republic of China	10	40%	4		1	1
Kingdom of Morocco	26	40%	10			2
BADEA	30	40%	12			
	266	**52%**	**157**	**53**	**40**	**12**
	716	**81%**	**577**	**53**	**90**	**66**

Exchange rate USD/FCFA=615

The Issuer has collected US$ 104 million of paid-up capital from Category "A" shareholders as of 30 September 2024 (25% of total called-up capital), and US$ 105 million from Category "B" shareholders (67% of total called-up capital) totalling US$ 209 million (36% of total called-up capital).

The table below sets forth details of the unpaid capital appearing in the Issuer's capital structure as at the dates indicated.

	As at 31 December			As at 30 September 2024
	2021	**2022**	**2023**	
	(FCFA millions)			
Unpaid capital without cost related to deferred paying up of capital	29,909	15,956	274,818	225,090
Cost related to deferred paying-up of capital	510	577	17,911	18,420
Unpaid capital	**29,519**	**16,533**	**292,729**	**243,510**

The BCEAO pays capital on behalf of the WAEMU Member States based on their available assets upon the decision of

the WAEMU Council of Ministers, while non-regional shareholders pay their capital to the Issuer directly. The BCEAO is able to do this as it is the central bank of each of the WAEMU Member States.

The schedule for share capital payments is as follows:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Shareholders					(*FCFA millions*)										
Contribution of each member of state	**490**	**490**	**785**	**785**	**785**	**785**	**785**	**490**	**6640**	**6640**	**6150**	**6150**	**6150**	**0**	**37,125**
June 2004 capital increase	0	0	0	0	0	0	0	0	0	0					-
June 2010 capital increase	490	490	490	490	490	490	490	490	490	490					**4,900**
December 2013 capital increase	—	—	295	295	295	295	295	0	0	0					**1,475**
September 2022 capital increase									6,150	6,150	6,150	6,150	6,150		**30,750**
Contribution of the BCEAO	**3,920**	**3,920**	**6,280**	**6,280**	**6,280**	**6,280**	**6,280**	**3,920**	**3,920**	**6,380**	**2,460**	**2,460**	**2,460**	**2,460**	**63,000**
June 2004 capital increase	0	0	0	0	0	0	0	0	0	0					-
June 2010 capital increase	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920	3,920					**39,200**
December 2013 capital increase	—	—	2,360	2,360	2,360	2,360	2,360	0	0	0					**11,800**
September 2022 capital increase										2,460	2,460	2,460	2,460	2,460	**12,300**
Contribution of Class B shareholders	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**33,176.25**	**25,116.25**	**7,676.25**	**16,100.00**	**10,200**	**5,610.00**	**1,260.00**	**102,623**
June 2004 capital increase	0	0	0	0	0	0	0	0	0	0					-
June 2010 capital increase	497.679	497.679	497.679	497.679	497.679	497.679	497.679	426.25	426.25	426.25					**4,763**
December 2013 capital increase	0	0	0	0	0	0	0	0	0	0					-
September 2022 capital increase								32,750	24,690	7,250	16,100	10,200	5,610	1,260	**97,860**
Capital to be paid up by the WAEMU member states	**3,920**	**3,920**	**6,280**	**6,280**	**6,280**	**6,280**	**6,280**	**3,920**	**53,120**	**53,120**	**49,200**	**49,200**	**49,200**	**-**	**297,000**
Capital to be paid up by the BCEAO	**3,920**	**3,920**	**6,280**	**6,280**	**6,280**	**6,280**	**6,280**	**3,920**	**3,920**	**6,380**	**2,460**	**2,460**	**2,460**	**2,460**	**63,300**
Capital to be paid up by Class B shareholders	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**497.68**	**33,176.25**	**25,116.25**	**7,676.25**	**16,100.00**	**10,200.00**	**5,610.00**	**1,260.00**	**102,622.50**
Total capital to be paid up	**8,330**	**8,338**	**13,058**	**13,058**	**13,058**	**13,058**	**13,058**	**41,016**	**82,156**	**67,176**	**67,760**	**61,860**	**57,270**	**3,720**	**462,922.50**

As at the date of this Offering Circular, all shareholders are in compliance with their capital commitments.

Strong shareholder support

The Issuer receives political and financial support from its shareholders, who have historically supported its proposals for capital increases. In this regard, the Issuer has undertaken nine capital increases, since its creation in 1973, in order to expand its financing activity.

The Issuer benefits from strong support from the WAEMU Member States. In addition to the presence of their representatives on the Board of Directors and the advice provided to the Issuer by the WAEMU Council of Ministers, assistance from the WAEMU Member States takes the form of an exemption from direct and indirect taxes on the Issuer's revenue, assets and liabilities as well as operations and transactions it carries out as part of its statutory mission. None of the WAEMU Member States or the WAEMU itself imposes taxes on securities issued by the Issuer or on the interest payable in respect of such securities, irrespective of the identity or residence of the holder of such securities.

Moreover, the Issuer receives annual allocations from the WAEMU Member States to support its activities, such as subsidies on rural and infrastructural development loans, financing of feasibility studies and project surveys.

In addition, the Issuer believes that it benefits from a "preferred creditor status" from the WAEMU Member States. In practice, the Issuer believes it is a priority creditor of the WAEMU Member States, and historically the loans it has granted to the WAEMU Member States have been repaid in priority over loans granted by other multilateral development financial institutions. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdictions in which it operates—While the Issuer believes that it has historically benefited from de facto "preferred creditor status" from each of the WAEMU*

Member States, there can be no assurance that the Member States will in fact pay their respective debts to the Issuer in priority over other creditors or at all, which may result in a material adverse effect on the Issuer's financial results and operations". All WAEMU Member States have an account at the BCEAO which ensures that, in the event of stress on public finances, priority will be given to the repayment of the Issuer's loans. In particular, in case of a payment default by one of the WAEMU Member States under its loan, no matter whether such default is due to political, economic or technical difficulties, the Issuer is entitled to take remedial measures and even impose sanctions against such member state. See "*Risk Management—Credit sanctions policy*". Historically, the WAEMU Member States have met their obligations under loans granted by the Issuer, except in 2000 when the WAEMU Commission exceptionally decided to pay the arrears of Niger**.** The Issuer maintains a bank account at BCEAO in each WAEMU Member State and intended to receive sums owed from the borrowers of that country. From time to time, the Issuer may be unable to make or receive payments from any of the WAEMU Member States or bank accounts maintained therein that may be subject to international sanctions at that time. See "*Risk Factors—Risk Factors relating to the Issuer and the jurisdiction in which it operates—The quality of the Issuer's loan portfolio and its ability to recover debts due has been, and in the future can be, impacted by sanctions imposed on West African states with which the Issuer has relationships."*

As further evidence of WAEMU Member State support, and to enable the Issuer to improve its debt/equity ratio, the WAEMU Council of Ministers decided in September 2014 to integrate their initial endowment of the FDE in an amount of FCFA 250 billion (€381 million) directly into the Issuer's capital, which occurred on 31 December 2014. In December 2019, the Council of Ministers transferred part of the resources of the Interest Subsidy Mechanism, in an amount of FCFA 90 billion (€137.2 million), as a one-off donation to the Issuer, which the Issuer recorded as income under other operating income in its 2019 comprehensive income statement and an increase of reserves in its 2019 statement of financial position in order to strengthen its own funds and consolidate its intervention capacity for the benefit of the WAEMU Member States. In 2022, the Council of Ministers authorised the transfer of FCFA 90 billion (€137.2 million) in the form of a grant to strengthen its equity and improve its intervention capacities. In addition, in December 2022, the Council of Ministers approved BOAD's capital increase project in order to support BOAD's activities. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors affecting the Issuer's Results of Operations—Lending activity—FDC Window – Interest Subsidy Mechanism*".

The Issuer does not pay dividends to shareholders but rather transfers all profits into reserves. This demonstrates the support from all shareholders to enable the Issuer to achieve its objectives. This support is particularly important in the eyes of non-regional Category B shareholders in light of the fact that only the WAEMU Member States, their institutions and the private sector are allowed to borrow from the Issuer. The Issuer also receives financial and technical assistance from its non-regional shareholders. For example, in August 2021, the Issuer entered into a U.S.$50 million credit agreement with BADEA intended for the financing of short-term operations in the member states of the WAEMU, and in July 2020, the Issuer entered into a €75 million credit agreement with AFD to finance climate change related projects in the WAEMU region, which was linked to a €600,000 subsidy. See "*Description of the Issuer—Sources of Funding—Non-regional resources—Bilateral and syndicated loans*".

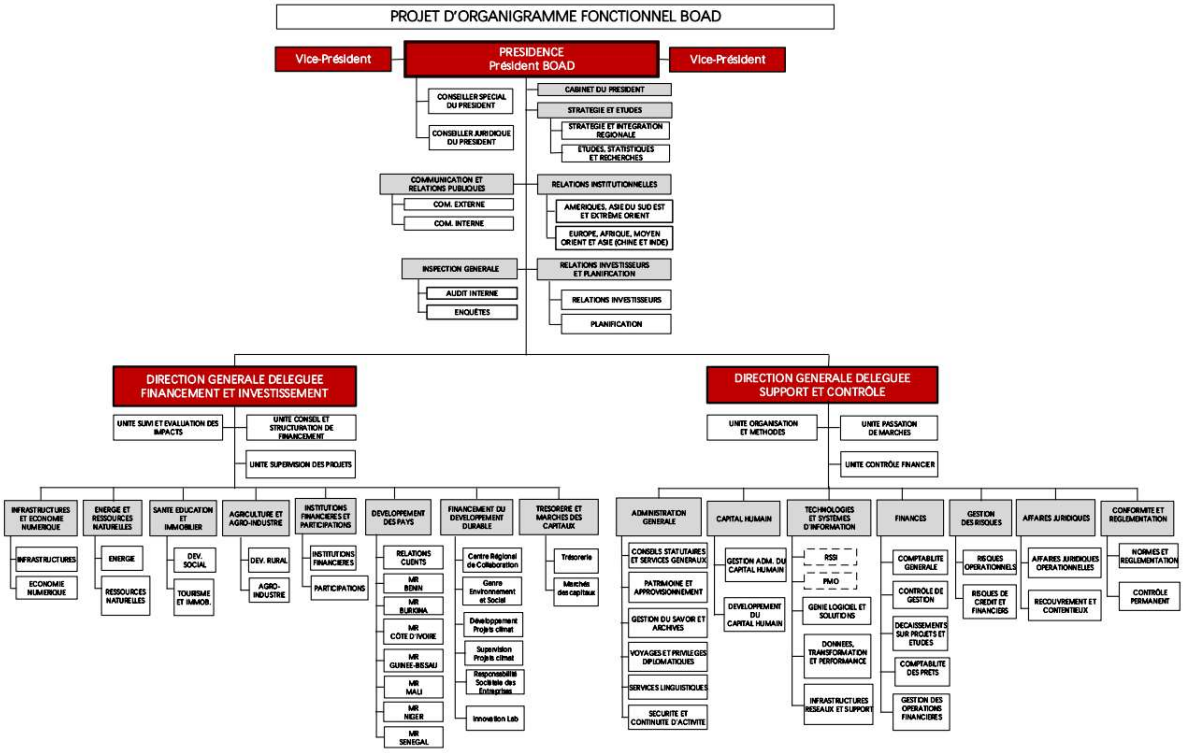
While its non-regional shareholders represent a relatively small percentage of the Issuer's subscribed capital, their role in the governance of the Issuer is significant. Non-regional shareholders take an active part in the deliberations of the Board, which includes eight directors from non-regional Category B shareholders, as compared to 16 from the WAEMU Member States and one from the BCEAO.

See "*Description of the Issuer—Strengths—Strong Capitalisation*".

MANAGEMENT AND GOVERNANCE

Organisation

Set forth below is the organisational chart of the Issuer as at the date of this Offering Circular.



The headquarters of the Issuer are located in Lomé, Togo. The Issuer also has Resident Missions in the seven other member states of the WAEMU: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger and Senegal.

The internal bodies within the Issuer include the Office of the President, the Corporate Secretariat, Departments, the directorates and the divisions.

The organisation of the various internal bodies of the Issuer is structured around three blocks of activity: the Presidency, and two Deputy General Directorates responsible for "Financing and Investment" and "Support and Control".

The Presidency is composed of corporate officers, namely the President and two Vice-Presidents. The so-called "strategic functions", namely General Inspection and the departments responsible for Strategy and Studies, Institutional Relations, Investor Relations and Planning, as well as Communication and Public Relations, are attached to the presidency.

The Deputy General Directorate responsible for Financing and Investment (the "**DGDFI**") is composed of so-called "operational functions" that contribute to the identification, financing, evaluation and monitoring of projects in WAEMU Member States. The DGDFI is composed of three specialised units, namely Monitoring and Impact Assessment, Financing Advice and Structuring, and Project Supervision, and eight sectoral departments (Infrastructure and Digital Economy, Energy and Natural Resources, Health Education and Real Estate, Agriculture and Agro-Industry, Financial Institutions and Participations, Development of Countries on which Resident Missions Depend, Sustainable Development Financing and Treasury and Capital Markets).

The Deputy General Directorate responsible for support and control (DGDSC) is composed of support functions for operational teams and control functions, which provide a "second set of eyes" for BOAD's activities. The DGDSC is composed of three specialized units (Organisation and Methods, Procurement and Financial Control) and seven departments (General Administration, Human Capital, Finance, Technology and Information System, Risk Management, Compliance and Regulation and Legal Affairs).

Internal governance and decision-making bodies of the Issuer, namely the Executive Committee, the Management Committee, and the General Assembly, are chaired by the President of BOAD, who is assisted by two Vice-Presidents. The Executive Committee (COMEX) is a decision-making body whose purpose is to define the strategic orientations of the Issuer and ensure that the Issuer's activities are in line with said strategy. The Management Committee (CODIR) is a decision-making support body whose purpose is to strengthen collegiality in decision-making. The General Assembly (GA) is an information body whose purpose is to inform staff members about current strategic issues.

The Corporate Secretariat advises the President on issues relating to the competence of the departments under its jurisdiction, including the Directorate of Legal Affairs, the Directorate of Councils and Corporate Services, the Directorate of IT Systems and the SDI Program Coordination Unit.

Departments are also subdivided into divisions. Each department advises the President on issues within the scope of the divisions under their jurisdiction.

The Issuer also has an institutional framework, which includes standing committees that monitor the implementation of its actions. These include:

- the Government (comprising the Issuer's top management team, including the President, the Vice-President and certain other senior managers);
- the Management Board;
- the Commitments Committee;
- the ALM Committee;
- the CAG;
- the Ethics Committee; and
- the Fraud and Corruption Monitoring Committee.

The Issuer has also established a Sustainability Bond Committee in connection with the allocation of proceeds of bonds issued under its Sustainability Bond Framework. See "*Use of Proceeds*" and "*General Description of the Issuer—Environmental, Social and Governance—Sustainability Bond Framework*".

Governance structure

The Issuer has a governance structure spread over several levels and has four decision-making bodies. These include the WAEMU Conference of Heads of State and Government, the WAEMU Council of Ministers, the Board of Directors and the Credit Committee.

Decisions of the Board of Directors are adopted by majority vote. Each WAEMU Member State has two representatives and a total of two votes, the Governor of the BCEAO has a number of votes at any time equal to one-half of the total votes allocated to the representatives of the WAEMU Member States, currently representing eight votes, while the representatives of the non-regional shareholders have an aggregate number of votes, which is at least one-third of the votes allocated to Category A shareholders, currently eight votes (and shall have no more than 50% of the votes, as described above). Neither the President of the Issuer nor the President of the Board of Directors are entitled to any votes. In practice, decisions of the Board of Directors are reached by consensus.

In addition to these decision-making bodies, the Audit Committee serves as a statutory body, which assists the Board of Directors in decision-making regarding the management of the Issuer.

The list of members of the decision-making bodies as at the date of the Offering Circular is set out below.

WAEMU Conference of Heads of State and Government

Incumbent Chairman	H.E. Alassane Ouattara, President of the Republic of Cote d'Ivoire, Chairman of the WAEMU Conference of Heads of State and Government
Republic of Benin	H.E. Patrice Athanase Guillaume Talon, President of the Republic
Republic of Burkina Faso	H.E Captain Ibragim Traore, President of the Transition, Head of State
Republic of Côte d'Ivoire	H.E. Alassane Ouattara, President of the Republic
Republic of Guinea Bissau	H.E. Umaro Sissoco Embalo, President of the Republic
Republic of Mali	H.E. Colonel Assimi Goita, President of the Transition, Head of State
Republic of Niger	H.E. General de Brigade Abdourahmane Tiani, President du CNSP, President of the Republic
Republic of Senegal	H.E. Bassirou Diomaye Diakhar Faye, President of the Republic
Republic of Togo	H.E. Faure Essozimna Gnassingbé, President of the Republic

WAEMU Council of Ministers

Incumbent Chairman	Mr. Adama Coulibaly, Minister of Economy and Finance of the Republic of Cote d'Ivoire
Republic of Benin	Mr. Romuald Wadagni, State Minister for Cooperation, Economy and Finance, Mr. Olushegun Adjadi Bakari, Minister of Foreign Affairs
Republic of Burkina Faso	Mr. Aboubakar Nacanabo, Minister of Economy, Finance and Forecasting
	Mr. Karmaoko Jean Marie Traore, Minister of Foreign Affairs, Regional Cooperation and Burkinabe abroad
Republic of Côte d'Ivoire	Mr. Adama Coulibaly, Minister of Finance and Budget
	Mrs. Nialé Kaba, Minister of Economy, Planning and Development
Republic of Guinea Bissau	Mr. Suleimane Seidi, Minister of Economy and Finance
	Mrs. Mussabá Cante, State Secretary for Planning and Regional Integration
Republic of Mali	Mr. Alousséni Sanou, Minster of Economy and Finance
	Mr. Moussa Alassane Diallo, Minister of Industry and Trade
Republic of Niger	Mr. Ahmat Jidoud, Minister of Finance
	Mr. Rabiou Abdou, Minister of Planning
Republic of Senegal	Mr. Mamadou Moustapha Ba, Minister of Finance and Budget
	Mr. Doudou Ka, Minister of Economy, Planning and Cooperation
Republic of Togo	Mr. Sani Yaya, Minister of Economy and Finance
	Mr. Simféitchéou Pre, Minister, Adviser to the President of the Republic

Board of Directors

Chairman	Mr. Serge Ekue, President, West African Development Bank, Chairman of the Board of Directors
Representatives appointed by the Republic of Benin	Mr. Primael Gbeke, Minister's Research Officer, Ministry of Cooperation, Economy and Finance
	Mrs. Huberte Eudoxie Bessan, Economic Technical Advisor for Economic Affairs, Ministry of Development and Coordination of Government Action
Representatives appointed by the Republic of Burkina Faso	Mr. Amidou Ouedraogo, Director of Multilateral Cooperation, Ministry of Economy and Finance and Forecast
	Mr. Vieux Abdoul Rachid Soulama, Executive Director General of Budget, Ministry of Economy and Finance and Forecast

Representatives appointed by the Republic of Côte d'Ivoire.....	Mr. Wotoumo Mélessi Morigbey Fanny, Technical Advisor to the Minister, Ministry of Finance and Budget
	Mr. Loesse Jacques Esso, Chief of Staff to the Minister, Ministry of Commerce and Industry
Representatives appointed by the Republic of Guinea Bissau	Mr. Fernando Jorge Maria Correia, Executive Director General of Public Debt, Ministry of Economy and Finance
	Mr. Issa Jandi, Director General of Planning, Secretary of State for Planning and Regional Integration
Representatives appointed by the Republic of Mali.....	Mr. Elly Prosper Arama, Director General of Public Debt, Ministry of Economy and Finance
	Mr. Tahirou Sidibe, General Delegate for African Integration, Ministry of Malians Abroad and African Integration
Representatives appointed by the Republic of Niger	Dr. Boukari Mamane, Secretary General of the Ministry of Finance
	Mr. Mahaman Sani Yakoubou, Executive Director of Development Planning, Ministry of Planning
Representatives appointed by the Republic of Senegal.....	Mr. Maguette Niang, General Director of Budget, Ministry of Finance and Budget
	Mr. Malick Ba, Director of Funding and Public-Private Partnerships, Ministry of Economy, Planning and Cooperation
Representatives appointed by the Republic of Togo.....	Mr. Elonyo Emegnimo, Deputy Director of the Treasury and Public Accounting, Ministry of Economy and Finance
	Mr. Bèguèdouwè Paneto, Secretary General of the Ministry reporting to the President of the Republic, with responsibility for Development Planning and Cooperation
Representative appointed by Central Bank of West African States ("**BCEAO**").....	Mrs. Norbert Toe, Vice-Governor, BCEAO
Representatives appointed by the French Republic (Director and Alternate Director)..	Mrs. Suzanne Koukoui Prada, Financial Advisor for West Africa, General Directorate of Treasury, Ministry of Economy and Finance
	Mr. Damien de la Rocque, Deputy Director of Multifin Office 2 "Sub-Saharan Africa, Monetary Cooperation and the French Development Agency, Directorate General of Treasury / Ministry of Economy, Finance and Industrial and Digital Sovereignty
Representatives appointed by KfW / German Republic (Director and Alternate Director)..	Mr. Michael Wehinger, Director, West Africa
	Ms. Kerstin Kiehl, Head, Division of Infrastructure and Financial Systems Development
Representatives appointed by the Kingdom of Belgium (Director and Alternate Director) ..	Mr. Philippe Gérard, Head of the Unit in charge of Development Banks, FPS Foreign Affairs, Foreign Trade and Development Cooperation
	Mr. Robert Verhaeghe, Advisor, (D 2.2) Service of Development Banks
Representative appointed by the European Investment Bank	Mr. Roger Stuart, Reginal Pole Manager for West and Central Africa
Representative appointed by the African Development Bank.....	Mr. Jean Philippe Prosper, External Representative
	Mr. Alhassane Haidara, Division Manager, Non-Sovereign Operations, Industries and Services, General Directorate for West Africa, African Development Bank Group

Representative appointed by the Republic of India	Mr. Puspesh Tyagi, Deputy General Manager, EXIM Bank of India
Representative appointed by the People's Republic of China	Mr. Gao Yuchen, Former Ambassador of China in Mauritius, International Department, People's Bank of China
	Mr. Qiyong Liang, Senior Adviser of Mulitlateral/Development Institutions Division, International Department of the People's Bank of China
Representatives appointed by the Kingdom of Morocco (Director and Alternate Director)..	Mr. Othmane Lahlou, Head, Monetary Analysis and Strategic Monitoring Division, Directorate of Treasury and External Finance, Ministry of Economy, Finance and Administration Reform
	Mr. Abderrahim Chitoui, Head, African Bilateral and Regional Affairs Department, Directorate of Treasury and External Finance, Ministry of Economy, Finance and Administration Reform

Bodies of the Issuer

The prerogatives, frequency of meetings and members of the decision-making bodies, as well as key standing committees are listed below.

WAEMU Conference of Heads of State and Government

Prerogatives	Frequency of Meetings	Members
Takes major policy decisions of the WAEMU and addresses issues that could not be addressed by a unanimous decision of the WAEMU Council of Ministers.	Annually	WAEMU Heads of State

WAEMU Council of Ministers

Prerogatives	Frequency of Meetings	Members
(i) Appoints the President of the Issuer; (ii) approves the general guidelines and strategies of the Issuer; (iii) authorises the entry of new shareholders in the capital of the Issuer; (iv) approves the agreements establishing the withdrawal of member states of the WAEMU who cease to participate in the capital of the Issuer; (v) approves the agreements for the withdrawal of international funding agencies and non-member states of the WAEMU who cease to hold shares in the Issuer's capital; (vi) appoints the auditor(s); (vii) determines the remuneration of the Chairman, directors and auditors; (viii) determines the amount of sitting allowances paid to members of the Board of Directors; (ix) determines the allowances payable to members of the Audit Committee; (x) approves the accounts of the Issuer, (xi) takes or causes all the necessary measures to be taken by the authorities of the Issuer to implement directives given by the WAEMU Conference of Heads of State and Government relating to it; (xii) amends the By-Laws of the Issuer; (xiii) approves the report of the President of the Issuer; (xiv) decides on the termination of the activities of the Issuer; (xv) appoints the liquidation committee of the Issuer; and (xvi) determines the distribution of available assets among members of the Issuer in the event of liquidation.	Quarterly	Each WAEMU Member State is represented by two ministers and has only one vote which is cast by the Minister of Finance.

Board of Directors

Prerogatives	Frequency of Meetings	Members
(i) Decides on the increase or reduction of the Issuer's capital and the call dates of each instalment of uncalled capital under conditions stipulated in the By-Laws; (ii) decides on the calls for callable capital and modalities of such calls; (iii) approves the Issuer's equity participation in companies or institutions;	Typically six meetings per year	Category A shareholders, 2 directors per member state and Governor of BCEAO.

Prerogatives	Frequency of Meetings	Members
(iv) determines the general rules for the granting of loans and guarantees by the Issuer; (v) determines the financial assistance that may be granted by the Issuer pursuant to Articles 32 to 36 of its Articles; (vi) decides on loans to be contracted by the Issuer; (vii) sets the general rules on how to use available funds of the Issuer; (viii) approves the agreements to be signed by the Issuer for the acceptance of non-refundable allocations, constitution of special funds, and the administration and operation of these funds; and (ix) adopts the Issuer's annual accounts and the annual report of its activities.		Category B shareholders, one director per member up to half of the total number of representatives of the Category A shareholders.

Credit Committee (internal body of the Board of Directors)

Prerogatives	Frequency of Meetings	Members
Approves loans and loan guarantees within the limits set by the Board of Directors (for decisions relating to a maximum of FCFA 5 billion, in case of emergency). All financing proposals submitted to the Credit Committee and the Board of Directors are first reviewed by the accreditations committee in charge of private sector projects, and then by the Commitments Committee for all projects that are of interest to the Issuer. The Issuer's Chief Risk Officer is in charge of commitments and risks.	As often as necessary between two sessions of the Board of Directors	President of the Issuer who is also the Chairman of the Credit Committee Governor of BCEAO or their representative Three representatives of WAEMU Member States One representative of non-regional shareholders

Audit Committee (internal body of the Board of Directors)

Prerogatives	Frequency of Meetings	Members
Assists the Board of Directors to assess the quality of the Issuer's administration, operation, financial information and control systems. It may also carry out other tasks that may be assigned to it by the Board of Directors.	At least three times per year	Two representatives of WAEMU Member States One representative of the Governor of BCEAO One representative of non-regional shareholders

Internal and external audit

The Issuer's internal control system involves a prior control mechanism (financial control), a post disbursement control (internal audit) and a procurement control. The Audit Committee was set up in 2005 by the Board of Directors to reinforce internal controls. See "*—Audit Committee*".

The internal audit unit is attached to the corporate control unit, which is directly under the supervision of the President of the Issuer, while the Audit Committee reports to the Board of Directors. The internal audit unit also reports to the Audit Committee.

The Issuer's accounts are subject to an annual audit carried out by an external auditor appointed by the WAEMU Council of Ministers from among international audit firms.

Financial control

The financial control unit carries out prior control to ensure: (i) the consistency of commitments in the procurement of goods and services for the Issuer's operations, staff costs and other fringe benefits; and (ii) the consistency, genuineness and justification of any cash outflows to be made (*i.e.*, banking operations, loans, general expenditure, equipment, fund transfers, *etc.*).

Internal audit

The remit of internal audit covers all activities of the Issuer, including project financing, treasury, securities, information system, Resident Missions and assistance processes. Internal audit carries out its interventions on the importance of the identified risk, while its control system is preventive in nature. Internal audit activities are in line with the programme of activity approved by the President of the Issuer and endorsed by the Audit Committee. The internal audit is responsible, among other things, for:

- examining the internal control systems and procedures of the Issuer regarding risks related to activities of its organisational units and making recommendations to make it more effective;
- carrying out performance audits of the departments as well as compliance audits of processes; and
- carrying out audits of on-going projects financed by the Issuer to ensure compliance with procedures and provisions in the loan agreements.

Recommendations made by internal audit are submitted to the President with an implementation timeline.

Procurement Control

Procurement control monitors compliance with the Issuer's guidelines and procedures on procurement of goods and services for the Issuer and in projects financed by the Issuer. It ensures that procurement contracts are entered into in compliance with applicable fairness, transparency and good management rules.

Audit Committee

The Audit Committee assists the Board of Directors in assessing: (i) the integrity of financial statements, accounts and financial reports, as well as the effectiveness and appropriateness of the Issuer's information policies and procedures; (ii) the soundness of the internal control system put in place to monitor the Issuer's finance and accounting systems and their effective implementation; (iii) the independence, competence and performance of the Issuer's external auditors; and (iv) the risk assessment and management capacity of the Issuer. Operations of the Audit Committee are governed by a charter approved by the Board of Directors.

External audit

The WAEMU Council of Ministers appoints the Issuer's auditors. The Issuer's auditors audit the annual financial statements and review the interim financial statements. The Issuer is not required to produce, nor does it typically produce, quarterly financial statements, just semi-annual financial statements.

Following the issuance of the Notes, the Issuer agrees, in accordance with Condition 5, entitled "*Terms and Conditions of the Notes—5. Negative Pledge and certain other Covenants*", to provide the Trustee with only annual and semi-annual financial statements pursuant to its obligations and, therefore, will not provide the Trustee, or otherwise publish quarterly financial statements pursuant to such obligations.

The Issuer's external auditors for the years ended 31 December 2021, 2022 and 2023 were KPMG Togo. In accordance with the terms of reference for the selection of the Issuer's auditors, the term of office of the external auditors is three years and KPMG Togo's mandate was renewed for a further three-year term in 2021 until 31 December 2024. The 2021, 2022 and 2023 Financial Statements were audited by KPMG Togo.

Conflicts of interest

As at the date of this Offering Circular, as a result of policies that were adopted to prevent conflicts of interest between the duties owed by the members of the Board of Directors and Executive Management to the Issuer and their private interests and / or other duties, there are no such conflicts of interest. According to Article 11 of the Code of Conduct of the members of the Board of Directors of the Issuer *(Charte des Administrateurs de la BOAD)* of March 2011, Directors of the Issuer have to perform their duties with independence, integrity and professionalism. In particular, members of the Board of Directors must ensure that their analysis, judgments, decisions and actions remain independent in all circumstances. They undertake not to seek or accept any benefit likely to compromise their independence. In addition, the code of ethics and professional conduct applicable to the President and Vice-Presidents of the Board of Directors (most recently updated in June 2013) requires them to take all necessary measures to avoid any situations of conflict of

interest. In addition, the members of the Board of Directors, the President, the Vice-Presidents, as well as any member of the staff of the Issuer, are required to declare any actual or potential conflicts of interest.

Corporate Social Responsibility

In accordance with Article 2 of its By-Laws, the Issuer aims to "promote the balanced development of its member states and foster economic integration in West Africa". Accordingly, the Issuer promotes investment of public and private capital in projects and programmes aimed at protecting citizens against external shocks, reducing inequality and reducing poverty, as well as promoting sustainable development. The Issuer is accredited by various global climate funds.

In order to make such activities more visible, in February 2020, the Board of Directors approved the Issuer's corporate social responsibility ("**CSR**") policy and strategy for the period 2020-2024. The strategy is structured around 11 areas and aims to better address key challenges and contribute efficiently to the attainment of sustainable development goals set by the United Nations. The strategy targets objectives in 17 CSR projects, to be assessed on an annual basis. The Issuer has also set out its intention to improve its gender-related policy and reduce greenhouse gas emissions associated with its activities. The CSR policy is based on five pillars: (i) governance through mainstreaming CSR in the Issuer's strategy; (ii) continuing the development of territories through dialogue with stakeholders and ensuring respect for human rights; (iii) contributing to climate change control in the projects supported by the Issuer, whilst mitigating the Issuer's environmental impact; (iv) promoting CSR in the practices of clients and partners; and (v) maintaining and improving working conditions by providing the Issuer's staff with opportunities to develop their skills.

In August 2021, the Issuer established a new Innovation and Sustainable Development Department as part of its "ESG by Design" initiative aimed at strengthening the CSR culture at the Issuer. Among other aims, the ESG by Design initiative targets nine workstreams covering ESG governance, the Issuer's own account ESG, environmental and social risk management, business opportunities for financing and investment, incubation and foresight, training and skills management, influence and partnerships, operations and data and communication. The Issuer's CSR strategy is based on ISO 2600 guidelines for CSR. The Issuer's Innovation and Sustainable Development Department is responsible for implementing its CSR strategy and related processes. In September 2024, the Innovation and Sustainability department and the Climate Finance Department merged to become the Financing Sustainable Development Department. The objective of this new Department being to coordinate the Bank's actions towards sustainability and synchronization its actions to mobilize resources to bring more concessionality to the projects the Bank finances.

In addition, the Issuer's CSR and ESG strategy is aligned with the objectives of the Paris Agreement on climate change and the Issuer participated in the One Planet Summit in 2017, held on the two year anniversary of the Paris Agreement. The Issuer implements and promotes a number of further initiatives, including green information technology and responsible procurement, both within the bank and to its member countries and other stakeholders. The Issuer also has biodiversity conservation objectives at all levels of the bank (with a focus on risk management policy) and focuses on efforts to meet "social" objectives within the bank, including by being a responsible employer, as well as promoting social objectives among its stakeholders (including issues relating to youth and e-inclusion).

The Issuer's CSR policy and strategy form part of the wider aims of the 2021-2025 Strategic Plan and, in particular, its commitment to fund projects aimed at tackling climate change, including renewable energy projects. In line with the 2021-2025 Strategic Plan, the Issuer focuses on energy/energy transition, biodiversity/oceans, sustainable cities/mobility and health UN Sustainable Development Goals. See "*Description of the Issuer—Strategy—2021-2025 Strategic Plan (Djoliba Plan)*".

FORM OF THE NOTES AND TRANSFER RESTRICTIONS

The following information relates to the form, transfer and delivery of the Notes.

1. Form of the Notes

All Notes will be in fully registered form, without interest coupons attached. Notes offered and sold outside the United States in reliance on Regulation S will be represented by interests in the Unrestricted Global Note Certificate, in fully registered form, without interest coupons attached, which will be deposited on or about the Issue Date with a common depositary for Euroclear and Clearstream, and registered in the name of Citivic Nominees Limited, as nominee for such common depositary in respect of interests held through Euroclear and Clearstream.

Notes offered and sold in reliance on Rule 144A to QIBs that are also QPs will be represented by interests in one or more Restricted Global Note Certificates, in fully registered form, without interest coupons attached, which will be registered in the name of Cede & Co., as nominee for, and which will be deposited on or about the Issue Date with a custodian (the "**Custodian**") for, DTC. The Restricted Global Note Certificate (and any Note Certificates (as defined below) issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set forth under paragraph 3 below.

The Global Note Certificates will each have an ISIN and a Common Code and the Restricted Global Note Certificate(s) will have a separate CUSIP.

2. Notices

So long as the Notes are represented by a Global Note Certificate and the Global Note Certificate is held on behalf of a clearing system, notices to holders of Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published on the website of the Luxembourg Stock Exchange (https://www.luxse.com/). Such notices shall be deemed to have been given to the relevant accountholders as of the day following the day on which they are given to DTC, Euroclear, Clearstream, or any Alternative Clearing System.

3. Transfer Restrictions

On or prior to the 40th day after the Issue Date, a beneficial interest in the Unrestricted Global Note Certificate may be transferred to a person who wishes to take delivery of such beneficial interest through the Restricted Global Note Certificate(s) only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the schedule to the Agency Agreement), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB that is also a QP, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Note, as set out below.

A beneficial interest in the Restricted Global Note Certificate(s) may also be transferred to a person who wishes to take delivery of such beneficial interest through the Unrestricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the schedule to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act to QIBs that are also QPs.

Any beneficial interest in either the Restricted Global Note Certificate(s) or the Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note Certificate will, upon transfer, cease to be a beneficial interest in such Global Note Certificate and become a beneficial interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note Certificate for so long as such person retains such an interest.

Each purchaser of Notes offered hereby pursuant to Rule 144A will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A are used herein as defined therein):

(i) the purchaser (a) is a QIB that is also a QP, (b) is acquiring the Notes for its own account or for the account of such a QIB that is also a QP and (c) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged, or otherwise transferred except in accordance with the legend set out below;

(iii) that it is not and for so long as it holds a Note (or any interest therein) will not be (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, (iii) an entity whose underlying assets include for purposes of ERISA or Section 4975 of the Code the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (iv) a governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code; and

(iv) the Restricted Global Note Certificate(s) and any Restricted Note Certificates (as defined below) issued in exchange for an interest in the Restricted Global Note Certificate(s) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER, AND WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER, THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF REPRESENTS AND AGREES, FOR THE BENEFIT OF THE ISSUER, THAT (A) THIS NOTE (AND ANY INTEREST HEREIN) MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) TO THE ISSUER, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (a "**QIB**") THAT IS ALSO A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51)(A) OF THE U.S.INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**")) AND THE RULES AND REGULATIONS THEREUNDER, (a "**QP**"), PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.$200,000 IN PRINCIPAL AMOUNT OF NOTES, (3) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") OR (4) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, BUT ONLY UPON DELIVERY TO THE ISSUER OF AN OPINION OF COUNSEL IN FORM AND SCOPE SATISFACTORY TO THE ISSUER, AND IN EACH OF SUCH CASES IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THAT (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE (OR INTEREST HEREIN) FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN (A) ABOVE.

IF THE HOLDER OF THIS NOTE IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S, SUCH HOLDER REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER-DEALER, WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.$25,000,000 IN SECURITIES OF UNAFFILIATED BANKS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN; (4) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THIS NOTE; (6) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND (7) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE HOLDER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB AND A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON WHO IS (I) A U.S. PERSON WHO IS A QIB AND A QP THAT IS, IN EACH CASE, OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S WHO

IS LOCATED OUTSIDE THE UNITED STATES AND IS PURCHASING SUCH NOTE IN AN OFFSHORE TRANSACTION OR (B) COMPEL THE HOLDER TO SELL ITS INTEREST IN THIS NOTE TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER. THE ISSUER HAS THE RIGHT TO REFUSE TO PERMIT A TRANSFER OF AN INTEREST IN THIS NOTE TO A PERSON WHO IS NOT BOTH A QIB AND A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT, BUT RATHER INTENDS TO RELY ON SECTION 3(C)(7) THEREUNDER.

THE ISSUER MAY COMPEL EACH HOLDER OF THIS NOTE THAT IS A U.S. PERSON WITHIN THE MEANING OF REGULATION S TO CERTIFY PERIODICALLY THAT SUCH HOLDER IS A QIB AND A QP.

THIS NOTE AND ALL RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL LAW OF THE UNITED STATES OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE".

(v) that if it is a U.S. person within the meaning of Regulation S, it is (a) not a broker-dealer which owns and invests on a discretionary basis less than U.S.$25 million in securities of unaffiliated Banks, (b) not a participant-directed employee plan, such as a 401(k) plan, (c) not formed for the purpose of investing in the Notes or the Issuer, and (d) aware, and each beneficial owner of such Notes has been advised, that the seller of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A;

(vi) that it will, (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Restricted Global Note Certificates in a principal amount that is not less than U.S.$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in the Issuer's securities from one or more book-entry depositories; and

(vii) that it understands that the Issuer has the power to compel any holder of Restricted Global Note Certificates that is a U.S. person and is not a QIB and a QP to sell or transfer its interest in the Restricted Global Note Certificates. The Issuer has the right to refuse to permit the transfer of an interest in the Restricted Global Note Certificates to a person who is not both a QIB and a QP.

Each purchaser of Notes outside the United States pursuant to Regulation S, and each subsequent purchase of such Notes in re-sales during the period which expires on and includes the 40th day after the later of the commencement of the offering of the Notes and the Issue Date (the "**distribution compliance period**"), will be deemed to have represented, agreed and acknowledged as follows:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S);

(ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell pledge or otherwise transfer such Notes except in an offshore transactions in accordance with Rule 903 or Rule 904 of Regulation S, and in accordance with any applicable securities laws of any State of the United States;

(iii) that it is not and for so long as it holds a Note (or any interest therein) will not be (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to

Section 4975 of the Code, (iii) an entity whose underlying assets include for purposes of ERISA or Section 4975 of the Code the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (iv) a governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code; and

(iv) the Issuer, the Registrar, the Trustee, the Joint Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

4. Exchange of Interests in Global Note Certificates for Note Certificates

The Restricted Global Note Certificate(s) will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form ("**Restricted Note Certificates**") if (a) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Note Certificate(s) or ceases to be a clearing agency registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (b) the Issuer fails to pay any amount payable in respect of any of the Notes when due and such default continues for a period of 10 business days. In such circumstances, such Restricted Note Certificates shall be registered in such names as DTC shall direct in writing and the Issuer will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) or (b).

The Unrestricted Global Note Certificate will become exchangeable, free of charge to the holder, in whole but not in part, for Note certificates in definitive form ("**Unrestricted Note Certificates**") if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so or (b) the Issuer fails to pay any amount payable in respect of any of the Notes when due and such default continues for a period of 10 business days. In such circumstances, such Unrestricted Note Certificates will be registered in such names as Euroclear and Clearstream shall direct in writing and the Issuer will procure that the Registrar notify the holders as soon as practicable after the occurrence of the events specified in (a) and (b).

In the event that the Restricted Global Note Certificate(s) is to be exchanged for Restricted Note Certificates or the Unrestricted Global Note Certificate is to be exchanged for Unrestricted Note Certificates (together, "**Note Certificates**") the relevant Global Note Certificate shall be exchanged in full for the relevant Note Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of Notes.

On exchange, a person having an interest in a Global Note Certificate must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Note Certificates and (ii) in the case of the Restricted Global Note Certificate(s) only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a person whom the transferor reasonably believes is a QIB that is also a QP. Note Certificates issued in exchange for a beneficial interest in the Restricted Global Note Certificate(s) shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*" above. Restricted Note Certificates issued as described above will not be exchangeable for beneficial interests in the Unrestricted Global Note Certificate and Unrestricted Note Certificates issued as described above will not be exchangeable for beneficial interests in the Restricted Global Note Certificate(s).

In addition to the requirements described under "*Transfer Restrictions*" above, the holder of a Note may transfer such Note only in accordance with the provisions of "*Terms and Conditions of the Notes—3. Transfer of Notes*" of the Notes.

Upon the transfer, exchange or replacement of a Restricted Note Certificate bearing the legend referred to under "Transfer Restrictions" above, or upon specific request for removal of the legend on a Restricted Note Certificate, the Issuer will deliver only Restricted Note Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

The Registrar will not register the transfer of any Notes or exchange of interests in a Global Note Certificate for Note Certificates for a period of 15 calendar days ending on the due date of any payment of principal or interest in respect of such Notes.

5. DTC, Euroclear and Clearstream Arrangements

So long as DTC or its nominee of Euroclear, Clearstream or the nominee of their common depositary is the registered holder of a Global Note Certificate, DTC, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note Certificate for all purposes under the Agency Agreement, the Trust Deed and the Notes. Payments of principal, interest and Additional Amounts, if any, in respect of Global Note Certificates will be made to DTC, Euroclear, Clearstream or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Trustee, any Paying and Transfer Agent or the Joint Lead Managers or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by Euroclear or Clearstream from (or on behalf of) the Principal Paying and Transfer Agent, to the cash accounts of Euroclear or Clearstream customers in accordance with the relevant system's rules and procedure.

Holders of book-entry interests in the Notes through DTC will receive, to the extent received by DTC from (or on behalf of) the Principal Paying and Transfer Agent, all distributions of principal and interest with respect to book-entry interests in the Notes from the Principal Paying and Transfer Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

Interest on the Notes (other than interest on redemption) will be paid to the person shown as the Noteholder in the Register at close of business on the Clearing System Business Day before the due date for payment (the "**Record Date**"), where Clearing System Business Day means a day on which each clearing system for which the Global Note Certificate is being held is open for business. Principal and interest with respect to the Restricted Note Certificates and the Unrestricted Note Certificates on redemption will be paid to the holder shown on the Register on the Record Date upon delivery and surrender of the relevant Note Certificate. Trading between the Restricted Global Note Certificate and the Unrestricted Global Note Certificate(s) will therefore be net of accrued interest from the relevant Record Date to the relevant Interest Payment Date.

The laws of some states of the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Notes in DTC, Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of a nominee for a common depositary of Euroclear and Clearstream and Cede and Co. to reflect the amounts of Notes held through Euroclear and Clearstream, on the one hand, and DTC, on the other. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in DTC, Euroclear and Clearstream.

Interests in the Unrestricted Global Note Certificate and the Restricted Global Note Certificate(s) will be in uncertificated book-entry form.

Trading between Euroclear and/or Clearstream Account Holders. Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream to purchasers of book-entry interests in the Notes through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional Eurobonds.

Trading between Euroclear and/or Clearstream Account Holders. Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream to purchasers of book-entry interests in the Notes through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants. Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same Day Funds Settlement System.

Trading between DTC Seller and Euroclear/Clearstream Purchaser. When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Restricted Global Note Certificate(s) to the account of a Euroclear or Clearstream accountholder wishing to purchase a beneficial interest in the Unrestricted Global Note Certificate (subject to such certification procedures as are provided in the Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream accountholder. On the settlement date, the Custodian will instruct the Registrar to (a) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Note Certificate(s) and (b) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream and evidenced by the Unrestricted Global Note Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, as the case may be, for credit to the relevant accountholder on the first Business Day following the settlement date. See above concerning the Record Date for payment of interest.

Trading between Euroclear/Clearstream Seller and DTC Purchaser. When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Restricted Global Note Certificate(s) (subject to such certification procedures as are provided in the Agency Agreement), the Euroclear or Clearstream participant must send to Euroclear or Clearstream delivery free of payment instructions by 5:00 p.m. Brussels or Luxembourg time, one Business Day prior to the settlement date. Euroclear or Clearstream, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream account holder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interest in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream and evidenced by the Unrestricted Global Note Certificate and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Note Certificate(s). See above concerning the Record Date for payment of interest.

Although the foregoing sets out the procedures of DTC, Euroclear and Clearstream in order to facilitate the transfers of interests in the Notes among participants of DTC, Euroclear and Clearstream, none of DTC, Euroclear or Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Paying and Transfer Agent or any of the Joint Lead Managers or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by DTC, Euroclear and Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

Settlement of Pre-issue Trades. It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the Issue Date will be required, by virtue of the fact the Notes initially may settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the Issue Date should consult their own advisers.

6. Meetings

The holder of a Global Note Certificate will at a meeting of holders of Notes have one vote in respect of each U.S.$1,000 in principal amount of Notes for which the Global Note Certificate may be exchanged.

For so long as the Notes are in the form of a Global Note Certificate registered in the name of any nominee for one or more of Euroclear, Clearstream or any other clearing system, then, in respect of any resolution proposed by the Issuer or the Trustee:

(i) where the terms of the proposed resolution have been notified to the Noteholders through the relevant clearing system(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% in aggregate principal amount of the Notes outstanding ("**Electronic Consent**"). Neither the Issuer or the Trustee shall be liable or responsible to anyone for such reliance.

(A) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the "**Relevant Date**") by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

(B) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the proportion required to pass the Electronic Consent, the resolution shall, if the party proposing such resolution (the "**Proposer**") so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (A) above. For the purpose of such further notice, references to "**Relevant Date**" shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer or the Trustee which is not then the subject of a meeting that has been validly convened in accordance the Trust Deed, unless that meeting is or shall be cancelled or dissolved; and

(ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

7. Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the relevant Global Note Certificate.

8. Trustee's Powers

In considering the interests of holders of Notes while a Global Note Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note Certificate and may consider such interests as if such accountholders were the holder of the Global Note Certificate.

TAXATION

The following is a general summary of certain tax consequences as at the date hereof in relation to payments made under the Notes. It is not exhaustive and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Notes.

The By-Laws

Under Article 44 of the By-laws, the Issuer, its revenues, its property and other assets, as well as transactions and operations it undertakes, are exempt from all direct or indirect taxation. Article 44 further states that no tax of any kind shall be levied by any of the WAEMU Member States or any of their local authorities on any bonds issued by the Issuer, by whomever held.

U.S. Federal Income Tax Considerations

The following discussion is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes by a U.S. holder (defined below). This summary is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing, temporary and proposed U.S. Treasury Regulations issued thereunder, and judicial and administrative interpretations thereof, each as available and as of the date hereof, and all of which are subject to change, possibly with retroactive effect or differing interpretations which could affect the tax consequences described herein. There can be no assurances that the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. tax consequences of purchasing, owning or disposing of the Notes. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders that may be subject to special rules, such as certain financial institutions, certain former citizens or lawful permanent residents of the United States, insurance companies, dealers or traders in securities or currencies, individual retirement accounts and other tax-deferred accounts, investors holding the Notes in connection with a trade or business conducted outside of the United States, holders whose functional currency is not the U.S. Dollar, tax exempt organisations, regulated investment companies, real estate investment trusts, grantor trusts, holders that will hold Notes through an entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes, holders subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement, and persons holding the Notes as part of a "straddle", "hedge", "conversion transaction", wash sale or other integrated transaction for U.S. federal income tax purposes.

This summary does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances. Moreover, this summary does not address state, local, non-U.S. or other tax laws (e.g., U.S. federal estate and gift tax), Medicare net investment income tax or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of the Notes. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (the first price at which a substantial part of the Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets.

For purposes of this discussion, a U.S. holder is a beneficial owner of a Note that is for U.S. federal income tax purposes (i) an individual citizen or resident of the United States; (ii) a corporation created or organised in or under the laws of the United States, any state or any political subdivision thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or if a valid election is in place under applicable U.S. Treasury Regulations to treat the trust as a U.S. person.

If an entity or arrangement treated as a partnership or other pass-through entity for U.S. federal income tax purposes holds the Notes, the tax treatment of the partnership or pass-through entity and a partner or other member in such partnership or other pass-through entity will generally depend upon the status of the partner or other member and the activities of the partnership or other pass-through entity. Prospective purchasers that are entities or arrangements treated as partnerships or other pass-through entities should consult their own tax advisors as to the consequences to them and their partners or other fellow members of the purchase, ownership and disposition of the Notes by the partnership or other pass-through entity.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS

AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Notes

The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. To the extent it is required to do so, the Issuer intends to take the position that the Notes are characterised as debt for U.S. federal income tax purposes. However, alternative characterisations might also be possible. There can be no assurances that the IRS will not challenge the characterisation of the Notes as debt for U.S. federal income tax purposes, possibly successfully, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the appropriate characterisation of the Notes for U.S. federal income tax purposes. If the IRS were to challenge such characterisation, there is a risk that the Notes might be recast as equity interests for U.S. federal income tax purposes. In that event, the Issuer would likely be a PFIC for U.S. federal income tax purposes which generally would result in adverse U.S. federal income tax consequences to a U.S. holder, and might require additional filings by a U.S. holder with the IRS.

Certain terms of the Notes might cause them to be subject to "contingent payment debt instruments" rules for U.S. federal income tax purposes. To the extent it is required to do so, the Issuer intends to take the position that the Notes are not subject to these rules. However, there can be no assurances that the IRS will not challenge this characterisation, possibly successfully. If the IRS were successful in such an assertion, the timing and amount of income included and the character of gain recognized with respect to the Notes generally would be different from the consequences discussed below. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

The Issuer's determination regarding these matters generally is binding on U.S. holders unless a U.S. holder discloses its contrary position in the manner required by the applicable U.S. Treasury Regulations.

Interest

The Notes should be treated as being issued with OID for U.S. federal income tax purposes because their "stated redemption price at maturity" will exceed their "issue price" by more than a statutorily defined *de minimis* amount. Generally, the "stated redemption price at maturity" of a Note will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". In general, "qualified stated interest" is stated interest unconditionally payable in cash or property (other than in debt instruments of the Issuer) at least annually during the entire term of the Note and equal to the outstanding principal balance of the Note multiplied by a single fixed rate of interest. Given the Issuer may defer interest payments and that interest payments will be mandatorily deferred in certain circumstances, none of the stated interest on the Notes should be treated as qualified stated interest. U.S. holders will be required to include OID in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. The amount of OID includible in income by a U.S. holder of a Note would be the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. holder holds the Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year; and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's adjusted issue price at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules apply for calculating OID for an initial short accrual period. The "yield to maturity" of a Note is the discount rate that causes the present value of all payments on the Note as of its original issue date to equal the issue price of such Note. The "adjusted issue price" of a Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period.

Specifically for purposes of determining the amount of OID to be accounted for on a debt instrument, the U.S. Treasury Regulations generally deem an issuer to exercise an option in a manner that would minimize the yield on the debt instrument. If these rules would deem the Issuer to redeem the Notes on a particular date but the Issuer does not do so, solely for purposes of the OID rules, the Notes would be treated as retired and reissued for an amount equal to their adjusted issue price on that date. As a result of such reissuance, the amount and accrual of OID on the Notes could change.

The rules regarding OID are complex. Prospective purchasers should consult their own tax advisers about the application of the OID rules in their particular circumstances.

Interest on the Notes will be treated as foreign source income for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, interest on the Notes should generally constitute "passive category income," for most U.S. holders for foreign tax credit purposes. Subject to generally applicable restrictions and conditions, if any foreign income taxes are withheld on interest payments on the Notes, a U.S. holder generally may be entitled to a foreign tax credit in respect of any such foreign income taxes. Alternatively, a U.S. holder may deduct such taxes in computing taxable income provided that the U.S. holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. The rules regarding foreign tax credits and deduction of foreign income taxes are complex; therefore, U.S. holders should consult their own tax advisors regarding the availability of foreign tax credits or deductions in respect of foreign income taxes based on their particular circumstances.

Sale, Exchange, Retirement or Other Taxable Disposition of Notes

A U.S. holder will recognise taxable gain or loss upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, equal to the difference, if any, between the amount realised on the sale, exchange, retirement or other taxable disposition and the holder's adjusted tax basis in that Note. A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note, increased by the amount of OID previously accrued by that holder with respect to that Note and decreased by the amount of any payment other than qualified stated interest made on the Notes. Any gain or loss realised by a U.S. holder on the sale, exchange, retirement, or other taxable disposition of a Note will generally be capital gain or loss, and will be long-term capital gain or loss if the Note was held by the U.S. holder for more than one year. Capital gains of non-corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. Any gain or loss realised by a U.S. holder on the sale, exchange or retirement of a Note generally will be treated as U.S. source gain or loss. The deductibility of capital losses by U.S. holders is subject to limitations.

Further Issues

The Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. U.S. holders should note that additional securities that are treated as a single issuance or series for non-tax purposes may not necessarily be treated as part of the same "issue" for U.S. federal income tax purposes. In such case, the new securities may be considered to have been issued with a greater amount of OID, which may affect the market value of the Notes since such additional securities may not be distinguishable from the Notes.

Possible Alternative Characterisation of the Notes as Equity Interests

If the Notes were recast as equity interests in the Issuer for U.S. federal income tax purposes, it is likely that the Issuer would be characterised as a PFIC. A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain Subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. Passive income generally includes interest, dividends, rents, royalties and certain capital gains, subject to certain active business exceptions, including exceptions for certain active banking income and for certain dealer income.

If the Notes are characterised as equity interests in a PFIC, each U.S. holder of the Notes (directly or, in certain cases, indirectly) would be subject to adverse tax consequences. Generally, gain recognised by a U.S. holder upon a disposition (including, under certain circumstances, a pledge) of the Notes by the U.S. holder would be allocated ratably over the U.S. holder's holding period for the Notes. The amounts allocated to the taxable year of disposition and to years before the Issuer became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the tax attributable to the allocated amount. Further, to the extent that any distribution received by a U.S. holder on the Notes exceeds 125% of the average of the annual distributions on the Notes received during the preceding three years or the U.S. holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above.

The special tax rules discussed above will not apply, however, if (i) such U.S. holder is characterised as a 10% shareholder (by vote or value) with respect to the Issuer and the Issuer is characterised as a "controlled foreign corporation" within the meaning of the Code or (ii) such U.S. holder makes a timely qualified electing fund ("**QEF**") election with respect to the Issuer. If the Issuer determines that it is a PFIC and the Notes are recast as equity interests for U.S. federal income tax purposes for any taxable year, upon written request, the Issuer will endeavour to provide to a U.S. holder such information as the IRS may require, including a PFIC annual information statement, in order to enable the U.S. holder to make and

maintain a QEF election, but there is no assurance that the Issuer will timely provide such required information. If such U.S. holder timely makes a QEF election, it would be required to recognise currently its proportionate share of the Issuer's ordinary earnings and net capital gain, which may be greater, in any given year, than the amount of cash distributed with respect to its Notes.

If the Issuer was a PFIC for any year during which a U.S. holder owned Notes and the Notes are treated as an equity interest in the Issuer for U.S. federal income purposes, the Issuer would generally continue to be treated as a PFIC with respect to such U.S. holder for all succeeding years during which such U.S. holder held the Notes, even if the Issuer ceased to meet the threshold requirements for PFIC status. Additionally, if a U.S. holder owns Notes during any year in which the Issuer is a PFIC, the U.S. holder generally will be required to file an IRS Form 8621 annually with respect to the Issuer, generally with the U.S. holder's U.S. federal income tax return for that year unless specified exceptions apply.

If the Notes are treated as an equity interest in the Issuer for U.S. federal income purposes, each "interest" payment should be treated as a distribution by the Issuer with respect to such equity interest. Subject to the PFIC rules discussed above, distributions paid by the Issuer generally will be taxable to a U.S. holder as foreign-source dividend income to the extent of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Such distributions will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in the Notes and thereafter as capital gain. However, the Issuer does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. holders should therefore assume that any distribution by the Issuer with respect to Notes will constitute ordinary dividend income. Prospective purchasers should seek advice from their own tax advisers as to the consequences to them of alternative characterisations of the Notes, the appropriate U.S. federal income tax treatment of any distribution received from the Issuer, and the possibility that the Notes may be classified as equity interests in a PFIC.

Certain Tax Consequences of Substitution or Variation of the Notes

Under certain circumstances, the Issuer may substitute or vary the terms of the Notes (as described in "*Terms and Conditions of the Notes—10. Redemption and Purchase, Substitution and Variations*"). Such a modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of the Notes as in place prior to such modifications for New Notes. If such modifications result in a deemed exchange for U.S. federal income tax purposes, it may be treated as a taxable transaction for U.S. federal income tax purposes in which U.S. holders would be required to recognise any gain or loss (although any loss could be disallowed). Furthermore, for U.S. federal income tax purposes, the New Notes deemed issued in such a deemed exchange could be treated as issued with OID. In such event, U.S. holders would be required to include such OID in their income as it accrues, in advance of the receipt of cash corresponding to such income regardless of their usual method of tax accounting. U.S. holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to the potential modification of the Notes in connection with a substitution or variation of the terms of the Notes.

Information Reporting and Backup Withholding Tax

Payments of principal and interest on (including accruals of OID), and the proceeds of the sale or other disposition (including a retirement or redemption) of Notes by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. holder as may be required under applicable U.S. Treasury Regulations, unless such U.S. holder is an exempt recipient and, when required, provides evidence of such exemption. The payor will be required to backup withhold on these payments (including payment of accrued OID) if a U.S. holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements.

Certain U.S. holders are not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding imposed on a payment will be allowed as a credit against any U.S. federal income tax liability of a U.S. holder and may entitle the U.S. holder to a refund, provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes.

Specified Foreign Financial Assets

Certain United States persons that own "specified foreign financial assets," including securities issued by any foreign person, either directly or indirectly or through certain foreign financial institutions, may be subject to additional reporting obligations if the aggregate value of all of those assets exceeds U.S.$50,000 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year, or certain other requirements are met, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). The Notes may be treated as specified foreign financial assets, and U.S. holders may be subject to this information reporting regime. Significant

penalties and an extended statute of limitations may apply to a U.S. holder that fails to file information reports. U.S. holders should consult their own tax advisers regarding these potential information reporting obligations.

U.S. holders should consult their tax advisers regarding any additional tax reporting or filing requirements they may have as a result of the purchase, ownership or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties and other adverse consequences.

CERTAIN ERISA CONSIDERATIONS

The Notes may not be purchased or held by (i) any "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) any "plan" as defined in and subject to Section 4975 of the Code, (iii) any entity whose underlying assets include for purposes of ERISA or Section 4975 of the Code the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (iv) any governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (the foregoing clauses (i) through (iv), collectively, "**Plans**"). Each purchaser and holder of Notes will be deemed to have represented and agreed that it is not and will not be a Plan.

SUBSCRIPTION AND SALE

BNP PARIBAS, HSBC Bank plc, J.P. Morgan Securities plc, SMBC Bank International plc, and Société Générale (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 11 February 2025 (the "**Subscription Agreement**"), severally and not jointly agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Notes at 98.798% of their principal amount less a commission. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

To the extent permitted by local law, the Joint Lead Managers and the Issuer have agreed that commissions may be offered to certain brokers, financial advisers and other intermediaries based upon the amount of investment in the Notes purchased by such intermediary and/or its customers. Each such intermediary is required by law to comply with any disclosure and other obligations related thereto, and each customer of any such intermediary is responsible for determining for itself whether an investment in the Notes is consistent with its investment objectives.

The Joint Lead Managers may offer and sell Notes through certain of their affiliates (as defined under Rule 501(b) of Regulation D of the Securities Act). To the extent the Joint Lead Managers intend to effect any sales of the Notes in the United States, they will do so through their respective selling agents, or through one or more U.S. registered broker dealers or as otherwise permitted by applicable U.S. law.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

The Notes are being offered and sold in the United States only to QIBs that are also QPs, in reliance on Rule 144A. Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (the "**distribution compliance period**") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during such 40 day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and except in either case only (a) outside the United States in offshore transactions to a person who is not a U.S. person in reliance on, and in compliance with, Regulation S under the Securities Act ("**Regulation S**") and (b) in the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act ("**QIBs**") that are also qualified purchasers as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended, and the rules and regulations thereunder ("**QPs**"), in connection with resales by Joint Lead Managers in reliance, and in compliance with Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S."

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S Securities Act.

Notes may be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Joint Lead Managers may directly or through their respective U.S. registered broker-dealer affiliates arrange for the offer and resale of Notes within the United States pursuant to Rule 144A only to persons whom they reasonably believe are both QIBs and QPs, who can represent that (a) they are QPs who are QIBs, (b) they are not broker-dealers who own and invest on a discretionary basis less than U.S.$25 million in securities of unaffiliated issuers, (c) they are not a participant-directed employee plan, such as a 401(k) plan, (d) they are acting for their own account, or the account of another QIB who is also

a QP, (e) they are not formed for the purpose of investing in the Issuer or the Notes, (f) they will and each account for which they are purchasing will hold and transfer Notes in a principal amount that is not less than U.S.$200,000 at any time, (g) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositaries, and (h) they will provide notice of the transfer restrictions set forth in this Offering Circular to any subsequent transferees.

Covered Fund

The Issuer is a "covered fund" as defined in the Volcker Rule. The definition of "covered fund" in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act, but for the exemption provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Issuer relies on Section 3(c)(7) for its exemption from registration under the Investment Company Act (which exemption limits sales of the Notes to "qualified purchasers" as such term is defined therein), it is a covered fund, which may limit the ability of U.S. "banking entities" and non-U.S. affiliates of U.S. banking entities to hold an ownership interest in the Issuer or enter into financial transactions with the Issuer.

Because the Issuer is deemed to be a "covered fund", the marketability and liquidity of the Notes could be significantly impaired. Some investors may choose not to purchase any securities of a covered fund – whether or not the securities constitute an ownership interest in a covered fund under the Volcker Rule. Any purchaser, and in particular any entity that is a "banking entity" as defined under the Volcker Rule, should consider the potential impact of the Volcker Rule in respect of such investment. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule.

Under the Volcker Rule, "ownership interest" is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (a) vote to select or remove management of the covered fund, (b) share in the income, gains, profits or excess spread of the covered fund or (c) receive underlying assets of the covered fund. Certain creditor's rights, such as the ability to remove or select new management upon an event of default, are excluded from the rights that would deem an interest to be an "ownership interest" under the Volcker Rule. The Issuer does not believe that an investment in the Notes issued would constitute acquiring or retaining an ownership interest in a covered fund.

Notwithstanding the forgoing, none of the Issuer, the Joint Lead Managers, the Trustee, their respective Affiliates or any other person makes any representation as to any investor's ability to acquire or hold the Notes now or at any time in the future.

United Kingdom

Each Joint Lead Manager has severally represented, warranted and undertaken that:

(A) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(B) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes in France, other than to qualified investors (*investisseurs qualifiés*), as defined in Article 2(e) of the Prospectus Regulation, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, other than to such qualified investors, this Offering Circular or any other offering material relating to the Notes.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has severally represented, warranted and undertaken with the Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

WAEMU Member States

Each of the Joint Lead Managers has represented and agreed that, as part of its initial distribution of the Notes, it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to residents of any Regional Member State or legal entities incorporated in any Regional Member State of the WAEMU and has not distributed and will not distribute this Offering Circular or any other offering material relating to the Notes in or to any person in any of the Regional Member States of the WAEMU.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each of the Joint Lead Managers has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates (the "**UAE**") other than in compliance with any laws applicable in the UAE governing the issue, offering or sale of securities.

Dubai International Financial Centre

Each of the Joint Lead Managers has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(A) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**") rulebook; and

(B) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business (COBS) Module of the DFSA rulebook and who are not natural persons.

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Restraint Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for recession or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, **provided that** the remedies for recession or damages are exercised by the purchaser within the time limit prescribed by the securities

legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with an offering.

GENERAL INFORMATION

1. Clearing Systems

The Notes have been accepted for clearance and settlement through the DTC, Clearstream and Euroclear systems with CUSIP 06675Q AE3, ISIN US06675QAE35 and Common Code 300234941 (Rule 144A) and ISIN XS3000457666 and Common Code 300045766 (Regulation S).

2. Admission to Trading

Application will be made to list the Notes on the official list of the Luxembourg Stock Exchange and trade the Notes on the regulated market thereof.

3. Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors passed on 20 September 2022 and 3 February 2025.

4. Material Adverse Change

There has been no material adverse change in the financial position or prospects of the Issuer or of the Group since 30 September 2024.

5. Litigation

Neither the Issuer nor any of its Subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer or of the Group.

6. Documents on Display

For so long as any of the Notes is outstanding, copies of the following documents will be available free of charge by prior appointment at the specified offices of each of the Paying and Transfer Agents during normal business hours:

(1) the By-laws (in French and English);

(2) the Waiver of Immunity Decision (in French);

(3) the Establishment Agreement (in French);

(4) the English language translation of the Annual Financial Statements, including, in each case, the audit report thereon;

(5) the Trust Deed (in English);

(6) the Agency Agreement (in English); and

(7) this Offering Circular and any supplements hereto.

The Second Party Opinion and the annual reporting on the use of proceeds of the Notes, as referred to in the Sustainability Bond Framework will be published on the Issuer's website for so long as any of the Notes remain outstanding.

7. Auditors

The 9-Month 2024 Financial Information were reviewed by, and each of the 2023 Financial Statements, the 2022 Financial Statements and the 2021 Financial Statements were audited by, KPMG Togo, independent auditors. KPMG Togo does not have any material interest in the Issuer.

Deloitte Togo has been appointed as independent auditors of the Issuer, as from 1 January 2025. Deloitte Togo does not have any material interest in the Issuer.

8. Certificates

Any certificate of the Auditors (as defined in the Trust Deed) or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts set out therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

9. Conflicts of Interest

There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

10. Certain relationships

Certain of the Joint Lead Managers or their respective affiliates from time to time have provided in the past, and may provide in the future, banking, investment banking, hedging, advisory, consulting and other financial services for the Issuer and its affiliates in the ordinary course of business, for which they have received or may receive customary fees, commissions and expenses reimbursement. The Joint Lead Managers or their respective affiliates (as defined under Rule 501(b) of Regulation D of the Securities Act) may also receive all allocations of the Notes. The Joint Lead Managers will be paid a transaction fee to provide this service to the Issuer.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes) and may involve hedging services related to investments or activities.

Certain of the Joint Lead Managers or their respective affiliates have a lending relationship with the Issuer. Those Joint Lead Managers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Such Joint Lead Managers and their respective affiliates may hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities (potentially including the Notes). Any such short positions could adversely affect future trading prices of Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. The Joint Lead Managers and their respective affiliates may be currently advising the Issuer or other interested parties, and may advise the Issuer or other interested parties from time to time on other transactions in the future.

11. Enforcement by the Trustee

The Conditions provide for the Trustee to take action on behalf of the holders of Notes in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and accordingly in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for holders of Notes to take action directly.

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KPMG Togo
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Tél : (228) 22 53 92 00,
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Banque Ouest Africaine de Développement (BOAD)

Statutory Auditors' report on interim financial information for the period from January 1st, 2024 to September 30th, 2024

For the nine-months period ended September 30th, 2024
B.O.A.D.
68, Avenue de la Libération
BP 1172, Lomé - Togo
This report contains 3 pages
Appendix contains 39 pages

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes
inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

Capital 25 000 000 FCFA
R.C.C.M N° 2002 B 0873
C.C N° 1000116739

BANQUE OUEST AFRICANE DE DEVELOPPEMENT (BOAD)

Registered office : 68, Avenue de la Libération, PO. Box 1172
Share Capital: XOF 1 709 350 000 000

Statutory Auditors' Report on the interim financial Information
From January 1st, 2024, to September 30th, 2024

Introduction

We have reviewed the accompanying condensed statement of financial position of Banque Ouest Africaine de Développement (BOAD) as at September 30th, 2024, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-months period then ended, and notes to the condensed interim financial information.

Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting".

Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at September 30th, 2024 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Lomé, December 17th, 2024

Statutory Auditor

KPMG Togo

Franck FANOU
Partner

APPENDIX:

Condensed interim financial statements for the period ended September 30th, 2024

BOAD

INTERIM FINANCIAL REPORT AS AT SEPTEMBER 30 2024

DECEMBER 2024

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Statement of financial position

ASSETS	Note	September 30 2024	December 31 2023
Cash and cash equivalents	4	**522,953**	**419,516**
Financial assets at amortized cost	5	**2,942,367**	**2,821,820**
- Loans and advances to banks		6,628	4,299
- Loans and advances to customers		2,362,937	2,461,992
- Loans and advances to staff		24,385	22,136
- Debt securities portfolio		543,205	327,631
- Receivables from shareholders		5,212	5,761
Equity investments	6	**150,582**	**159,796**
- Equity investments designated at fair value through P&L		10,488	10,181
- Equity investments designated at fair value through non-recyclable OCI		140,094	149,615
Adjustment accounts and other assets	7	**73,225**	**59,898**
- Derivative assets		51,459	43,680
- Accruals assets		9,156	4,338
- Other adjustement accounts		12,610	11,879
Tangible assets	8	**6,455**	**6,411**
Investment properties	8	**575**	**579**
Intangible assets	8	**1,305**	**1,292**
Non-current assets held for sale	8	**12,711**	**12,711**
TOTAL ASSETS		**3,710,172**	**3,482,022**

LIABILITIES	Note	September 30 2024	December 31 2023
Financial liabilities at amortized cost	9	**2,324,213**	**2,190,865**
- Deposits from banks		6,658	6,814
- Debt represented by a security		1,491,648	1,507,447
- Other debts		701,722	617,241
- Subordinated debts		124,185	59,363
Earmarked funds	10	**92,677**	**79,638**
Adjustments accounts and other liabilities	11	**30,660**	**22,913**
- Derivative liabilities		3,277	3,488
- Accruals liabilities		25,042	14,393
- Other adjustement accounts		2,342	5,031
Provisions		***13,192***	***11,938***
Total liabilities		***2,460,743***	***2,305,354***
Capital		***375,320***	***326,102***
- Subscribed capital		1,511,000	1,511,000
- Callable capital		-892,170	-892,170
- Unpaid Capital		-225,599	-274,818
- Cost related to deferred release of capital		-17,911	-17,911
Share premium		**2,622**	**2,622**
Reserves		**871,487**	**847,945**
- Reserves allocated to development activities		76,050	76,050
- Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable		43,562	58,152
- Cash flow hedges reserves		11,265	1,092
- Other reserves		26	26
- Retained earnings		705,946	677,492
- Remeasurements of defined benefit schemes liability		-1,321	-1,321
- Net income for the period		35,960	36,453
Total equity	12	***1,249,429***	***1,176,668***
TOTAL LIABILITIES AND EQUITY		**3,710,172**	**3,482,022**

Comprehensive income statement

COMPREHENSIVE INCOME STATEMENT	Note	September 30 2024		September 30 2023	
Interests and related income			130,594		117,578
Interests and related charges			-68,733		-59,766
Margin on interests			*61,861*		*57,812*
Fees and commissions (income)			5,935		4,210
Fees and commissions (charges)			-2,206		-3,402
Margin on interests and fees			*65,590*		*58,620*
Exchange rate gains			13,939		709
Exchange rate losses			-193		-7,949
Gains/ losses on hedging instruments			-2,183		20,583
Net gains/ Losses on foreign exchange			***11,563***		***13,343***
Margin on interests, fees and foreign exchange			77,153		71,962
Net gains/ losses on financial assets designated at fair value through profit and loss			307		36
Dividends received			2,860		4,617
Net banking income	13		***80,319***		***76,616***
Cost of risk	14		***-20,543***		***-21,307***
Allocations from Member states			3,200		3,200
Other operating income			92		593
Expenses related to development activities	15		-1,099		-1,266
General operating expenses			-25,993		-23,946
- Staff costs		-14,948		-13,764	
- Amortisations on property, equipment and intangible assets		-1,011		-972	
- Other operating costs		-10,034		-9,209	
Other operating expenses			-16		-20
Other net operating income			***-23,816***		***-21,439***
Net income for the period			**35,960**		**33,870**

Other comprehensive income

Items that may be reclassified subsequently to profit or loss (a)			**10,173**		**-31,090**
Cash flow hedges (CFH)		10,173		-31,090	
Items that will not be reclassified to profit or loss (b)			**-14,590**		**6,863**
Equity investments at FVOCI - net change in fair value		-14,590		6,863	
Remeasurements of net defined benefit schemes liability		0		0	
Other comprehensive income for the period (a)+(b)			***-4,417***		***-24,227***
Total comprehensive income for the period			**31,542**		**9,643**

Variations in equity

CHANGE IN SHAREHOLDERS' EQUITY AS OF SEPTEMBER 30, 2024	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value	Cash flow hedges reserves	Retained earnings	
Equity as at 1st january 2024	**1,511,000**	**-892,170**	**-274,818**	**-17,911**	**2,622**	**76,050**	**26**	**-1,321**	**58,152**	**1,092**	**713,845**	**1,176,668**
Increase in capital	0											0
												-
Others changes												-
Allocation of 2023 income											-8,000	-8,000
Capital paid-up in 2024			49,219									49,219
												0
Net income as at 30 september 2024 before allocation											35,960	35,960
												-
Other comprehensive income												-
												-
												-
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									-14,590		-	-14,590
Fair value reserves (available-for-sale financial assets)									-			-
Remeasurements of defined benefit liability												-
Cash flow hedges										10,173		10,173
Sub-total other comprehensive income	-	-	-	-	-	-	-	-	-14,590	10,173	-	-4,417
Transfers												-
Contributions and distributions												
Total transactions with the owners of the Bank												
Balance as at september 30, 2024	**1,511,000**	**-892,170**	**-225,599**	**-17,911**	**2,622**	**76,050**	**26**	**-1,321**	**43,562**	**11,265**	**741,905**	**1,245,429**

CHANGE IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2023	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value	Cash flow hedges reserves	Retained earnings	
Equity as at 1st January 2023	1,103,650	-826,230	-15,956	-577	2,622	76,050	26	-746	48,045	34,504	683,252	1,104,640
												-
Increase in capital												
Unpaid capital	407,350											407,350
Other changes				-17,334								-17,334
Allocation of profit for the 2022 financial year												-
Release of capital for the 2023 financial year	-	-65,940	-258,862	-	-	-	-	-	-	-	-6,000	-330,802
Net income as at 31 December 2023 before allocation											36,453	36,453
												-
Other comprehensive income											**240**	**240**
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									10,107		-	10,107
Fair value reserves (available-for-sale financial assets)									-			-
Remeasurements of defined benefit liability								-576				-576
Cash flow hedges										-33,412		-33,412
Sub-total other comprehensive income	-	-	-	-	-	-	-	**-576**	**10,107**	**-33,412**	**240**	**-23,640**
Total comprehensiive income of the 2023 financial year	-	-	-	-	-	-	-	**-576**	**10,107**	**-33,412**	**36,693**	**12,813**
Transfers												-
Contributions and distributions												
Total transactions with the owners of the Bank	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at december 31, 2023	**1,511,000**	**-892,170**	**-274,818**	**-17,911**	**2,622**	**76,050**	**26**	**-1,321**	**58,152**	**1,092**	**713,945**	**1,176,668**

Cash flows table

Items	Notes	September 30 2024	September 30 2023
Cashflows from operational activities			
Income for the period		**35,960**	**33,870**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-11,638	-13,854
Exchange gains		-118	-709
Exchange losses		193	1,220
Allocations of Amortizations		1,011	972
Depreciations		0	0
Cost of risk		20,543	21,307
Gains/ losses on financial assets designated at fair value through profit and loss		-307	-36
Other items		-1,946	-2,149
		7,738	**6,751**
Changes in assets and liabilities from operations			
Interbank loans		-2,329	-11,161
Disbursements on receivables from customers		-275,328	-305,352
Repayments of receivables from customers		461,603	459,367
Other receivables from customers		-104,189	-114,423
Loans and advances to staff		-2,249	0
Debt securities portfolio		-219,147	-9,640
Other receivables		0	0
Other assets		-5,779	4,502
Deposits from banks		-156	12
Variation in derivative assets and liabilities		0	0
Other debts		64,698	58,226
Other liabilities		12,998	-15,860
		-69,877	**65,671**
Cashflows from operations (a)		***-26,180***	***106,292***
Cashflows from investment activities			
Acquisitions of tangible assets		-1,008	-13,582
Sales of tangible assets		3	2,262
Acquisitions of intangible assets		-58	-117
Sales of intangible assets		0	0
Acquisitions of shares		-5,247	-15,997
Sales of shares		178	15,244
Cashflows from investments (b)		**-6,133**	**-12,191**
Cashflows from financing activities			
Resources from shareholders (capital paying-up)		53,198	49,585
Redemption of shares		0	0
Debts represented by a security		183,668	40,013
Repayment/debts represented by a security		-48,640	-72,724
Repayment/other loans		-52,476	-51,212
Cashflows from financing activities (c)		***135,750***	***-34,337***
Net increase/(decrease) of cash and cash equivalents (a)+(b)+(c)		**103,437**	**59,764**
Cash and cash equivalents at opening	4	**419,516**	**284,092**
Cash and cash equivalents at closing	4	**522,953**	**343,856**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interests paid		61,401	61,123
Interests received		101,085	97,423
Dividends received		1,787	4,617

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). It was established by a Treaty signed on 14 November 1973.

The Bank became operational in 1976.

BOAD is an international public institution, with headquarters in Lomé (Togo) at 68, avenue de la libération, and resident missions in each of the 7 other member countries.

The Bank's shareholders include the WAEMU member countries (Benin, Burkina, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal, Togo), the Central Bank of West African countries (BCEAO), three European States (Germany, France and Belgium), as well as the African Development Bank (AfDB), the European Investment Bank (EIB), China, Exim Bank of India and the Kingdom of Morocco.

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

In order to finance its activities, the Bank, under Article 37 of its Statutes, may issue loans on the Union's domestic market or on external financial markets and contract out loans from international or foreign public or private agencies for any maturity and under any repayment conditions, both in the currency of the Union and in foreign currencies or units of accounts as deemed appropriate by the Bank's Board of Directors.

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.

2.1 Basic financial reporting principles

The principles underlying the presentation of the financial information are as follows:

The interim financial statements as at 30 September 2024 were prepared in accordance with IAS[1] 34 "Interim Financial Reporting", as published by the IASB[2], which allows to present a selection of 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 2023.

The separate financial statements at 30 September 2024 have been prepared in accordance with the same principles as at 31 December 2024, subject to the specific features of IAS 34.

Moreover, since the Bank's activities are not seasonal or cyclical in nature, its incomes as at 30 September 2024 are therefore not affected by seasonal factors (e. g. climate).

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for the following items, which are measured on the following alternative basis on each reporting date.

Items	Measurement basis
Non derivative financial instruments at FVTPL	Fair value
Derivative financial instruments	Fair value
Equity securities at FVTPL/ FVOCI	Fair value

2.3 Critical accounting assumptions 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 assumptions are continually evaluated and take into account experiences and other factors, including future events deemed reasonable under the current circumstances.
The most significant assumptions and estimates are summarized below.

a) Main assumptions

The Bank's accounting policy requires that assets and liabilities are recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and measurement of financial instruments in accordance with IFRS 9.

b) Key estimates

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

Impairment of loans and advances to customers: the determination of input parameters

[1] International Accounting Standards (IAS)

[2] International Accounting Standards Board (IASB)

in the ECL valuation model requires judments. These parameters refer to default probabilities, the consideration of key assumptions in the estimation of recoverable cash flows, to conversion factors to credit equivalents and information on the forward-looking

Fair value assessment of equity investments: At each closing, 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.

Fair value assessment of derivatives: At each closing, the Bank contracts with a specialist to assess the hedging instruments deployed to protect itself against currency risk on borrowings contracted in SDRs and USD.

Assessing obligations linked to defined benefit pension plan: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Bank determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations

2.4 Interim financial statements

The interim financial statement as at 30 September 2024, which cannot be used as a basis to prejudge the full year, takes into account all 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 September 2024 is based on projected actuarial calculations at the end of the previous year.

2.5 Functional currency

The interim financial statements are presented in African Financial Community Franc (FCFA/XOF), which is the Bank's functional currency. All amounts have been rounded to the nearest millions.

2.6 Events after the reporting date

The Bank makes adjustments to its financial statements to reflect events that occurred between the reporting date and the date on which the said financial statements are authorized for issue, provided these events relate to existing situations as at the balance sheet date.

If these events relate to events that occurred after the date of closing of the accounts but require disclosure, the statement of financial position, the comprehensive income statement, the table of variations in equity and the cash flow table are not adjusted.

2.7 Statement of accounts

BOAD's individual accounts as at 30 September 2024 were approved by the Board of Directors at its meeting of 13 December 2024.

NOTE 3. IMPACTS OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations described in the Bank's financial statements as at 31 December 2023, the provisions of the new standards and interpretations that came into force for the 2024 financial year have been added. These are the following standards and amendments:

3.1 New provisions in force and published by IASB

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

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2024	• IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information issued by ISSB • IFRS S2 – Climate-related Disclosures	**IFRS S1** sets out overall requirements that a company should provide information on the sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects in order to provide investors with a complete set of sustainability-related financial disclosures included as part of the general-purpose financial reports. **IFRS S2** sets out requirements for disclosing material information about climate-related matters. **Climate-related risks may have negative future effects on the Bank's operations and consequently on these accounts. The necessary disclosures relating to these impacts will be presented in the financial statements as soon as they are known and measured with certainty (see note 20.5 Climate risks).**

3.2 Upcoming provisions

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2025	Lack of exchangeability – Amendments to IAS 21	Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. However, in rare cases, it is possible that one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments offer nothing less in proposing that companies use an exchange rate based on their best estimate rather than using an inaccessible official rate. **All the currencies in which the Bank intervenes are since then exchangeable into FCFA, this amendment will therefore have no impact on BOAD's accounts.**
1st January 2025	Amendments to IFRS 9 and IFRS 7: Classification and measurement of financial instruments	▪ **Initial recognition and derecognition of financial assets and liabilities:** The guidance for applying IFRS 9 is amended to clarify the date of initial recognition or derecognition of financial assets and liabilities. Instead of a financial liability being required to be derecognized on its settlement date under the existing requirements, the new amendments allow an entity to consider a financial liability that will be settled in cash using an electronic payment system and to be discharged before the settlement date if, and only if, the entity has initiated a payment order through a less risky channel and without the possibility of cancellation by the entity. ▪ **Classification of financial instruments:** The guidance for applying IFRS 9 is amended to provide guidance on how an entity assesses whether the contractual cash flows of financial assets are consistent with a basic loan arrangement. This is intended to assist an entity in applying the requirements for measuring contractual

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
		cash flows to financial assets with environmental, social and governance (ESG) characteristics. The IASB clarifies that when measuring interest, an entity focuses on what it is being compensated for, rather than the amount of compensation which may indicate that the entity is being compensated for something other than the basic risks and costs of the loan. The amendments clarify that contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. **The provisions of this amendment could impact the classification of the Bank's loan products, whose business today integrates environmental considerations into all of its components.** ▪ **Financial assets with non-recourse characteristics** IFRS 9 is amended to improve the description of the term "non-recourse". According to the amendments, a financial asset is non-recourse if the ultimate right of an entity to receive cash flows is contractually limited to the cash flows generated by specified assets and not the performance of the issuer. **Since the Bank does not have such assets, the application of this amendment will have no impact on the accounts.** ▪ **Contractually linked instruments** The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in these instruments, a prioritization of payments to holders of financial assets by means of several contractually linked instruments (tranches) are established via a cascade payment structure, which results in a concentration of credit risk and a disproportionate distribution of losses between the holders of the different tranches. In such a structure, the requirements for contractually linked instruments in IFRS 9 apply only if the underlying pool includes one or more instruments that have contractual cash flows that are solely payments of principal and interest. Other cases are excluded from IFRS 9. **The Bank should take this into account in its investments in securitisation vehicles.**
1st January 2026	Amendments to IFRS7	▪ **Disclosures – investments in equity instruments designated at fair value through other comprehensive income (OCI)** The disclosure requirements in IFRS 7 for investments in equity instruments designated at fair value through OCI are amended. In particular, an entity is required to disclose the fair value gain or loss presented in OCI during the period, showing separately the fair value gain or loss that relates to investments derecognised during the period and the fair value gain or loss that relates to investments held at the end of the period. In addition, an entity is no longer required to disclose the fair value at the reporting date of each equity instrument designated at fair value through other comprehensive income; this information can be provided by class of instrument.

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
		▪ **Contractual conditions that may change the timing or amount of contractual cash flows** The amendments introduce disclosure requirements for financial instruments that include contractual conditions that may change the timing or amount of contractual cash flows upon the occurrence (or non-occurrence) of a contingent event that is not directly related to changes in the risk and cost basis of the loan. **Such clauses are not included in loan and borrowing agreements signed by the Bank.** **The application of this standard therefore has no material impact.**
1st January 2027	IFRS 18, replaces IAS 1 Presentation of Financial Statements	The new standard, IFRS 18, replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements of IAS 1. IFRS 18 introduces new requirements (i) to present specified categories and defined subtotals in the statement of profit or loss, (ii) to provide information on management-defined performance measures (MPMs) in the notes to the financial statements and (iii) improve aggregation and disaggregation. In addition, some of the requirements of IAS 1 are moved to IAS 8 Accounting Policies, Accounting Changes, Estimates and Errors and IFRS 7 Financial Instruments for disclosures. **The application of this standard will result in changes to the notes to the Bank's financial statements.**
1st January 2027	New IFRS 19 standard	• The IASB has issued IFRS 19, which allows an eligible subsidiary to provide reduced disclosures when applying IFRS accounting standards in its financial statements. A subsidiary is eligible for reduced disclosures if it has no public accountability and its ultimate parent or any intermediate parent produces consolidated financial statements available for public use in accordance with IFRS accounting standards. This standard is optional for eligible subsidiaries and sets out the disclosure requirements to be provided by subsidiaries that choose to apply it. **Since BOAD is not a subsidiary, this standard has no impact on its individual accounts.**

NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Cash and cash equivalents		September 30 2024	December 31 2023
Cash accounts		80	76
BOAD HQ Current Account		108,362	65,623
Deposit Accounts for Resident Missions at BCEAO	4.1	233,359	202,786
Japan Eximbank Special Account		15	15
FDE P/C Contribution Account		1,985	1,985
BOAD Settlement Account Lomé		28,632	53,634
Operating Account for Resident Missions		12,082	86
Bank and correspondent bank accounts		27,907	16,778
Short-term bank deposits	4.2	110,500	78,500
Deposits/ Margin calls		33	33
TOTAL		**522,953**	**419,516**

4.1 The deposit accounts of the Resident Missions are detailed as follows:

Missions résidentes et Siège	30/09/2024	31/12/2023
Dépôt BCEAO Abidjan	3,591	1,307
Dépôt BCEAO Bamako	112	2,452
Dépôt BCEAO Bissau	2,449	76
Dépôt BCEAO Cotonou	8,066	1,998
Dépôt BCEAO Dakar	3,172	11,559
Dépôt BCEAO Lomé	202,434	180,781
Dépôt BCEAO Niamey	8,018	2,471
Dépôt BCEAO Ouagadougou	5,516	2,141
Total	**233,359**	**202,786**

4.2 Short-term bank deposits include:

Short-term bank deposits	September 30 2024	December 31 2023
Term deposit with SONIBANK	15,000	15,000
Term deposit with ECOBANK NIGER	12,000	12,000
Term deposit with BIIC BENIN	6,500	6,500
Term deposit with BGFI CÔTE D'IVOIRE	0	15,000
Term deposit with BAT CÔTE D'IVOIRE	0	20,000
Term deposit with BICIM MALI	10,000	10,000
Term deposit with CORIS	25,000	0
Term deposit with MANSA BANK	7,000	0
Term deposit with BAT TOGO	10,000	0
Term deposit with BSIC TOGO	10,000	0
Term deposit with BANQUE D'ABIDJAN	10,000	0
Term deposit with BOA NIGER	5,000	0
Total	**110,500**	**78,500**

NOTE 5. FINANCIAL ASSETS AT AMORTIZED COST

The item on financial assets at amortized cost is as follows:

Financial assets at amortized cost		September 30 2024	December 31 2023
Loans and advances to banks	5.1	6,628	4,299
Loans and advances to customers	5.2	2,362,937	2,461,992
Loans and advances to staff		24,385	22,136
Debt securities portfolio	5.3	543,205	327,631
Receivables from shareholders		5,212	5,761
TOTAL		**2,942,367**	**2,821,820**

5.1 Loans and advances to banks

Loans and advances to banks include interbank loans and related interests. Related interests are less than one year. Loans and advances to banks per counterparty is detailed as at 30 September 2024 and 31 December 2023 are as follows :

Counterparties	September 30 2024	December 31 2023
BCEAO- Interests on ordinary accounts	175	42
Interbank loans	5,000	3,000
Interest receivables	1,453	1,257
TOTAL	**6,628**	**4,299**

5.2 Loans and advances to customers

Loans and advances to customers include loans to public sector (commercial and non-commercial) and to the private sector. All the Bank's loans are granted at fixed rates. Borrowers have the option of making prepayments subject to the conditions provided for in the loan agreements.

5.2.1 Maturity schedule for loans and advances to customers

The repayment schedule for customer receivables between 30 September 2024 and 31 December 2023 is as follows:

Items	September 30 2024	December 31 2023
Gross outstanding receivables from customers	**2,546,237**	**2,635,499**
of which gross outstanding loans	**2,440,876**	**2,546,079**
At most six months	141,658	135,422
More than six months and less than one year	172,538	170,643
More than one year and less than two years	310,725	309,744
More than two years and less than three years	289,762	296,256
More than three years and less than five years	487,971	489,378
More than five years	1,038,222	1,144,636
of which advances for financing studies	15,468	15,224
of which related receivables to loans	89,894	74,195
Total depreciation on loans and related receivables	**-171,266**	**-162,858**
of which depreciation of non-performing loans (*)	-92,596	-89,465
of which depreciation on buckets 1 and 2	-78,670	-73,393
Deferred income from fees	**-10,240**	**-9,660**
Value adjustement on advances to customers	-1,795	-988
Receivables from customers	**2,362,937**	**2,461,992**

(*) The total amount of depreciation of overdue receivables includes 92,596 M FCFA for depreciation on the principal (including 54,492 M FCFA for loans and 8,945 M FCFA for studies) and 29,160 M FCFA for interest. and commissions on overdue debts.

5.2.2 Change in outstanding receivables

Gross outstanding loans include outstanding receivables that have evolved as follows:

	Balance as at	Changes of the period			Balance as at
	December 31 2023 (a)	Increase / Endowments (b)	Decrease / Covers (c)	Balance of the period (d) = (b) + (c)	September 30 2024 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	67,192	4,472	-13,672	-9,201	57,992
2. Depreciation	-56,418	-8,419	10,346	1,926	-54,492
3. Net outstanding of non performing loans = (1) + (2)	**10,774**	**-3,948**	**-3,327**	**-7,274**	**3,500**

5.3 Debt securities portfolio

5.3.1 Changes in debt securities portfolio

Changes in debt securities portfolio as at 30 September 2024 are as follows :

	Balance as at	Variations of the period			Balance as at
	December 31 2023 (a)	Increase (b)	Decrease (c)	Balance of the period (d) = (b) + (c)	September 30 2024 (e) = (c) + (f)
1. Gross outstanding of securities portfolio	322,099	300,302	-83,375	216,928	539,026
2. Interest receivables of securities portfolio	9,749	14,232	-12,013	2,219	11,968
3. Depreciation (buckets 1 et 2)	-4,217	-3,573	0	-3,573	-7,789
4. Net outstanding of securities portfolio (gross outstanding and interest receivables) = (1) + (2) + (3)	**327,631**	**310,962**	**-95,388**	**215,574**	**543,205**

5.3.2 Details of the debt securities portfolio

The debt securities portfolio is detailed as follows:

Securities portfolio	September 30 2024	December 31 2023
Treasury bonds Senegal	44,042	62,333
Treasury bonds Ivory Coast	35,099	29,143
Treasury bonds Benin	21,238	13,333
Treasury bonds Burkina	50,126	44,334
Coris Bank Holdings bonds	5,000	7,500
Treasury bonds Mali	23,000	29,000
Treasury bonds Niger	46,000	41,000
Treasury bonds Togo	61,651	57,700
CRRH Bonds	5,384	6,018
EBID Bonds	11,978	7,312
SONATEL Bonds	6,000	8,000
DOLI P Bonds	132,754	1,502
Treasury bills Guinée Bissau	0	2,500
Treasury bills Mali	10,000	0
Treasury bills Niger	17,500	7,500
Treasury bills Ivory Coast	30,000	0
Treasury bills Senegal	15,000	5,000
Treasury bills Togo	15,000	0
Treasury bills Benin	10,000	0
Sub-total 1. Gross outstandings	***539,772***	***322,175***
Bonds premiums and discounts	-746	-76
Sub-total 2. Net outstandings of premiums	***539,026***	***322,099***
Interests receivable	11,968	9,749
Depreciation	-7,789	-4,217
TOTAL	**543,205**	**327,631**

All portfolio securities held by the Bank are forward contracts.

5.3.3 Maturity schedule of the debt securities portfolio

The maturity schedule of the securities portfolio as at 30 September 2024 and 31 December 2023 is as follows :

Maturity	September 30 2024	December 31 2023
At most six months	98,097	73,217
More than six months and less than one year	80,536	21,542
More than one year and less than two years	95,499	64,509
More than two years and less than three years	105,855	53,666
More than three years and less than five years	88,757	51,862
More than five years	71,026	57,379
Sub-total 1. Gross outstandings	**539,770**	**322,175**
Bonds premiums and discounts	-746	-76
Sub-total 2. Net outstandings of premiums	**539,025**	**322,099**
Interests receivable	11,968	9,749
Depreciation	-7,789	-4,217
TOTAL	**543,205**	**327,631**

NOTE 6. EQUITY INVESTMENTS

6.1 The Bank's equity investment strategy

Equity investment activity is consistent with the statutes of the Bank, which, inter alia, provide: (i) in article 2, that 'the Bank shall provide financing particularly through equity participation, granting of loans...' and (ii) in Article 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, hotel, airline, etc.) have benefitted from such financial support.

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

- **Objective**: fulfilling the Bank's development agenda while ensuring that it stays financially viable in accordance with the strategic orientations of the Bank.
- **Areas of intervention**: All sectors eligible for financing by the Bank.
- **Modes of intervention**: when entering into a transaction, the Bank must have sufficient visibility of the terms and modalities of exit, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.
- **Positioning on the governing bodies**: conditioning each of the Bank's equity investments on 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 financial sector (increase of minimum capital of banks and

financial institutions) and (ii) take into account the special nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.2 Change in equity investments

6.2.1 Changes in equity investments

The changes in the gross value of the investments are as follows:

Changes in equity investments	September 2024	December 2023
Gross outstanding of equity investments as at 1st January	98,979	95,885
Increases	5,247	18,364
Decreases	-178	-15,271
Gross outstanding of equity investments	**104,048**	**98,979**
Gains /losses of equity investments designated at fair value through non-recyclable OCI	43,562	58,152
Gains /losses of equity investments designated at fair value through P&L	2,972	2,666
Net outstanding of equity investments	**150,583**	**159,796**

6.2.2 Distribution of equity investments per counterparty

The investments recorded in the statement of financial position are detailed by counterparty in the following tables:

a) Changes in instruments recorded at fair value through profit or loss between 30 September 2024 and 31 December 2023

N°	Country	Equity investments	Percentage of interest (%)	September 30 2024			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	14,5%	2,500	1,169	10	3,679
2	h-uemoa	FEFISOL	8,2%	16	37	-	53
3	SN	FCP/IFC BOAD	100%	5,000	1,459	297	6,756
TOTAL				7,516	2,666	307	10,488

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

b) Changes in instruments recognized at fair value through other comprehensive income between 31 December 2023 and 30 September 2024

N°	Country	Equity investments	Percentage of interest (%)	September 30 2024			
				Gross outstanding (a)	Gains/ Losses recognised in OCI (b)	Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (c)	Balance sheet value (d) = (a) + (c)
1	BN	SOAGA	19,34%	103	-	91	193
2	SN	BNDE	1,92%	1,000	- 2,068	346	1,346
3	h-uemoa	CAURIS CROISSANCE II	17,69%	4,268	-	- 1,932	2,336
4	TG	GARI S. A.	11,58%	1,500	769	1,552	3,052
5	MA	BDM Mali	15,96%	600	1,499	21,665	22,265
6	BN	BOA Bénin	2,34%	98	- 715	2,208	2,307
7	NG	SONIBANK Niger	7,11%	1,082	- 213	2,121	3,203
8	CI	BHCI Côte d'Ivoire	0,18%	150	56	- 91	59
9	NG	BOA Niger	5,72%	137	- 1,568	2,309	2,447
10	TG	BIA Togo	5,23%	392	89	440	832
11	h-uemoa	Afreximbank	0,25%	2,500	119	5,991	8,491
12	SN	Banque Régionale de Marché (BRM)	4%	1,610	-	- 1,610	-
13	BF	Banque de l'Habitat du BF	0,88%	200	10	63	263
14	CI	BRVM	9,21%	56	- 22	577	633
15	CI	DC/BR (BRVM)	9,09%	140	-	378	518
16	TG	CICA RE	2%	999	84	824	1,823
17	MA	MANDE Hotel	16,7%	50	-	225	275
18	CI	CIPREL	2%	584	- 200	1,278	1,862
19	TG	ASKY (EX SPCAR)	14%	5,990	3,543	3,685	9,675
20	CI	RASCOM	7,1%	1,600	-	- 1,600	-
21	h-uemoa	PROPARCO	0,71%	6,659	321	1,106	7,765
22	TG	BOAD-Titrisation	100%	500	-	- 500	0
23	TG	CRRH-UEMOA	15,29%	3,468	124	1,558	5,026
24	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	3,1%	2,189	111	- 1,714	475
25	TG	ORAGROUP	2,05%	1,642	- 1,076	1,044	2,686
26	BF	Fidélis Finance (ex Burkina Bail)	6,33%	689	- 92	372	1,061
27	SN	CNCAS	4,49%	1,573	- 27	137	1,710
28	CI	Nouvelle BRS CI/ORA Bank CI	24,47%	16,995	- 14,492	10,005	27,000
29	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9,64%	1,100	- 287	1,449	2,549
30	BF	Banque de l'Union Burkina Faso (BDU-BF)	10,06%	1,100	144	1,750	2,850
31	Kenya	FAER	4,89%	5,844	- 520	- 1,401	4,443
32	BF	AMETHIS WEST AFRICAN (AWA)	11,1%	1,040	- 27	- 59	981
33	CI	Air Côte d'Ivoire	7,94%	10,320	- 471	- 7,101	3,219
34	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	10,98%	1,018	42	- 242	776
35	Bn	Société Immobilière d'Aménagement Urbain SImAU	10%	500	253	585	1,085
36	SN	Banque Outarde	11,3%	2,000	84	- 549	1,451
37	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3,3%	1,382	- 34	- 257	1,126
38	NG	Banque de l'Habitat du Niger	6,99%	825	- 78	- 461	364
39	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	36,33%	6,945	240	- 424	6,521
40	h-uemoa	ECP Africa Fund IV	1,8%	2,621	40	515	3,136
41	CI	MANSA BANK	7,64%	1,200	173	174	1,374
42	h-uemoa	ADIWALE Fund I	6,39%	1,230	101	- 108	1,122
43	h-uemoa	AFIG Fund	3,96%	2,592	- 502	- 835	1,757
44	h-uemoa	Africa 50 Infrastructure Acceleration Fund		40	-	-	40
TOTAL				**96,533**	**-14,590**	**43,562**	**140,095**

N°	Country	Equity investments	Percentage of interest (%)	December 31 2023			
				Gross outstanding (a)	Gains/ Losses recognised in OCI (b)	Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (c)	Balance sheet value (d) = (a) + (b)
1	BN	SOAGA	19,34%	103	0	91	193
2	SN	BNDE	9,09%	1,000	- 140	2,413	3,413
3	h-uemoa	CAURIS CROISSANCE II	17,69%	4,268	- 462	- 1,932	2,336
4	TG	GARI S. A.	11,58%	1,500	- 365	783	2,283
5	MA	BDM Mali	15,96%	600	1,536	20,166	20,766
6	BN	BOA Bénin	2,34%	98	195	2,923	3,022
7	NG	SONIBANK Niger	7,11%	1,082	116	2,334	3,416
8	CI	BHCI Côte d'Ivoire	0,28%	150	- 7	- 147	3
9	NG	BOA Niger	5,72%	137	- 294	3,877	4,014
10	TG	BIA Togo	5,23%	392	36	351	743
11	h-uemoa	Afreximbank	0,25%	2,500	2,277	5,872	8,372
12	SN	Banque Régionale de Marché (BRM)	4%	1,610	- 1,210	- 1,610	-
13	BF	Banque de l'Habitat du BF	0,88%	200	28	52	252
14	CI	BRVM	9,21%	56	111	600	656
15	CI	DC/BR (BRVM)	9,10%	140	159	378	518
16	TG	CICA RE	2%	999	243	740	1,739
17	MA	MANDE Hotel	16,7%	50	- 4	225	275
18	CI	CIPREL	2%	584	207	1,477	2,061
19	TG	ASKY (EX SPCAR)	16,8%	5,990	4,217	142	6,132
20	CI	RASCOM	7,1%	1,600	-	- 1,600	-
21	h-uemoa	PROPARCO	0,71%	6,659	- 226	785	7,444
22	TG	BOAD-Titrisation	100%	500	-	- 500	0
23	TG	CRRH-UEMOA	15,29%	1,543	58	1,434	2,977
24	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	3,10%	2,189	- 100	- 1,825	364
25	TG	ORAGROUP	2,05%	1,642	- 1,831	2,120	3,781
26	BF	Fidélis Finance (ex Burkina Bail)	14,3%	689	175	464	1,153
27	SN	CNCAS	7,9%	1,573	- 1,412	164	1,738
28	CI	Nouvelle BRS CI/ORA Bank CI	24,47%	16,995	3,777	24,498	41,493
29	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9,64%	1,100	782	1,736	2,836
30	BF	Banque de l'Union Burkina Faso (BDU-BF)	10,06%	1,100	157	1,606	2,706
31	Kenya	FAER	4,89%	5,844	- 1,030	- 881	4,963
32	BF	AMETHIS WEST AFRICAN (AWA)	11,1%	1,040	181	- 32	1,008
33	CI	Air Côte d'Ivoire	7,94%	10,320	3,090	- 6,830	3,690
34	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	10,98%	1,018	38	- 284	734
35	Bn	Société Immobilière d'Aménagement Urbain SImAU	10%	500	316	332	832
36	SN	Banque Outarde	11,3%	2,000	33	- 633	1,367
37	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3,3%	1,306	69	- 223	1,083
38	NG	Banque de l'Habitat du Niger	6,99%	825	- 110	- 384	441
39	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	36,33%	3,922	- 320	- 664	3,258
40	h-uemoa	ECP Africa Fund IV	1,8%	2,666	- 572	475	3,140
41	CI	MANSA BANK	7,64%	1,200	250	0	1,200
42	h-uemoa	ADWALE Fund I	6,39%	1,181	180	- 209	971
43	h-uemoa	AFIG Fund	3,96%	2,592	- 38	- 333	2,259
TOTAL				91,463	10,107	58,153	149,615

NOTE 7. ADJUSTMENT ACCOUNTS AND OTHER ASSETS

Accruals and other assets include the following items:

Adjustment accounts and other assets		September 30 2024	December 31 2023
Derivative assets	7.1	51,459	43,680
Accruals assets	7.2	9,156	4,338
Other adjustment accounts	7.3	12,610	11,879
TOTAL		**73,225**	**59,898**

7.1 Derivative assets

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

Derivative assets	September 30 2024	December 31 2023
Derivative assets-fair value hedge	-	-
Derivative assets-cash flow hedge	51,459	43,680
TOTAL	**51,459**	**43,680**

The amounts of derivative assets correspond to the share of the fair value of derivatives set up by the Bank to hedge against exchange rate fluctuations on interest flows payable on borrowings denominated in foreign currencies. The increase in derivative assets as of September 30, 2024 results from the increase in hedging following the signing of a new hedging contract on subordinated debts denominated in dollars.

7.2 Accruals assets

Accruals assets	September 30 2024	December 31 2023
Deferred expenses	2,844	2,219
Accruals and prepaid expenses	1,870	1,406
Accrued receivables	1,189	193
Other accruals	3,253	520
TOTAL	**9,156**	**4,338**

The increase in other active accruals comes mainly from the increase in dividends to be received and insurance charges paid during the financial year and to be spread out until June 2025.

7.3 Other adjustment assets

Other adjustment accounts	September 30 2024	December 31 2023
Sundry debtors	3,100	2,938
Prefinancing of studies from foreign funds meant for studies	2,478	1,865
Deposits paid	86	64
Cash advances and prepayments made	640	477
Other endowments and subsidies to be received	6,306	6,536
TOTAL	**12,610**	**11,879**

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

The net book value of fixed assets at 30 September 2024 and 31 December 2023 is as follows:

Tangible assets	September 30 2024	December 31 2023
Cost of acquisition	27,202	26,226
Allocations and reversals of amortizations	-20,747	-19,815
Net outstanding of tangible assets	**6,455**	**6,411**

The change in the net carrying amount of fixed assets between 31 December 2023 and 30 September 2024 is as follows:

Acquisitions/Disposals of tangible assets		Allocations and reversal of amortizations	
Balance as at January 01, 2024	**26,226**	**Balance as at January 01, 2024**	**19,815**
Acquisitions	2,679	Amortization charges	937
Disposals	-7	Reversals of amortizations	-5
Transfers to investment properties	-1,695	Transfers to investment properties	0
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at September 30 2024	**27,202**	**Balance as at September 30 2024**	**20,747**
Net value on balance sheet as at September 30 2024			**6,455**

Details by type of tangible fixed assets are presented in the table below:

	Lands	Buildings	Properties under construction	Fittings and fixtures	Equipment held under finance lease	Total
Cost of acquisition						
Balance as at January 01, 2023	**415**	**13,695**	**702**	**10,138**	**0**	**24,950**
Acquisitions	0	0	790	921	0	**1,711**
Transfers	0	0	-155	0	0	**-155**
Disposals	0	0	0	-281	0	**-281**
Transfers to investment properties	0	0	0	0	0	**0**
Other revaluations	0	0	0	0	0	**0**
Balance as at January 01, 2024	**415**	**13,695**	**1,337**	**10,778**	**0**	**26,226**
Acquisitions	0	0	1,233	1,445	0	**2,679**
Transfers	0	0	-1,695	0	0	**-1,695**
Transfers to investment properties	0	0	0	0	0	**0**
Disposals	0	0	0	-7	0	**-7**
Balance as at September 30 2024	**415**	**13,695**	**876**	**12,217**	**0**	**27,203**
Accumulated amortizations and disposals						
Balance as at January 01, 2023	**0**	**11,064**	**0**	**7,846**	**0**	**18,909**
Amortization charges	0	345	0	846	0	**1,191**
Reversals of amortizations (disposals)	0	0	0	-10	0	**-10**
Transfers to investment properties	0	0	0	-276	0	**-276**
Reversals of depreciation	0	0	0	0	0	**0**
Balance as at January 01, 2024	**0**	**11,409**	**0**	**8,406**	**0**	**19,815**
Amortization charges	0	284	0	653	0	**937**
Transfers to investment properties	0	0	0	0	0	**0**
Reversals of amortizations (disposals)	0	0	0	-5	0	**-5**
Balance as at September 30 2024	**0**	**11,693**	**0**	**9,055**	**0**	**20,748**
Net value of tangible assets as at September 30 2024						**6,455**

8.2 Investment properties

The net book values of investment properties are presented below :

Investment properties	September 30 2024	December 31 2023
Cost of acquisition	795	770
Allocations and reversals of amortizations	-220	-191
Net outstanding of intangible assets	**575**	**579**

The evolution of the net book value of investment properties between 31 December 2023 and 30 September 2024 is as follows :

Acquisitions/Disposals of investment properties		Allocations and reversal of amortizations	
Balance as at January 01, 2024	**770**	**Balance as at January 01, 2024**	**191**
Acquisitions	24	Amortization charges	29
Disposals	0	Reversals of amortizations	0
Transfers to investment properties	0	Transfers to investment properties	0
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at September 30 2024	**795**	**Balance as at September 30 2024**	**220**
Net value on balance sheet as at September 30 2024			**575**

8.3 Intangible assets

Below are the net carrying amounts of intangible assets:

Intangible assets	September 30 2024	December 31 2023
Cost of acquisition	3,110	3,052
Allocations and reversals of amortizations	-1,805	-1,760
Net outstanding of intangible assets	**1,305**	**1,292**

Changes in the net carrying amount of intangible assets between 31 December 2023 and 30 September 2024 are as follows:

Acquisitions/Disposals of intangible assets		Allocations and reversal of amortizations	
Balance as at January 01, 2024	**3,052**	**Balance as at January 01, 2024**	**1,760**
Acquisitions	85	Amortization charges	45
Disposals	0	Reversals of amortizations	0
Classified as assets held for sale	-27	Classified as assets held for sale	0
Balance as at September 30 2024	**3,110**	**Balance as at September 30 2024**	**1,805**
Net value on balance sheet as at September 30 2024			**1,305**

8.4 Non-current assets held for sale

The Bank has been declared the owner of a property by judicial auction.

This property is presented as a non-current asset held for sale. An active buyer research program has been initiated.

The asset held for sale was recorded at the lower of acquisition cost (corresponding to the sum of the auction price and all costs and expenses incurred until the property is actually acquired, which amounted to 12,711 million) and the fair value less costs of sale. Any gain or loss on disposal and the cost of sale will be recognized to profit or loss.

There is no accumulated income or expense included in other comprehensive income relating to assets held for sale.

NOTE 9. FINANCIAL LIABILITIES AT AMORTIZED COST

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

9.1 Breakdown of the item "Financial liabilities at amortized cost"

The breakdown of this item is as follows as at 30 September 2024 and 31 December 2023:

Liabilities at amortized cost	September 30 2024	December 31 2023
A) Deposits from banks (Cauris ROPPA, AFD)	**6,658**	**6,814**
I-Debts represented by a security		
BOAD bond issues (*)	1,467,231	1,478,539
BOAD bills	0	0
Maturities of less than one year/debts repr. by securities	0	0
Sub-total I	***1,467,231***	***1,478,539***
II- Other loans from foreign partners		
Accrued interest on debts represented by a security	24,417	28,908
Deferred charges on bonds and bonds	0	0
Sub-total II	***24,417***	***28,908***
B) Total debts represented by a security (I+II)	**1,491,648**	**1,507,447**
I- Debts attached to loans and & debts repr.		
Loans to finance long-term projects	695,390	617,148
Loans for financing long-term studies	380	430
Maturities within one year/borrowings	0	0
Sub-total I	***695,770***	***617,578***
II- Debts related to other borrowings		
Accrued interest and commissions on other borrowings	*9,426*	*2,564*
Deferred charges on other borrowings	*-3,473*	*-2,900*
Sub-total II	***5,953***	***-336***
C) Total others debts (I+II)	***701,722***	***617,241***
D) Subordinated debts	**124,185**	**59,363**
Total I+II+III+IV	**2,324,213**	**2,190,865**

(*) The total outstanding of bonds includes 1,467 M FCFA in eurobonds issued in 2017, 2019 and 2021 on the international financial market.

9.2 Statement of changes in borrowings

Changes in borrowings between 31 December 2023 and 30 September 2024 are as follows:

2024

Changes in deposits from banks

Debts	Balance as at december 31 2023	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at september 30 2024
Deposits from Banks	6,814	303	-459	0	0	6,658
TOTAL	**6,814**	**303**	**-459**	**0**	**0**	**6,658**

Changes in debt securities issued

Debts	Balance as at december 31 2023	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at september 30 2024
Debentures	1,478,539	0	0	-12,882	1,574	1,467,231
Bonds	0	0	0	0	0	0
TOTAL	**1,478,639**	**0**	**0**	**-12,882**	**1,574**	**1,467,231**

Changes in other debts by counterparties

Debts	Balance as at december 31 2023	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at september 30 2024
IDA	154,736	0	-5,726	-165	0	148,845
KfW	151,863	19,679	-13,594	0	0	157,948
AFD	146,506	0	-9,086	0	0	137,420
BEI	0	0	0	0	0	0
BAD	42,381	22,958	-10,763	0	0	54,576
BDC	0	0	0	0	0	0
BADEA	0	0	0	0	0	0
BNP Fortis	4,019	0	-547	0	0	3,473
BDA	19,679	0	0	0	0	19,679
OPEC	32,798	0	0	0	0	32,798
SMBC	65,596	0	0	0	0	65,596
CDP 1 60M Euros	0	19,679	0	0	0	19,679
CDP2 75 M Euros	0	49,197	0	0	0	49,197
FinDev Canada	0	6,560	0	0	0	6,560
TOTAL BY COUNTERPARTIES	**617,578**	**118,072**	**-39,716**	**-165**	**0**	**695,770**

Changes in subordinated debts

Debts	Balance as at december 31 2023	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at september 30 2024
BADEA	59,363	0	0	-774	0	58,589
CDP	0	65,596	0	0	0	65,596
TOTAL	**59,363**	**65,596**	**0**	**-774**	**0**	**124,185**
TOTAL BY COUNTERPARTIES	**2,162,293**	**183,971**	**-40,175**	**-13,821**	**1,574**	**2,293,843**

Changes in borrowings between 31 December 2022 and 31 December 2023 are as follows

2023

Changes in deposits from banks

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

Changes in debt securities issued

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

Changes in other debts by counterparties

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

Changes in subordinated debts

Debts	Balance as at december 31 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at december 31 2023
BADEA	0	58,925	0	438	0	59,363
TOTAL	0	58,925	0	438	0	59,363
TOTAL DEBTS	2,102,859	217,305	-122,835	-36,588	1,553	2,162,293

9.3 Maturity of liabilities at amortized cost

The borrowing schedule as at 31 December 2023 and 30 September 2024 is as follows:

Maturity	September 30 2024	December 31 2023
At most six months	44,055	31,106
More than six months and less than one year	39,038	28,531
More than one year and less than two years	100,618	57,360
More than two years and less than three years	644,345	144,378
More than three years and less than five years	129,022	619,842
More than five years	1,336,765	1,281,076
Sub-total outstanding	**2,293,843**	**2,162,293**
Debts attached to loans and & debts repr.	**30,370**	**28,571**
TOTAL	**2,324,213**	**2,190,865**

9.4 Debt ratio of the Bank

The WAEMU Council of Ministers has decided that the Bank's total outstanding borrowings should be limited at any time to three times its equity. As of September 30, 2024, outstanding borrowings represent 168,53% of equity for a limit of 300%.

NOTE 10. EARMARKED FUNDS

Earmarked funds are broken down as follows:

Funds	September 30 2024	December 31 2023
Belgian Technical Assistance Fund	217	215
Dutch Fund	34	34
IDA Matching Fund	426	430
AFD Research Fund	310	310
AFD Counterpart Fund	26	26
Environmental Partnership Fund	4	4
KfW Counterpart Fund	4,700	4,896
China Cooperation Fund	139	139
AFD IV Capacity Building Fund	30	30
Energy Development Fund	1,985	1,985
Crop Insurance Fund	2,836	2,836
Regional Collaboration Centre (RCC)	806	640
New subsidy mechanism fund	34,778	21,495
CMS Fund for Interest Subsidy	1,000	1,000
Global Environment Facility	11,812	10,563
Climate change fund	12,200	12,200
Climate green fund	16,216	16,216
Regional initiatives supports fund	383	383
KFW Fund for loans adapted to natural disasters (PACAN)	3,772	6,232
Corporate Social Responsibility Project Fund	5	5
Climate Study Fund	1,000	
TOTAL	**92,677**	**79,638**

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

Accruals and other liabilities as at 30 September 2024 are as follows:

Adjustment accounts and liabilities		September 30 2024	December 31 2023
Derivatives liabilities	11.1	3,277	3,488
Accruals liabilities	11.2	25,042	14,393
Other adjustment accounts	11.3	2,342	5,031
TOTAL		**30,660**	**22,913**

The change in the regularization accounts is mainly explained on the one hand by the increase in deferred income relating to interest withheld for an amount of F CFA 3,093 million on the subscription of treasury bills issued by certain WAEMU States and on the other hand, by the schedules of the assigned receivables DOLI P 2023-2030 and DOLIP 2024-2031 to be retroceded to the FCTC as well as the regularizations of interest income due to the exit of these receivables from the books of the BOAD.

11.1 Derivative liabilities

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

Derivatives liabilities	September 30 2024	December 31 2023
Derivatives liabilities-fair value hedge	2,969	3,488
Derivatives liabilities-cash flow hedge	307	0
TOTAL	**3,277**	**3,488**

The amount of derivative liabilities as of September 30th amounts to F CFA 3,277 million and relates solely to the coverage of credit lines mobilized in dollars and SDRs. This level of financial liabilities results from the slight decline in the dollar and SDR rates over the period.

11.2 Accruals liabilities

The details of the accruals and deferrals are as follows:

Accruals liabilities	September 30 2024	December 31 2023
Deferred income	18,152	10,263
Accrued liabilities	3,784	3,886
Advanced payments	3,106	244
TOTAL	**25,042**	**14,393**

The change in income to be regularized is mainly explained by the schedules of the receivables assigned DOLI P 1 and 2 to be retroceded to the FCTC as well as the regularizations of interest income due to the exit of these receivables in BOAD accounting.

11.3 Other adjustment liabilities

Details of other liabilities are as follows:

Other adjustment accounts	September 30 2024	December 31 2023
Sundry creditors	1,187	967
Suppliers payables	1,154	4,064
TOTAL	**2,342**	**5,031**

NOTE 12. SHAREHOLDERS' EQUITY

12.1 Details of the shareholders' equity capital

Changes in equity as at December 31, 2023 and September 30, 2024 respectively are as follows:

Equity capital	September 30 2024	December 31 2023
Subscribed capital	1,511,000	1,511,000
Callable capital	-892,170	-892,170
Unpaid Capital	-225,599	-274,818
Cost related to deferred paying-up of capital	-17,911	-17,911
Capital (A)	**375,320**	**326,102**
Share premium (B)	**2,622**	**2,622**
Reserves allocated to development activities	76,050	76,050
Other reserves	26	26
Retained earnings	705,946	677,492
Reserves and retained earnings (C)	**782,021**	**753,568**
Net income for the period (D)	**35,960**	**36,453**
Net gains on investments in equity instruments designated at fair value through non recyclable other comprehensive income	43,562	58,152
Cashflow hedging reserves	11,265	1,092
Remeasurements of defined benefit schemes liability	-1,321	-1,321
Other comprehensive income (E)	**53,506**	**57,923**
TOTAL (A+B+C+D+E)	**1,249,429**	**1,176,668**

12.2 BOAD's capital structure

a) The following table sets out the Bank's capital structure as at 30 September 2024 in nominal terms and its distribution in shares. Each share confers the same rights and obligations.

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	95,400	6%	1,908	46,913	22,313	24,600	48,487
BURKINA	95,400	6%	1,908	46,913	16,163	30,750	48,487
COTE D'IVOIRE	95,400	6%	1,908	46,913	22,313	24,600	48,487
GUINEE BISSAU	95,400	6%	1,908	46,913	16,163	30,750	48,487
MALI	95,400	6%	1,908	46,913	22,313	24,600	48,487
NIGER	95,400	6%	1,908	46,913	16,163	30,750	48,487
SENEGAL	95,400	6%	1,908	46,913	22,313	24,600	48,487
TOGO	95,400	6%	1,908	46,913	22,313	24,600	48,487
BCEAO	547,950	36%	10,959	141,604	131,764	9,840	406,346
	1,311,150	86 77%	26,223	516,908	291,818	225,090	794,242
CATEGORY B							
France	84,300	6%	1,686	27,960	18,780	9,180	56,340
Germany	34,750	2%	695	34,750	34,750	0	0
Belgium	16,950	1%	339	5,940	3,216	2,724	11,010
EIB	22,700	2%	454	19,700	19,700	0	3,000
AfDB	6,000	0%	120	1,500	1,500	0	4,500
EXIM BANK OF INDIA	750	0%	15	188	188	0	563
CHINA	18,150	1%	363	5,460	3,984	1,476	12,690
MOROCCO	16,250	1%	325	6,425	1,385	5,040	9,825
	199,850	13 23%	3,997	101,923	83,502	18,420	97,928
SUBSCRIBED CAPITAL	1,511,000	100 00%	30,220	618,831	375,320	243,510	892,170
UNSUBSCRIBED CAPITAL	198,350		3,967				
AUTHORIZED CAPITAL*	1,709,350		34,187				

During 2022, the Bank's governing bodies have authorised a capital increase of F CFA 554,350 million,

raising the Bank's authorised capital from F CFA 1,155,000 million to F CFA 1,709,350 million.

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

	September 30 2024	December 31 2023
Unpaid Capital without cost related to deffered paying-up of capital (a)	225,599	274,818
Cost related to deferred paying-up of capital (b)	17,911	17,911
Unpaid capital (a+b)	**243,510**	**292,729**

12.3 Effective equity

The Bank's effective equity as at September 30, 2024 and December 31, 2023 is as follows:

Items	September 30 2024	December 31 2023
A- Core own funds (=1+2)	**1,164,086**	**1,085,238**
1- Capital and other funds	375,320	326,102
2- Reserves and other funds	788,765	759,136
2.1 - Reserves	788,765	759,136
2.2 - Other funds	-	-
B- Additionnal own funds before subordinated debt	**68,866**	**83,457**
Effective equity capital (=A+B)	**1,232,952**	**1,168,694**
C- Subordinated debts classified as Tier 2	**124,185**	**59,363**
Effective equity capital (=A+B+C)	**1,357,137**	**1,228,057**
D- Unpaid own funds	16,477	7,974
Equity capital (A+B+C+D)	**1,373,614**	**1,236,031**

NOTE 13. NET BANKING INCOME

Details of this item are as follows:

Net banking income	September 30 2024	September 30 2023
1-Income and interest charges		
Interests and fees on loans	115,846	103,682
Fees on bond loan guarantees	0	0
Interests and investment income	20,682	18,106
Sub-total interest income (A)	*136,529*	*121,788*
Interests and charges on debts represented by a security	-46,853	-46,877
Interests and charges on loans and investments	-19,531	-9,148
Other financial services and commissions	-4,555	-7,143
Sub-total interest charges (B)	*-70,939*	*-63,168*
Margin on interests and fees C= (A)-(B)	**65,590**	**58,620**
2.1-Exchange gains and losses		
Consumed exchange gain	118	709
Potential exchange gain	13,821	0
Sub-total exchange gain (D)	*13,939*	*709*
Consumed exchange loss	-193	-1,220
Potential exchange loss	0	-6,729
Sub-total exchange loss (E)	*-193*	*-7,949*
Net exchange loss F=(D)-(E)	**13,746**	**-7,240**
2.2-Gains/losses on hedging instruments (G)	**-2,183**	**20,583**
2-Net gains/losses on foreign exchange (G)+(F)	**11,563**	**13,343**
3-Net gains/losses on equity investments designated at fair value through profit and loss	**307**	**36**
4-Dividends	**2,860**	**4,617**
5-Net banking income = (1)+(2)+(3)+(4)	**80,319**	**76,616**

Foreign exchange gains and losses stem from funds mobilization in foreign currencies other than euros by the Bank from its financial partners and on the international financial market for project financing. The losses have been hedged with forwards and swaps transactions.

NOTE 14. COST OF RISK

The cost of risk as at 30 September 2024 is as follows:

Cost of risk	September 30 2024	September 30 2023
Depreciations on receivables from customers	-23,037	-22,527
Reversals of depreciations on receivables from customers	7,466	6,427
Depreciations on securities portfolio	-3,573	-475
Reversals of depreciations on securities portfolio	0	915
Losses on receivables covered by depreciations	-1,399	-5,039
Depreciations on other assets	0	-14,014
Reversals of depreciations on other assets	0	13,406
TOTAL	**-20,543**	**-21,307**

The cost of risk as of September 30, 2024 remains stable compared to its level as of September 30, 2023. It is explained on the one hand by the increase in depreciation of customer receivables of F CFA 23,037 million mainly linked to (i) the effect of taking into account the new socio-political and security situation in the WAEMU zone, (ii) the integration of the prospective vision of the macroeconomic environment (forward looking) in the receivables provisioning model and (iii) the impact of

disbursements and approvals for the period and on the other hand, the depreciation of the securities portfolio for F CFA 3,573 million.

NOTE 15. COSTS RELATED TO DEVELOPMENT ACTIVITIES

This item covers charges related to BOAD's development activities.

Costs related to development activities	September 30 2024	September 30 2023
Interest subsidy	-1,099	-1,266
TOTAL	**-1,099**	**-1,266**

NOTE 16. FINANCIAL 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.).

Since 1st January 2018, the Bank's depreciation model has, in accordance with IFRS 9, incorporated the anticipation of losses based on expected credit losses (ECL) on the one hand, and the inclusion of macroeconomic forecasts in the determination of risk parameters (forward looking), on the other hand.

The objectives and rules for financial risk management are similar to those applied to the financial statements closed as at 31 December 2023.

With regard to the application of sustainability and climate standards, the governance, strategy, risk management and measurement and monitoring instruments used by the Bank have been described in the note on risk management in point 20.5 of the financial statements as at 31 December 2023. This information will be further detailed and updated at the end of the 2024 financial year.

NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

17. 1 Classification of financial instruments

The following table presents the carrying amounts and fair values of the Bank's financial assets and liabilities and their classification as at 30 September 2024.

Financial instruments	Financial assets and liabilities through profit and loss	Financial assets and liabilities through OCI recyclable	Financial assets and liabilities through OCI non recyclable	Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
Cash and cash equivalents	-	-	-	522,953	522,953	522,953
Interbank loans	-	-	-	6,628	6,628	6,628
Debt securities portfolio	-	-	-	543,205	543,205	543,205
Loans and advances to customers	-	-	-	2,362,937	2,362,937	2,362,937
Loans and advances to staff	-	-	-	24,385	24,385	24,385
Receivables from shareholders	-	-	-	5,212	5,212	5,212
Equity investments	10,488	0	140,094	0	150,582	150,582
Derivative assets	51,459	0	0	0	51,459	51,459
Total amount of financial assets	**61,947**	**0**	**140,094**	**3,465,320**	**3,667,361**	**3,667,361**
Borrowings	-	0	0	2,324,213	2,324,213	2,324,213
Derivative liabilities	3,277	0	0	0	3,277	3,277
Total amount of financial liabilities	**3,277**	**0**	**0**	**2,324,213**	**2,327,489**	**2,327,489**

The carrying amounts and fair values and classification of financial assets and liabilities as at 31 December 2023, are as follows:

Financial instruments	Financial assets and liabilities through profit and loss	Financial assets and liabilities through OCI recyclable	Financial assets and liabilities through OCI non recyclable	Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
Cash and cash equivalents	0	0	0	419,516	419,516	419,516
Interbank loans	0	0	0	4,299	4,299	4,299
Debt securities portfolio	0	0	0	327,631	327,631	327,631
Loans and advances to customers	0	0	0	2,461,992	2,461,992	2,461,992
Loans and advances to staff	0	0	0	22,136	22,136	22,136
Receivables from shareholders	0	0	0	5,761	5,761	5,761
Equity investments	10,181	0	149,615	0	159,796	159,796
Derivative assets	43,680	0	0	0	43,680	43,680
Total amount of financial assets	**53,862**	**0**	**149,615**	**3,241,336**	**3,444,812**	**3,444,812**
Borrowings	0	0	0	2,190,865	2,190,865	2,190,865
Derivative liabilities	3,488	0	0	0	3,488	3,488
Total amount of financial liabilities	**3,488**	-	-	**2,190,865**	**2,194,353**	**2,194,353**

17.2 Classification of financial instruments by fair value level

The table below shows the financial instruments carried at fair value by fair value level at September 30, 2024 and December 31, 2023 :

	Active market prices (level 1)		Evaluation techniques, of which all critical data are based on observable market data (level 2)		Evaluation techniques, of which all critical data are not based on observable market data (level 3)		Total amount	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Derivative assets	-	-	51,459	43,680	-	-	51,459	43,680
Equity participations-Financial assets designated at fair value through profit and loss	-	-	10,488	10,181	-	-	10,488	10,181
Equity participations-Financial assets designated at fair value through non-recyclable other comprehensive income (OCI)	7,439	10,797	-	-	132,655	138,817	140,094	149,615
Total amount of financial assets	**7,439**	**10,797**	**61,947**	**53,862**	**132,655**	**138,817**	**202,040**	**203,476**
Derivative liabilities	-	-	3,277	3,488	-	-	3,277	3,488
Total amount of financial liabilities	-	-	**3,277**	**3,488**	-	-	**3,277**	**3,488**

The following table provides a summary of the fair value measurement methods for Level 2 and Level 3 financial instruments in the statement of financial position and the key unobservable inputs used.

Type of financial instrument	Valuation techniques	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Forward foreign currency contracts	**Futures price fixing** Fair value is calculated using quoted forward exchange rates at the reporting date and commuted value measurements based on high-quality contract yield curve / yield curves.	Non applicable	Non applicable
Currency swaps	**Swaps models** Fair value is the present value of the estimated cash flows. Floating rate future cash flow estimates are based on quoted swap rates, futures contract prices and interbank lending rates. The estimated cash flows are discounted using a yield curve developed from similar sources that reflects the benchmark interbank rate used by market participants in setting foreign exchange swap prices.	Non applicable	Non applicable
Equity investments	**Sales comparison approach/ Discounted Cash Flow/ Net book value** The fair value is estimated based (i) on the last market prices of comparable assets (normally up to 12 months), entered into under normal market conditions or a firm bid on more than 15% of the existing stock or (ii) the net present value is calculated using a discount rate of equity investments with similar risk/yield couple adjusted to take account of finance structure (provided that the entity has generated positive cashflow from operating activities during at least the two previous years), or (iii) the mathematical value based on the last financial statements available.	Non applicable	Non applicable

NOTE 18. OFF-BALANCE SHEET COMMITMENTS

18.1 Commitments received

The breakdown of these commitments is as follows:

Commitments received	September 30 2024	December 31 2023
Loan commitments to be drawn (a)	165,751	349,541
Guarantees received from Regional Funds (b)	10,088	12,562
Guarantees received from international Insurers (c)	336,084	301,980
Total	**511,923**	**664,083**

(a) Commitments to be drawn down represent the balance not yet cashed on loans contracted with the lenders.

(b) This item corresponds to financial guarantees obtained from the regional guarantee funds on loans granted by the Bank.

(c) In addition to the credit insurance policies in place since 2021, the Bank concluded, during the first half of 2024, a new non-sovereign portfolio credit insurance policy and a single name policy on a sovereign loan with Insurers with a better international rating (A, A+, etc.). The objective of these operations is to reduce the Bank's exposure risk and benefit from the effect of the better rating of these Insurers; which should enable the Bank, in the long term, to improve its own rating and increase its capacity to intervene in favor of States. The outstanding amount of loans insured under these policies amounts to F CFA 692,167 million as of September 30, 2024.

18.2 Commitments given

They are broken down as follows:

Commitments given	September 30 2024	December 31 2023
Loan commitments given (a)	2,644,791	2,275,474
Advances for financing studies	31,888	30,026
Equity investments commitments (b)	72,440	60,745
Securities and other guarantees	25,000	40,000
Credit insurance premiums payable (c)	22,595	22,708
Total	**2,796,714**	**2,428,953**

(a) Loan commitments given correspond to financing agreements whose installement remains subject to the fulfilment of conditions precedent or whose effective disbursement is pending drawing requests from the borrower.

(b) Commitments for equity investments relate to BOAD's unpaid subscriptions into the capital of companies.

(c) The cost of commitments to future payments under these insurance policies amounts to F CFA 22,595 million as at 30 September 2024.

NOTE 19. EFFECTS OF THE SECURITY AND SOCIO-POLITICAL SITUATION ON THE BANK'S ACCOUNTS

19.1 Conflict in Ukraine

The conflict between Russia and Ukraine that began in February 2022 has had an impact on the WAEMU zone, particularly through the increase in the prices of fuel and certain basic necessities, leading to widespread inflation in the zone. Public counterparts, the Bank's main clients, could be impacted by this situation; which would result in an increase in their deficit and therefore their credit quality. Private counterparts are also facing this difficult economic situation. However, it should be noted that as of the financial statements, no counterpart has been prevented from fulfilling its obligations to BOAD in connection with this situation.

19.2 Israeli-Palestinian conflict

Since October 7, 2023, there has been a conflict in the Middle East. This conflict has repercussions on the UEMOA zone, in particular through the increase in fuel prices and certain products that must take the Asia-Africa route. Some counterparties could be impacted by this situation. However, as of the financial statements date, no counterparty has been prevented from fulfilling its obligations to BOAD in connection with this situation.

19.3 Socio-political and security environment in the sub-region

BOAD's area of operations continues to be affected by the socio-political and security situation in some countries.

BOAD, in accordance with its prudent provisioning policy, has taken this development in the political situation into account when preparing its accounts as of September 30, 2024.

NOTE 20. EVENTS AFTER THE REPORTING DATE

As of the closing date of the accounts on September 30, 2024 by the BOAD Board of Directors, the Bank's Management has not noted any subsequent event likely to influence the financial situation and results of the Bank.

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West African Development Bank (BOAD)

Statutory Auditor's report on the Audit of the Financial Statements

For the year ended 31 December 2023
West African Development Bank (BOAD)
68, avenue de la libération
BP 1172 Lomé (Togo)
This report contains 6 pages
Appendices contain 83 pages

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

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R.C.C.M. N° 2002 B 0873
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To the Board of Ministers of the West African Monetary Union (WAMU)
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Statutory Auditor's report on the Audit of the Financial Statements of the West African Development Bank (BOAD)

For year ended 31 December 2023

1. Opinion

We have audited the financial statements of the West African Development Bank (BOAD), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

2. Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

Capital 25 000 000 FCFA
R.C.C.M. N° 2002 B 0873
C.C. N° 1000116739

3. Emphasis of matters

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

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

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

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

4.1. Credit risk identification and assessment

4.1.1. Identified risks

BOAD is exposed to a credit and counterparty risk.

These risks are defined as the probability that a debtor will be unable to meet the repayment of the granted loan. Counterparty default can have a significant impact on BOAD's net income.

BOAD books impairment on his exposures to mitigate these risks.

Impairment/provisions on healthy and doubtful receivables are based on an expected loss model, considering, in addition to the outstanding amounts, the commitments approved by the Board of Directors, the remaining disbursement on the corresponding loan through conversion factors. This method is based on a model for calculating expected losses according to changes appeared since the origin of the credit risk and according to a model integrating the various parameters (Probability of default, Loss given default, Exposure at default, notation).

We considered that the assessment of the credit risk and the measurement of the impairments / provisions represent a significant accounting estimate area, due to the significant use of judgment by the Management in determining the assumptions and the exposures classification.

As at December 31, 2023, the gross amount of customers receivables amounted to XOF 2 638 billion and were subject to a provision for impairment for a total amount of XOF 169 billion, including 34 billion of impairment recorded during the current year as detailed in appendix 5 and 17 to the financial statements.

Due to the magnitude of the carrying value of loans to customers and the significant use of judgment in determining the provision for loan losses, this area represents a key audit matter.

4.1.2. Audit procedures performed

To assess the reasonableness of the impairments / provisions made, we have:

- ✓ acknowledged the provision assessment process and the relative internal control system;
- ✓ reviewed the provision/impairment governance process;
- ✓ verified the consistency of data issued from the risk management systems with accounting data;
- ✓ performed an independent calculation of expected credit losses on a selection of financial instruments as at December 31, 2023;
- ✓ assessed the consistency of the variation of provisions, receivables and cost of risk;
- ✓ verified the consistency of the parameters applied in the calculation system in accordance with approved methodological principles;
- ✓ verified that the rules for downgrading and impairment of doubtful debts have not been modified compared to the previous financial year and are correctly applied during the current financial year.

4.2. Valuation of hedging instruments

4.2.1. Identified risks

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

The audit of the valuation of hedging instruments in connection with borrowings was considered as a key audit matter due to :

- ✓ the significant impact of the complex valuation method on the Bank's net income;
- ✓ their materiality in the Bank's accounts.

4.2.2. Audit procedures performed

In this context, the works performed have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of valuation parameters;
- ✓ make a detailed analysis of the Bank's hedging contracts;
- ✓ test the correct application of the valuation method on a selection of hedging instruments;
- ✓ Examine the disclosures relating to the valuation of financial instruments published in the notes to the financial statements.

4.3. Valuation of financial assets

4.3.1. Identified risks

BOAD records financial assets at fair value for XOF160 billion as detailed in note 6 of the appendix to the financial statements. Changes in the fair value from one closing to another are recorded either in profit and loss or in equity in compliance with the adopted classification under IFRS 9.

Due to the restricted availability of market data, the valuation of level 2 and 3 financial instruments requires the use of judgment by the management in determining the valuation method and the parameters to be used.

We have considered the financial assets valuation at fair value (level 2 and 3) as key audit matter because of:

- ✓ the significant impact of the choice of valuation method on the Bank's net income;
- ✓ the sensitivity of the parameters used for management's assumptions;
- ✓ their materiality.

4.3.2. Audit procedures performed

In this context, our works on financial assets (portfolio of equity instruments) have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of the valuation method used;
- ✓ test the correct application of the valuation method on a selection of equity securities;
- ✓ conciliate the value of the selected instruments with external documentation;
- ✓ verify the accounting and management data's reconciliation;

- ✓ verify the appropriateness of the accounting methods used by the Bank and their correct application.

5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibilities for the audit of the Financial Statements are further described in Appendix 1 of our report.

Lomé, March 29, 2024

Statutory Auditor

KPMG Togo

Franck FANOU
Partner

Appendix 1:

Statutory Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appendix 2:

Financial statements for the year ended 31 December 2023



BOAD'S FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2023

MARCH 2024

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STATEMENT OF FINANCIAL POSITION

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

LIABILITIES	Note	31 December 2023		31 December 2022	
Financial liabilities at amortized cost	9	**2,190,865**		**2,135,146**	
- Deposits from banks			6,814		7,171
- Debt securities issued			1,507,447		1,562,479
- Other debts			617,241		565,496
- Hybrid debts			59,363		
Earmarked funds	10	**79,639**		**92,305**	
Adjustments accounts and other liabilities	11	**22,913**		**20,181**	
- Derivative liabilities			22,913		20,181
- Accruals liabilities			3,488		306
- Other adjustement accounts			14,393		15,400
Provisions	12	**11,938**		**10,006**	
Total liabilities		**2,305,354**		**2,257,638**	
Capital		**326,102**		**260,888**	
- Subscribed capital			1,511,000		1,103,650
- Callable capital			-892,170		-826,230
- Unpaid Capital			-274,818		-15,956
- Cost related to deferred paying-up of capital			-17,911		-577
Share premium		**2,622**		**2,622**	
Reserves		**847,945**		**841,131**	
- Reserves allocated to development activities			76,050		76,050
- Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable			58,152		48,045
- Cashflow hedging reserves			1,092		34,504
- Other reserves			26		26
- Retained earnings			677,492		559,570
- Remeasurements of defined benefit liability			-1,321		-746
- Net income for the period			36,453		123,682
Total equity	13	**1,176,668**		**1,104,641**	
TOTAL LIABILITIES AND EQUITY		**3,482,022**		**3,362,279**	

COMPREHENSIVE INCOME STATEMENT

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

CHANGES IN EQUITY

CHANGE IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022	Capital				Share premium	Reserve			
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	inve de
Equity as at 1st January 2022	1,103,650	-826,230	-29,009	-510	2,622	76,050	26	-298	
Increase in capital									
Unpaid capital									
Modifications of the first application of IFRS 9									
Other changes				-67					
Allocation of profit for the 2021 financial year									
Release of capital for the 2022 financial year			13,053						
Net income as at 31 December 2022 before allocation									
Other comprehensive income									
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS9)									
Fair value reserves (available-for-sale financial assets)									
Remeasurements of defined benefit liability								-447	
Cash flow hedges									
Sub total Other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-447**	
Total comprehensive income of the 2022 financial year	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-447**	
Transfers									
Contributions and distributions									
Total transactions with the owners of the Bank	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Balance as at 31 december 2022	**1,103,650**	**-826,230**	**-15,956**	**-577**	**2,622**	**76,050**	**26**	**-746**	

CHANGE IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2023	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value	Cash flow hedges reserves	Retained earnings	
Equity as at 1st January 2023	**1,103,650**	**-826,220**	**-16,956**	**-577**	**2,622**	**76,050**	**26**	**-745**	**48,045**	**34,804**	**683,263**	**1,104,041**
Increase in capital	407,350											407,350
Others changes				-17,334								-17,334
Allocation of 2022 income											-6,000	-6,000
Capital paid-up in 2023		-65,940	-258,862									-324,802
Net income as at 31 December 2023 before allocation											36,453	36,453
Other comprehensive income												
Adjustments on retained earnings											240	240
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									10,107		0	10,107
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-576				-576
Cash flow hedges										-33,412		-33,412
Sub-total other comprehensive income	**0**	**-65,940**	**0**	**0**	**0**	**0**	**0**	**-576**	**10,107**	**-33,412**	**240**	**-23,640**
Total comprehensive income of the 2023 financial year	**0**	**-65,940**	**0**	**0**	**0**	**0**	**0**	**-576**	**10,107**	**-33,412**	**36,693**	**12,813**
Transfers												0
Contributions and distributions												
Total transactions with the owners of the Bank												
Balance as at 31 december 2023	**1,511,000**	**-958,110**	**-274,818**	**-17,911**	**2,622**	**76,050**	**26**	**-1,321**	**58,152**	**1,092**	**713,946**	**1,176,668**

CASHFLOW STATEMENT

Items	Notes	2023	2022
Cashflow from operational activities		**31/12/2023**	**31/12/2022**
Income for the period		**38,453**	**123,682**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-16,414	-15,231
Exchange gains		-2,063	-8,083
Exchange losses		1,808	4,020
Amortization		1,339	1,257
Depreciation		0	0
Cost of risk		39,327	28,829
Gains/ losses on financial assets designated at fair value through profit and loss		-156	-550
Other items		-1,956	-2,859
		21,885	**7,383**
Changes in assets and liabilities from operations			
Loans and advances to banks		-4,061	10,174
Loans disbursements		-446,764	-388,661
Repayments of loans		518,187	396,664
Other receivables from customers		-131,716	-108,370
Loans and advances to staff		-3,565	-3,057
Securities portfolio		11,998	54,903
Other receivables		0	0
Other assets		-5,269	6,420
Deposits from banks		-357	-400
Other debts		75,191	162,892
Other liabilities		-19,117	-33,175
		-5,472	**97,390**
Cashflow from operations activities (a)		**52,866**	**228,456**
Cashflow from investment activities		**2023**	**2022**
Acquisitions of tangible assets		-1,556	-995
Sales of tangible assets		17	20
Acquisitions of intangible assets		135	-493
Sales of intangible assets		0	0
Acquisitions of shares		-18,364	-1,265
Sales of shares		15,271	1,919
Cashflow from investment activities (b)		**-4,498**	**-815**
Cashflow from financing activities		**2023**	**2022**
Resources from capital paying-up		69,331	16,553
Redemption of shares		0	0
Debt issuance		217,011	22,568
Repayment/debts represented by a security		-83,898	-98,299
Repayment/other loans		-115,386	-114,743
Cashflow from financing activities (c)		***87,057***	***-173,920***
Net increase/(decrease) of cash and cash equivalents (a+b+c)		**135,424**	**53,720**
Cash and cash equivalents at opening	**4**	**284,092**	**230,373**
Cash and cash equivalents at closing	**4**	**419,516**	**284,092**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interest paid		77,034	75,341
Interest received		123,640	128,576
Dividends received		5,408	3,305

NOTE 1. ACTIVITY OF BOAD

The West African Development Bank (BOAD) is the common development finance institution of the member countries of the West African Economic and Monetary Union (WAEMU), established by an Agreement signed on 14 November 1973.

BOAD became operational in 1976.

As an international public institution, BOAD has its headquarters in Lomé (Togo), located at 68, avenue de la Liberation, and Resident Missions in each of the capital cities of the other seven WAEMU member countries.

The Bank's shareholders include WAEMU member countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo) and the West African Central Bank (BCEAO), three European countries (Germany, France and Belgium), as well as African Development Bank (AfDB) and European Investment Bank, People's Republic of China, Eximbank of India and the Kingdom of Morocco.

As provided under article 2 of its Articles of Association, BOAD seeks to "promote balanced development of member countries and foster the achievement of economic integration within West Africa" by financing priority development projects. The Bank provides financing for projects in the following areas: rural development, basic infrastructure, modern infrastructure, telecommunications, energy, natural ressources, industry, agro-industry, transport, tourism, health and education, financial institutions and other services.

In order to finance its activities, the Bank can, as stated under Article 37 of its Articles of Association, issue bond loans on the Union's domestic market or on the foreign capital markets and contract, from international or foreign public or private agencies, loans with any maturities and repayment conditions, both in the Union's currency and foreign currencies or units of accounts as may be deemed suitable to the Bank's Board of Directors.

Under Article 44 of its Articles of Association, the Bank, its revenues, property and other assets, as well as transactions and operations undertaken by it under these Articles of Association, shall be exempted from all direct or indirect taxes. No tax shall be levied by the Union's governments or communities on bonds issued by the Bank or on interests therefrom, whosoever the titleholder may be.

NOTE 2. SUMMARY OF KEY ACCOUNTING PRINCIPLES AND PRACTICES

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

2.1 Declaration of conformity

The financial statements of the West African Development Bank ("the Bank"), for the year ended 31 December 2023 and the comparative figures for 2022, have been established in accordance with the International Financial Reporting Standards (IFRS) - as issued by the IASB (*International Accounting Standards Board*).

2.2 Functional currency and reporting currency

The functional currency of the Bank is the African Financial Community Franc (FCFA/XOF). It is also its reporting currency.

All the figures in BOAD's financial statements are quoted in millions of FCFA/XOF (XOF' mln), unless otherwise stated.

2.3 Basis of presentation of financial information: Going concern

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

2.4 Key basis for evaluation

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

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

2.5 Critical accounting assumptions and key sources of uncertainty for estimates

The preparation of financial statements, in accordance with IFRS, requires that the Bank's management provides estimates, assumptions and judgements that affect the value of assets, liabilities, income and expenditure. Estimates and assumptions are continually evaluated and take into account experiences and other factors, including future events deemed reasonable under the current circumstances. The most significant assumptions and estimates are summarized below:

2.5.1 Main judgements

The Bank's accounting policy requires that assets and liabilities be recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and evaluation of financial assets in accordance with IFRS 9 (loans and receivables, equity investments, and investment portfolio).

2.5.2 Main assumptions and uncertainties related to the estimates

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

Impairment of loans and advances to customers: the determination of input parameters in the ECL valuation model such as default probabilities, the consideration of key assumptions in the estimation of recoverable cash flows (e.g. conversion factors to credit

equivalents) and information on the forward-looking (***See Note 2.8.2.2***)

Assessing the fair value of equity investments: at each reporting date, the Bank reviews its equity portfolio to assess its fair value based on financial information or stock prices available and estimates changes in fair value (***See Note 2.6***).

Assessing fair value of financial derivatives: at each reporting date, the Bank contracts a specialist to assess the fair value of hedging instruments put in place to protect itself against currency risk on loans contracted in SDR and USD. (***See Note 2.19***).

Assessing obligations linked to defined benefit pension plan: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Bank determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations (***See Note 2.15***).

2.6. Fair value of financial instruments

2.6.1 Definition and hierarchy of fair value

Fair value is the price at which an asset would be sold or bought to transfer a liability in a normal transaction between market participants at the valuation date.
The fair value of financial instruments is presented according to a fair value hierarchy with three levels depending on the importance of the data used for the assessments.

Level 1: Fair value determined using quoted prices (unadjusted) on active markets for similar assets or liabilities

Level 2: Fair value estimated from data, other than quoted prices in level 1 whose asset or liability is observable directly (in the form of prices) or indirectly (derived from prices)

Level 3: Instruments for which data for valuation are not based on observable market data ('unobservable' data).
As much as possible, the Bank uses observable market data to assess assets and liabilities at fair value.

2.6.2 Valuation methods

For financial instruments measured at fair value on the balance sheet, the fair value is determined primarily on the basis of prices quoted in an active market. These prices may be adjusted, where applicable if they are not available at the reporting date or if the value of compensation does not reflect transaction prices.

However, due to the multiplicity of the features of the financial instruments negotiated OTC on financial markets, a large number of financial products handled by BOAD are not directly listed on the markets. The fair value of these products is determined by using the valuation techniques with observable or unobservable data.

2.7 Cash and Cash equivalents

Cash includes cash on hand and demand deposits.

Bank deposits of more than three (3) months are also classified as cash and cash equivalents given the clause specifying that they can be freed-up at any time. No short-term bank deposits should exceed one year.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are held in order to meet the short-term (operational and functional) cash commitments rather than for investments or other purposes.

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

2.8 Financial assets at amortised cost

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

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

2.8.1 Loans and advances to banks

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

2.8.2 Loans and advances to customers

Main characteristics of loans and advances to customers

The Bank's portfolio on "loans and advances to customers" mainly correspond to loans granted to the public (non-commercial and commercial public) and private sectors.

Loans granted by BOAD are denominated in CFA Francs (XOF) and at fixed rates. They are accounted at the contract rate which corresponds to the market rate. Borrowers have the option to make early repayment of such amounts subject to conditions contained in loan agreements and conventions.
BOAD rate conditions as regards the non-commercial Energy sector are equivalent to those applied by the Energy Development Fund (FDE), which are themselves at market conditions.

Interests and commissions on receivables from customers

Interest and commissions on loans granted to customers are recorded in the period in which they were acquired using effective interest rate. Interests that have accrued but not yet due at the reporting date are recorded as interests on receivable loans.

Default interests are calculated on unpaid instalments after a grace period of one month.

Flat commissions (processing fees) are fees charged only once at the project evaluation. They are recorded in the income statement by linear spread over the lifespan of the loan. The financing arrangement fees are captured in income as soon as they are due.

2.8.2.1 Loans to States

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

Subsidies on loans to States

Loans to States receive interests subsidy covered by allocations or the new subsidy mechanism fund that is consistent with market practice. Interests subsidy serve to reduce the amount of interest to be paid by a borrower to he Bank. Interest subsidies cover the difference between the interest rate applied by the Bank and the interest rate actually paid by the borrower for each loan tranche (**See Note 2.16.2 Allocations**). This practice is common in the multilateral development bank market.

The shareholder States and donors grant subsidies to the Bank **(see 2.14 Allocated external funds et 2.16.2 Allocations from shareholder States)**. These grants are recognised as receivables during the year, with an impact on income for the year as defined by the standard in accordance with IAS 20.

They are used to subsidise interest on loans granted by the Bank by covering the difference between the interest rate applied by the Bank and that actually paid by the borrower. This mechanism makes it possible to grant concessional loans on the basis of market resources (*by lowering the average cost of the resource allocated to each of the loans concerned*).

Index linking clauses in the loans to States

The Bank incorporates an index linking clause in its loans to States portfolio.

Under this clause, the Bank could transfer to the borrowers the exchange rate risk borne by debts denominated in currencies other than euros. The exchange rate risk would thus be passed on to the borrowers in the form of repayments on the loans concerned, depending on changes in the structure of the Bank's debt.

The Bank's policy of hedging the currency risk on its non-euro debts plans a systematic hedging by acquiring forwards for each debt contracted in non-euro currencies (**see note 2.19 Derivatives and hedge accounting**). Therefore, activating of this index linking clause is not topical and more of a safeguard measure than a risk management policy. Finally, the existing adjustment clause does not exclude recognizing these loans at amortized cost.

2.8.2.2 Impairment of loans and advances to customers

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

- **Bucket 1:** financial assets considered as performing loans with no credit downgrading or downgrading of credit risk by one notch since their initial recognition;
- **Bucket 2:** financial assets whose credit risk shows a downgrading by at least two notches since the initial recognition or whose rating is lower than the Gs5 sensitivity limit in the case of the Bank or whose unpaid installments last between 30 and 89 days. Depending on the counterparty's financial situation and recovery prospects, restructured loans are classified in bucket 2 with at least the rate Gs6 during the 18 months following their restructuring and a discount recorded;

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

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

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

a) Expected losses approach to provisionning for buckets 1 and 2

Expected losses represent an estimate established by probabilistic weighting of credit losses. This weighting must integrate past events, current conditions and the forecast of future economic conditions.

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

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

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

For the calculation of the EAD, all outstanding amounts as well as financing commitments are taken into account. A factor of conversion factor into credit equivalent of the balance

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

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

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

The expected credit losses are recognized as cost of risk in the income statement.

It should also be noted that interest income is calculated on the basis of the gross value of the receivables.

b) Expected losses approach of impairment for bucket 3

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

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

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

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

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

2.8.2.3 Originating, restructuring or renegotiating loans

When the loan contracts are modified, the Bank analyzes the reasons (renegotiation, reorganization or restructuring) for the modifications and assesses the substantial nature of the modifications made on a case-by-case basis.

a) Changes without substantial impacts

In the event of a modification resulting from financial difficulties, the loan is considered as impaired outstanding (bucket 3) and is subject to a discount of an amount equal to the

difference between the discounted contractual cashflows initially expected and the discounted future cashflows expected (capital and interests) following the restructuring. The discount rate used is the initial effective interest rate. This discount is entered in the net result in the "cost of risk" item and in the balance sheet as a reduction of the corresponding outstandings. It is impacted on the net income over the lifespan of the loan. This loan is reinstated as a healthy loan when there is no longer any uncertainty about the borrower's ability to honor its commitments.

In the event of modifications not justified by financial difficulties, the loan is entered in bucket 2. The gross book value of the loan is recalculated so that it is equal to the present value of the contractual cash flows renegotiated or modified at the rate of initial effective interest. The difference noted (profit-surcharge or loss-discount) is entered in the net result in the "cost of risk" item and then reported in the result over the term of the loan.

b) Changes with substantial impacts

When the change is substantial, the contractual rights to the cash-flow of the original loan are deemed to have expired. In this case, a new loan is recorded at fair value, while the original loan is derecognized. The difference between the book value of the derecognized loan and the fair value of the new loan is recorded in profit or loss in the "cost of risk" item. Any impairment previously recorded on the loan is adjusted or fully reversed.

2.8.2.4 Pre-financing of surveys or studies

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

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

2.8.2.5 Grants and subsidy mechanism

Loan subsidies are paid in by States in order to reduce the cost of loans for borrowers. These subsidies help to grant concessional loans based on market resources (by reducing the average cost of resources allocated to each of the concerned loans).

2.8.2.6 Financial guarantees and financing commitments

Financing commitments given include amounts still to be paid under loan agreements

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

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

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

2.8.3 Loans to staff

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

2.8.4 Debt securities portfolio

All the securities held by the Bank are classified as financial assets at amortized cost like debt securities. These include bonds with fixed or determinable payments that are not quoted on active market.
The impairment model is the same as that applied to loans and advances to customers.

2.8.5 Receivables from shareholders

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

2.9 Equity investments (equity securities)

Equity securities (equity investments) are shares held by the Bank in other entities from diverse sectors in accordance with its equity investments strategy (See Note 6.1).

Equity securities are equity instruments that are recognized at fair value into two distinct categories (fair value through profit and loss and fair value through OCI non-recyclable to profit and loss). All new equity investments will be analyzed line by line to ensure their classification in one of the above categories.

a) Fair value through profit and loss

This default classification is mandatory for equity instruments held for transactions. This is an option identified for equity investments held by the Bank and representing an undertaking for collective investment in transferable securities (UCITS), namely an open-ended investment company and a mutual fund. Dividends and capital gains or losses on these assets are recognized in the income statement. They are not subject to depreciation.

b) Fair value through OCI non-recyclable to profit and loss

This classification was selected for all equity transactions of the Bank considered as strategic in line with its development mission. Dividends are recognized as income in the income statement. Any subsequent variation of the fair value (gains/losses) is recognized

as other items in the comprehensive income statement and never recycled as income.

2.10 Fixed assets and amortizations

2.10.1 Recognition and evaluation

Fixed assets are recognized at their cost of acquisition. When significant components of fixed assets have different useful life, they are recognized as distinct fixed assets (major components). Subsequent expenses are only activated if there is probability that associated economic profits will go to the Bank. The loss or profit on fixed assets are recognized in the net income statement.

2.10.2 Amortizations and impairment test

Fixed assets are amortized on a straight line over their estimated useful life. Estimated residual values are considered as nil. Below is the different useful life:

	Amortization per component over the following duration
1. Constructions	
a. Land	Not amortizable
b. Construction work	40 years
c. Technical installations	20 years
d. Technical lots, fittings and facilities	15 years
e. Diverse facilities	10 years
2. Office materials and furniture	3 to 10 years
3. Housing equipment and furniture	3 to 10 years
4. Transportation material	3 years
5. Fittings and facilities	3 to 10 years

Assets that are likely to depreciate are reviewed annually to determine whether they have suffered a loss in value. The book value of an asset is immediately captured in the recoverable amount if the book value exceeds its estimated recoverable amount. The recoverable amount is the highest amount between the fair value of the asset (minus selling costs) and its value-in-use. The residual values and useful life of assets are reviewed periodically and adjusted if necessary.

The monthly amortization charges are recognized in the income statement under item "Depreciations" on line "general operating expenses".

2.10.3 Intangible assets

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

2.10.4 Investment properties

a) Recognition and measurement

Investment properties are initially measured at cost, including transaction costs and subsequently measured at amortised cost.

Subsequent expenses are recognized in the book value of the investment property when they increase the capacity of the investment property or when they are intended to replace significant parts of the investment property. The Bank has choosen the cost model, all the investment properties are measured at cost less accumulated depreciation and less accumulated impairment losses at closing.

b) Transfers to or from investment property classification

Transfers to, or from, investment property should only be made when there is a change in use. Transfers between categories do not change the book value of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

c) Derecognition and disposals

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

d) Rental income from investment properties

The Bank recognises the lease payments associated with these leases as an income on a straight-line basis over the lease term. The benefits granted by the Bank under a rental contract form an integral part of the total net rental income over the entire duration of the rental contract.

2.11 Leases

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

2.11.1 As a lessee

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

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

2.11.2 As lessor

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

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

Consequently, all the contracts are classified as operating leases.

The asset (the Bank's building, part of which is leased) is recognised as a fixed asset by

the lessor and depreciated on a straight-line basis over its useful life.

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

2.12 Deposit from banks

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

2.13 Debts securities and debts from donors

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

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

2.14 Allocated external funds

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

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

2.15 Pension commitments

2.15.1 Plan used by the Bank: Defined benefit scheme

The Bank uses the "defined benefit" system in which the employer agrees to pay specific benefits in the form of pensions or retirement benefits, depending on the employee's length of service and salary. These benefits are paid directly by the Bank to the beneficiary.

The pension plan is entirely financed by the Bank. Staff are not obliged to contribute to the scheme.

2.15.2 Determination of net liability under the defined benefit scheme

The Bank's net defined benefit obligation is assessed by estimating the amounts of future benefits acquired by the staff during their actual and past periods. This amount is calculated based on the actuarial liability related to the Bank pension obligations, but less the fair value of the hedging assets of the pension fund.

The Bank does not have any assets ceiling to cover its pension plan.

The actuarial assumptions used are calculated annually by a qualified actuary using the Projected Unit credit method.

Revaluations of the net liability for defined benefit plans including actuarial gaps are recorded immediately under other items in the comprehensive income statement.

2.15.3 Actuarial assumptions

Actuarial assumptions as at the closing date are as follows:

Actuarial assumptions	2023	2022
Discount rate	6.10%	6.18%
Rate of salary increase	6%	6%
Rate of staff turnover	1%	1%
Retirement age	60 years	60 years
Mortality table	Table CIMA	Table CIMA

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

The rate of salary increases has not changed.

2.16 Transactions on share capital and allocations

2.16.1 Capital

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

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

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

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

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

2.16.2 Allocations

Member countries make allocations annually to BOAD.

BOAD's right to these allocations is established at the adoption of the Bank's updated financial outlook over a period of six (6) years. This application is made annually and as a result, the allocations are captured annually as income. The allocations are therefore recognized as receivables during the fiscal year, with impact on the year's income under IAS 20.

This recognition helps cover expenses related to development activities namely studies conducted but captured as final consumption, interest rate subsidies for loans to States.

2.17 Investment income from the Central Bank

Interests paid by BCEAO on BOAD's assets invested with it, are captured as "Interests and related income" for the period in which they were earned.

Interests receivable from BCEAO as at the year-end reporting are recorded as assets under "loans and advances to banks".

2.18 Interests and fees on debts

Interests and commitment fees are subject to a monthly subscription calculated on the basis of loans recorded at the reporting date.

Interests accrued but not due on loans are recorded at the end of the year and find their counterpart liabilities on the balance sheet under "Financial liabilities at amortized cost".

At each reporting date, loans, interests and commitment fees accrued but not due pertaining to loans in foreign currencies are valued at the last reported exchange rate.

2.19 Derivatives and hedge accounting

2.19.1 Derivatives

The Bank uses derivative instruments to hedge exchange risks. These instruments are mainly an exchange cross-currency swap specifically for the Eurobond 1 issue and forward exchange contracts on Eurobond 2 issue and other borrowings. Derivatives serve to cover the variability of cash flows resulting from exchange rates fluctuations on borrowings contracted in foreign currencies (SDR and USD). This relation is established from the date of issue of the borrowing and maintained throughout the contract terms.

The Bank assesses all its financial derivatives at fair value and changes in fair value are generally recognized through profit and loss. When the required conditions are met for the application of the fair value option, the debt in question is also assessed at fair value and changes in fair value are recognized as net income.

2.19.2 Fair value hedge

The Bank applies fair value hedge accounting to derivatives to hedge the exposure to currency risk associated with foreign currency borrowings. Under fair value hedge accounting, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the risk being hedged are recognized as profit and loss.

From the onset, the Bank documents the relation between the hedging instrument and the hedged item as well as the risk management objectives and its strategy to undertake hedging transactions. The hedge accounting stops being applied when the objective of the Bank's risk management for the hedging relationship changes or when the hedging instrument has matured, is sold or is abrogated or is exercised or when the hedge accounting does no longer meet required conditions for the hedge accounting.

2.19.3 Cash flow hedge

When a derivative is recognized as cash flow hedge instrument, the effective portion of the change in fair value of the derivatives is recognized as other comprehensive income and accumulated in the cashflow hedge reserve. All other ineffective portion in the change in fair value of the derivative is recognized immediately as profit or loss.

The accumulated amount in equity is recognized as Other comprehensive income and reclassified to profit or loss at a date or dates when the anticipated cashflow hedged or the hedged item affects profit or loss.

If the anticipated transaction is no longer expected to occur and the hedge no longer meets the criteria for hedge accounting, or the hedging instrument expires, is sold, terminated, exercised or cancelled, the Bank ceases to apply prospective hedge accounting. If the anticipated transaction is no longer expected to occur, the balance in equity is reclassified to net income.

2.20 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if it is highly likely that they will be recovered primarily through sale rather than through continuous use.

Non-current assets that are classified as held for sale are measured at the lower of book value and fair value less costs to sell. Any impairment prior to classifying an asset as held for sale and gains of losses for any subsequent increase in fair value less costs to sell of an asset are recognised in the statement of profit or loss.

2.21 Cashflow statement principles of presentation

The cashflow statement explains the change in the Bank's cashflows during the period under review.

The cashflows are distributed among the operating, investments and financing activities. Cash and cash equivalents appearing in the cashflow table should be compared with those presented in the financial statement. Flows from operating activities are presented using the indirect method whereby the result is adjusted of the effects of non-cash transactions, any deferrals or accruals from past entries or past/future operational cash payments and income or expenditure items related to the cashflows for investments or financing.

Cashflows related to investing and financing activities are presented separately according to major categories of gross cash inflows and outflows from investing and financing activities.

Cashflows from foreign currency transactions are recorded under the Bank's functional currency by applying the foreign exchange rate between the functional currency and the foreign currency as at the date of the cashflows.

2.22 Subsequent events

The Bank makes adjustments to its financial statements to reflect events that occurred between the reporting date and the date on which the said financial statements are authorized for issue, provided that these events relate to existing situations as at the reporting date.

If these events relate to events that occurred after the date of closing of the accounts but require disclosure, the balance sheet, income statement, cash flow statement and the statement of changes in equity are not adjusted. The nature and potential impact of these events are captured in note 26 below.

2.23 Approval of accounts

BOAD's individual accounts as at 31 December 2023 were approved by the Board of Directors at its 25 March 2024 meeting.

NOTE 3. IMPACT OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations contained in the Bank's financial statements as at 31 December 2022 were supplemented by provisions of the new standards and interpretations for the 2023 financial year. These involve the following standards and amendments:

3.1 New provisions in force and published by IASB

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

3.2 Upcoming provisions

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

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

NOTE 4. CASH AND CASH EQUIVALENTS

Analysis of the "Cash and cash equivalents" item (*see Note 2.7 on Summary of key accounting principles and policies*) comprises the following:

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

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

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

4.2. This account records the resources of the Energy Development Fund (FDE) used to finance energy projects in the WAEMU region. The Bank is the fund manager.

4.3. Short-term bank deposits include the following:

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

NOTE 5. FINANCIAL ASSETS AT AMORTISED COST

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

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

5.1 Loans and advances to banks

Loans and advances to banks include interbank loans and related interests. Loans and advances to banks per counterparty is detailed as at 31 December 2023 and 31 December 2022 as follows:

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

5.2 Loans and advances to customers

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

5.2.1 Break down per type, sector of activity and per country

A detailed analysis of receivables from customers per type of loans, sector of activity and per country is presented in Note 20.1 on credit risk.

5.2.2 Schedule of receivables from customers

The schedule of receivables from customers is presented as follows as at 31 December 2023 and 31 December 2022:

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

(*) The total amount of depreciation of non-performing loans includes XOF 89, 465 M for depreciation on the principal (as of XOF 56, 418 M for loans and XOF 8, 945 M for advances on studies) and XOF 24, 102 M for interests and commissions on non-performing loans.

5.2.3 Variation table for non-performing loans

Gross outstanding loans also include non-performing loans that have evolved as follows:

	Balance as at 31 december 2022 (a)	Changes of the period: Increase (b)	Changes of the period: Decrease (c)	Changes of the period: Balance of the period (d) = (b) + (c)	Balance as at 31 december 2023 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	73,422	4,487	-10,717	-6,230	67,192
2. Depreciation	-59,903	-3,228	6,712	3,485	-56,418
3. Net outstanding of non performing loans = (1) + (2)	**13,519**	**1,259**	**-4,005**	**-2,745**	**10,774**

5.3 Debt securities portfolio

5.3.1 Variation table for securities

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

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

5.3.2 Details of debt securities portfolio

The breakdown of the debt securities portfolio is as follows:

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

5.3.3 Schedule of debt securities portfolio

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

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

5.4 Receivables from shareholders to be paid up

The item on « receivables from shareholders to be paid up » includes the following:

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

NOTE 6. EQUITY INVESTMENTS

6.1. The Bank's equity investments strategy

Equity investment activity is consistent with the Articles of Association of the Bank, which, inter alia, provide: (i) in article 2, that "... The Bank shall provide financing particularly through equity participation, granting of loans..." and (ii) in article 32, that it "may constitute or participate in the establishment of the capital of institutions or companies". The set objective is to strengthen the equity capital and expertise of businesses operating in the Union.

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

The Bank's equity investment strategy is as follows:

- **Objective**: fulfilling the Bank's development agenda while ensuring that it stays financially viable in accordance with the strategic orientations of the Bank.
- **Areas of intervention**: all sectors eligible for financing by the Bank.
- **Modes of intervention**: when entering into a transaction, the Bank must have sufficient visibility of the terms and conditions of exit, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.
- **Positioning in the governing bodies**: each of the Bank's equity participations is conditioned by the allocation of a seat on the company's governing body (board of directors, supervisory board, credit or investment committee, etc.).

In addition to the equity investment strategy, BOAD has taken measures to (i) adapt to the evolution and the requirements of WAEMU's financial sector (increase of minimum capital of banks and financial institutions) and (ii) take into account the special nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.2. Change in equity investments

6.2.1 Equity investments variation table

Changes in gross equity investments (*see note 2.12 of summary of accounting principles and practices)* are as follows:

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

6.2.2 Breakdown of equity securities per counterparty

Equity investments recognized in the balance sheet between the 31 December 2023 and 31 December 2022 are detailed per counterparty in the tables below:

a) Instruments recognized at fair value through profit or loss

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

N°	Country	Equity investments	Percentage of interest (%)	31 December 2023			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	14 5%	2,500	1,263	-94	3,669
2	h-uemoa	FEFISOL	8 2%	16	37	0	53
3	SN	FCP/IFC BOAD	100 0%	5,000	1,209	251	6,459
TOTAL				**7,516**	**2,509**	**158**	**10,181**

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

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

N°	Country	Equity investments	Percentage of interest (%)	31 December 2023			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	SOAGA	19 3%	103	0	91	193
2	TG	CAURIS CROISSANCE	0 0%	-	-	-	-
3	SN	BNDE	9 1%	1,000	- 140	2,413	3,413
4	h-uemoa	CAURIS CROISSANCE II	17 7%	4,268	- 462	- 1,932	2,336
5	TG	GARI S. A.	11 6%	1,500	- 365	783	2,283
6	MA	BDM Mali	16 0%	600	1,536	20,166	20,766
7	BN	BOA Bénin	2 3%	98	195	2,923	3,022
8	NG	SONIBANK Niger	7 1%	1,082	116	2,334	3,416
9	CI	BHCI Côte d'Ivoire	0 3%	150	- 7	- 147	3
10	NG	BOA Niger	5 7%	137	- 294	3,877	4,014
11	TG	BIA Togo	5 2%	392	36	351	743
12	h-uemoa	Afreximbank	0 3%	2,500	2,277	5,872	8,372
13	SN	Banque Régionale de Marché (BRM)	4 0%	1,610	- 1,210	- 1,610	-
14	BF	Banque de l'Habitat du BF	0 9%	200	28	52	252
15	CI	BRVM	9 2%	56	111	600	656
16	CI	DC/BR (BRVM)	9 1%	140	159	378	518
17	TG	CICA RE	2 0%	999	243	740	1,739
18	MA	MANDE Hotel	16 7%	50	- 4	225	275
19	CI	CIPREL	2 0%	584	207	1,477	2,061
20	TG	ASKY (EX SPCAR)	16 8%	5,990	4,217	142	6,132
21	CI	RASCOM	7 1%	1,600	-	- 1,600	-
22	h-uemoa	PROPARCO	0 7%	6,659	- 226	785	7,444
23	TG	BOAD-Titrisation	100 0%	500	-	- 500	0
24	TG	CRRH-UEMOA	15 3%	1,543	58	1,434	2,977
25	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	3 1%	2,189	- 100	- 1,825	364
26	TG	ORAGROUP	2 1%	1,642	- 1,831	2,120	3,761
27	BF	Fidélis Finance (ex Burkina Bail)	14 3%	689	175	464	1,153
28	SN	CNCAS	7 9%	1,573	- 1,412	164	1,738
29	BF	CORIS BANK	0 0%	-	-	-	-
30	CI	Nouvelle BRS CI/ORA Bank CI	24 5%	16,995	3,777	24,498	41,493
31	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9 6%	1,100	782	1,736	2,836
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10 1%	1,100	157	1,606	2,706
33	Kenya	FAER	4 9%	5,844	- 1,030	- 881	4,963
34	BF	AMETHIS WEST AFRICAN (AWA)	11 1%	1,040	181	- 32	1,008
35	CI	Air Côte d'Ivoire	7 9%	10,320	3,090	- 6,630	3,690
36	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	11 0%	1,018	38	- 284	734
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10 0%	500	316	332	832
38	SN	Banque Outarde	11 3%	2,000	33	- 633	1,367
39	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3 3%	1,306	69	- 223	1,083
40	NG	Banque de l'Habitat du Niger	7 0%	825	- 110	- 384	441
41	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	36 3%	3,922	- 320	- 664	3,258
42		ECP Africa Fund IV	1 8%	2,666	- 572	475	3,140
43	CI	MANSA BANK	7 6%	1,200	250	0	1,200
44	h-uemoa	ADWALE Fund I	6 4%	1,181	180	- 209	971
45	h-uemoa	AFIG Fund	4 0%	2,592	- 38	- 333	2,259
		TOTAL		**91,463**	**10,107**	**58,152**	**149,616**

NOTE 7. ADJUSTMENTS ACCOUNTS AND OTHER ASSETS

Adjustment accounts and other assets include the following items:

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

7.1 Derivative assets

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

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

The item on "Derivative assets-currency risk hedging instruments" recorded a value of XOF 43,680 M as at 31 December 2023 against XOF 94,084 M as at 31 December 2022. These amounts correspond to the quota of the derivatives set up by the Bank to hedge against foreign exchange fluctuations on interest cashflows on loans denominated in foreign currencies.

7.2 Accruals assets

Accruals assets	31 December 2023	31 December 2022
Deferred expenses	2,219	10,150
Accruals and prepaid expenses	1,406	524
Accrued receivables	193	181
Other accruals	520	704
TOTAL	**4,338**	**11,560**

7.3 Other adjustments accounts

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

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

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

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

The breakdown by category of tangible assets is shown in the table below (in XOF' M):

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

8.2 Investment properties

The investment properties consist solely of the leisure center of the staff city. The contract provides for an initial non-cancellable rental period of two years. Rents are payable in advance quarterly. Subsequent renewals are negotiated by mutual agreement between the parties. No conditional rent is charged.

The net book values of investment properties are presented below:

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

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

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

8.3 Intangible assets

The net book values of intangible assets are as follows:

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

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

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

8.4 Non-current assets held for sale

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

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

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

NOTE 9. FINANCIAL LIABILITIES AT AMORTIZED COST

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

9.1 Breakdown of item "financial liabilities at amortized cost"

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

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

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

9.2 Table of changes in borrowings

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

Changes in deposits from banks

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

Changes in debt securities issued

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

Changes in other debts by counterparties

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

Changes in subordinated debts

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

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

Changes in deposits from banks

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

Changes in debt securities issued

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

Changes in other debts by counterparties

Debts	Balance as at 31 december 2022	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2023
IDA	147,699	13,775	-5,298	-1,441	0	154,736
KfW	133,134	45,917	-27,187	0	0	151,863
AFD	161,696	0	-15,190	0	0	146,506
BEI	1,260	0	-1,260	0	0	0
BAD	53,144	0	-10,763	0	0	42,381
BDC	0	0	0	0	0	0
BADEA	9,584	0	-9,584	0	0	0
BNP Fortis	4,566	0	-547	0	0	4,019
BDA	19,679	0	0	0	0	19,679
OPEC	32,798	32,798	-32,798	0	0	32,798
SMBC	0	65,596	0	0	0	65,596
TOTAL BY COUNTERPARTIES	**583,558**	**158,086**	**-102,828**	**-1,441**	**0**	**617,578**

Changes in subordinated debts

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

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

9.3 Maturity of financial liabilities at amortized cost

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

9.4 The Bank's debt-equity ratio

The WAMU Council of Ministers decided to limit the Bank's total outstanding borrowings, at any time, to three times its equity. As at 31 December 2023, the Bank's outstanding

borrowings represented 176 % of its equity capital out of the regulatory threshold of 300%.

NOTE 10. EARMARKED FUNDS

Funds are made up of the following:

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

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

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

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

11.1 Derivatives liabilities

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

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

Derivative liabilities amount to XOF 3,488 M as at 31 December 2023 and relates only to the hedging of the borrowings denominated in USD and DTS. This level of financial

liabilities results from the decrease of the dollar and SDR exchange rates compared to the guaranteed rates obtained by BOAD during the implementation of the hedging contracts.

11.2 Accruals liabilities

Details of accruals liabilities are as follows:

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

11.3 Other adjustment accounts

Details of other adjustments accounts are as follows:

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

NOTE 12. PROVISIONS

This item covers the amount of liabilities under benefit plans for severance payments upon retirement benefits. The table below compares the opening balance with the closing balance of the net liabilities for defined benefit plans.

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

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

12. Provision for retirement benefits	2023	2022
Sensitivity analysis		
At the reporting date, the reasonable possible changes of one of the relevant acturial assumptions would have impacted the defined benefit obligation by the following amounts (any other assumption remains constant):		
	Changes of assumptions	
Discount rate	9.8%	9.80%
Future salary growth	8.9%	9.70%
Future mortality rate	-0 10%	-0.20%
Reconciliation of net liabilities recognized		
Opening balance	10,005,711	9,182,100
Total charge in net income	1,417,270	1,248,849
Benefits payment	-60,648	-872,497
Remeasurements of defined benefit liability recognised in OCI	575,584	447,259
Closing balance	11,937,917	10,005,711

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

NOTE 13. EQUITY

13.1 Details of equity

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

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

13.2 BOAD capital structure

a) The table below outlines the Bank's capital structure as at 31 December 2023 in nominal value and share distribution. Each share confers the same rights and duties to its holder.

SHAREHOLDERS	SUBSCRIBED CAPITAL (1)=(2)+(5)	%	Number of shares	CALLED-UP CAPITAL (2)=(3)+(4)	PAID UP CAPITAL (3)	UNPAID CAPITAL (4)	CALLABLE CAPITAL (5)
CATEGORY A							
BENIN	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
BURKINA	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
COTE D'IVOIRE	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
GUINEE BISSAU	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
MALI	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
NIGER	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
SENEGAL	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
TOGO	95,400	6%	1,908 00	46,913	15,673	31,240	48,487
BCEAO	547,950	36%	10,959 00	141,604	125,384	16,220	406,346
	1,311,150	**87%**	**26,223 00**	**516,908**	**250,768**	**266,140**	**794,242**
CATEGORY B							
France	84,300	6%	1,686	27,960	13,870	14,090	56,340
Germany	34,750	2%	695	34,750	34,750	0	0
Belgium (1)	16,950	1%	339	5,940	2,308	3,632	11,010
EIB	22,700	2%	454	19,700	19,700	0	3,000
AfDB	6,000	0%	120	1,500	1,500	0	4,500
EXIM BANK OF INDIA	750	0%	15	188	181	7	563
CHINA	18,150	1%	363	5,460	2,900	2,560	12,690
MOROCCO	16,250	1%	325	6,425	125	6,300	9,825
	199,850	**13%**	**3,997**	**101,923**	**75,334**	**26,589**	**97,928**
	1,511,000	**100%**	**30,220**	**618,831**	**326,102**	**292,729**	**892,170**
UNSUBSCRIBED CAPITAL	**198,350**		**3,867**				
AUTHORIZED CAPITAL(*)	**1,709,350**		**34,187**				

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

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

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

13.3 Effective equity (core tier 1 capital)

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

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

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

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

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

* Equity requirement for risks

NOTE 14. INTERESTS AND FEES

Details of this item are as follows:

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

14.1. Interests

Interests and related income

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

Interests and related charges

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

14.2. Fees

Fees and commissions (income)

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

Fees and commissions (charges)

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

NOTE 15. EXCHANGE RISK AND HEDGING INSTRUMENTS

Foreign exchange gains and losses are due to the Bank's resource mobilization in foreign currencies, excluding euros, from its financial partners and on the international financial market for project financing. These gains and losses have been hedged with forward purchase and swap transactions. The Bank's procedures for exchange risk management are described in Note 20.2.1 on Exchange risk.

As at 31 December 2023, the impact on the income statement from the valuation of the Bank's foreign currency debt (excluding euros) with various financial partners is as follows:

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

NOTE 16. DIVIDENDS RECEIVED

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

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

NOTE 17. COST OF RISK

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

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

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

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

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

NOTE 18. OTHER OPERATING INCOME

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

18.1 Endowment of member countries

Endowments of member countries remain unchanged as at 31 December 2023 and amount to XOF 3,200 M.

18.2 Costs related to development activities

This item includes charges related to the development activities of BOAD, including subsidies of non-market projects and preliminary studies for the financing of development activities.

Charges related to development activities	2023	2022
Interest subsidy	-1,556	-1,321
TOTAL	**-1,556**	**-1,321**

18.3 General operating expenditures

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

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

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

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

(**) Apart from the amount presented in personnel expenses, the expenses for the financial year for defined benefit plans include a financial cost which stands at XOF 754 M, recorded in financial expenses (*see note 12*).

NOTE 19. NET INCOME OF THE PERIOD

For the year-end 2022, the Bank recorded a profit of XOF 123,682 M. The exceptional level of the result is explained by the decision of the WAEMU Council of Ministers to transfer to BOAD, in the form of a donation, part of the funds of the new bonus mechanism for an amount of XOF 90,000 M.

The purpose of this donation is to allow the strengthening of the Bank's equity capital within the framework of the measures taken by its Management to anticipate any shocks resulting from the economic and financial sanctions taken against Mali.

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

NOTE 20. RISK MANAGEMENT

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

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

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

20.1. Credit risk

Credit risk represents the financial loss incurred by the Bank when customers or counterparties of a financial instrument fail to meet their contractual obligations. Credit risk is the main source of risk for the Bank and stems essentially from its lending and cash investment.
The credit risk management relies on standards and procedures, management tools, rating systems, a risk hedging and impairment policy and a close monitoring mechanism.
The overall organization of credit risk management is characterized by:

- a well-structured grant process, based on a clear separation between the business lines and the commitment lines (notice of second opinion), which allows for an objective double-check;
- commitment limits fixed in proportion to the tier 1 capital and approved by the Bank's decision-making organs;
- an internal rating system consisting of models specific to each customer portfolio item (sovereign, corporate, bank, project in creation, capital investment at the corporate level, capital investment in banks) based on both quantitative and qualitative variables specific to the customer and its socio-economic environment;
- a depreciation (impairment) policy and a fair value measurement of equity investments based on IAS/IFRS standards.

20.1.1 Description of the Bank's internal portfolio rating system

All counterparties financed by the Bank are rated at least once a year. To this end, the Bank provides six (6) models: "Sovereign" (member countries), "Corporates" (businesses in portfolio), "Bank" (banks in portfolio), "Project finance" (financing of start-up projects), "Bank private equity" (equity investments in banks) and "Corporate private equity" (equity investments in businesses).

20.1.1.1 BOAD's internal master scale

The Bank's internal rating grid includes 21 scale ratings, supplemented by risk assessment. Each scale corresponds to default probability. The Bank's internal master scale with a mapping to external ratings is as follows:

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

20.1.1.2 Qualitative and quantitative factors considered in rating

For each scoring model, qualitative and quantitative elements with specific weighting have been retained. Weighting is based on statistical methods, expert opinion and outcomes of a benchmarking with other multilateral development banks. The scores are statistically transformed into default probabilities under the constraint of the central trend and a rating cap defined for each model.

20.1.2 Intervention limits for credit risks

The Bank's intervention limits are defined in relation to its risk capital which corresponds to the paid-up capital plus net reserves and similar funds less non value items according to the risk appetite matrix as approved by the Council of Ministers in the Bank's Risk Appetite Statement.

Risk appetite statement - Risk appetite matrix

	Appetence	Tolerance	Capacity
BOAD target rating			
Bank's rating	BBB+	BBB	BBB-
Quality of credit portfolio			
Weighted average rating by outstandings (credit portfolio)	Gs3	Gs4	Gs5
Liquidity			
LCR	>210%	>200%	150%
Month of coverage	>12	>10	9
Capital adequacy			
(Outstanding loans + Equity investments)/Effective equity (tier 1 capital) (Moodys approach)	<300%	<350%	400%
Effective equity (tier 1 capital) / total assets + guarantees (Fitch approach)	>27%	>26%	25%
Outstanding Equity investments / Outstanding loans	<4%	<4.5%	<5%
Debt/Effective equity (tier 1 capital)	<275%	<290%	300%
• Venture Capital Utilisation Rate (Economic Capital / Effective equity (tier 1 capital))	<70%	<80%	90%
Allocation by type of risk			
• Venture capital allocated to operations (90.00% of the Bank's total venture capital)	<70%	<80%	90%
• *Credit risk (75.00% of the Bank's total venture capital)*	<70%	<72.50%	75%
• *Equity investment (15.00% of the Bank's total venture capital)*	<10%	<12.5%	15%
• ALM risk (2.00% of the Bank's total risk capital)	<1.5%	<1.75%	2%
• Operational Risk (3.00% of the Bank's total Venture Capital)	<2.5%	<2.75%	3%
• Non-material risk (5.00% of the Bank's total venture capital)			5%
Allocation by counterparty category			
• Sovereigns (40.00% of the Bank's total risk capital allocated to operations)	<30%	<35%	40%
• Non-sovereign (60.00% of the Bank's total risk capital allocated to operations)	<50%	<55%	60%
• *Public companies (10.00% of the Bank's total venture capital allocated to operations)*	*7.5%*	*8.5%*	*10%*
• *Private companies (25.00% of the Bank's total venture capital allocated to operations)*	*20%*	*22.5%*	*25%*
• *Banks and financial institutions (25.00% of the Bank's total venture capital allocated to operations)*	*20%*	*22.5%*	*25%*
Sector allocation (non-sovereign portfolio)			
• Energy and Water (15.00% of the Bank's total Venture Capital allocated to operations)	10%	12.5%	15%
• Sanitation, transport and environment (10.00% of the Bank's total venture capital allocated to operations)	5%	7.5%	10%
• Finance and insurance (25.00% of the Bank's total venture capital allocated to operations)	*20%*	*22.5%*	*25%*
Concentration Overall regional project, all operations of non-sovereign borrowers (15.00% of the Bank's total venture capital allocated to operations)			
• Concentration global regional project	10%	12.5%	15%
Global country concentration, all operations and all borrowers combined (25.00% of the Bank's total venture capital allocated to operations)			
Global country concentration, all operations and all borrowers combined (25.00% of the Bank's total venture capital allocated to operations)	20%	22.5%	25%
Single State (5.00% of the Bank's total venture capital allocated to operations)			
Single State	4%	4.5%	5%
• **Single country concentration of non-sovereign borrowers across all operations (20.00% of the Bank's total risk capital allocated to operations)**			
Single country concentration	15.0%	17.5%	20%
• **Related parties/single group, all operations of non-sovereign borrowers (3.00% of the Bank's total risk capital allocated to operations)**			
Related parties/single group, all operations of non-sovereign borrowers (3.00% of the Bank's total risk capital allocated to operations)	2%	2.5%	3%
Sole debtor, all operations combined, of non-sovereign borrowers (1.00% of the Bank's total risk capital allocated to operations)			
• Sole debtor, all operations combined, of non-sovereign borrowers (1.00% of the Bank's total risk capital allocated to operations)	0.5%	0.8%	1%

20.1.3 Dominant sectors of activity

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

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

20.1.4 Analysis of the portfolio's creditworthiness

The Bank has clearly defined limits and procedures to enable it streamline, measure and manage risks, as well as formalize aggregate limits for its commitments per sector and operational limits (counterparties / related counterparties).

20.1.4.1 Maximum exposure of the Bank in terms of credit risk

The Bank's maximum balance sheet and off-balance sheet exposure (*in terms of gross outstandings*) to credit risk prior to consideration of guarantees received for 2023 and 2022 is as follows:

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

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

20.1.4.2 Exposure of the Bank by financial assets categories

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

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

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

FINANCIAL ASSETS SUBJECTED TO IMPAIRMENT REQUIREMENTS

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

OFF-BALANCE SHEET COMMITMENTS SUBJECTED TO IMPAIRMENT REQUIREMENTS

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

It should be noted that, in terms of cover for the loans granted by the Bank, the loan contracts provide not only for guarantees and collateral security (mortgages on real estate, pledges or liens on equipment, materials or inventories) but also for personal

guarantees (sureties), delegations of insurance policy indemnities, credit guarantees and the setting up of payment mechanism agreements. However, the Bank's model for calculating expected losses only includes financial guarantees as eligible credit risk mitigation tools.

20.1.4.3 Exposure of the Bank per country and per window

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

COUNTRIES	31 December 2023			Total 2023	31 December 2022			Total 2022
	FDC	FDE	Bank		FDC	FDE	Bank	
BENIN	137,042	11,281	113,590	261,914	137,493	12,018	94,967	244,478
BURKINA FASO	147,155	14,320	182,359	343,834	150,803	15,238	125,472	291,513
CÔTE D'IVOIRE	100,919	27,031	332,882	460,832	99,454	27,764	337,764	464,981
GUINEE BISSAU	102,593	13,696	6,234	122,524	105,343	13,326	8,476	126,908
MALI	165,697	10,568	160,008	336,273	140,564	11,417	114,700	266,681
NIGER	142,506	25,714	91,977	260,197	144,447	26,499	157,496	328,442
SENEGAL	143,913	24,158	237,764	405,835	136,431	25,681	277,188	439,300
TOGO	154,430	77	200,162	354,669	158,099	1,030	194,981	354,110
TOTAL	1,094,255	126,846	1,324,976	2,546,079	1,072,634	132,971	1,311,044	2,516,414

20.1.5 The Bank's depreciation policy

Depending on its activities, the Bank manages two types of credit risk, namely sovereign credit risk and non-sovereign credit risk.

20.1.5.1 Sovereign risk and non-sovereign risk

a) Sovereign risk

Sovereign or non-commercial credit risk is related to loans granted to member States of the Union. The Bank manages this risk by suspending all disbursements and presentation of any project requests to a country in default.

b) Non-sovereign risk

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

c) Distribution of loan outstandings per risk category and per rating

The table below presents the breakdown of the Bank's loans and investment securities portfolio (assessed at amortized cost) in terms of outstandings per rating scale:

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

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

OFF-BALANCE SHEET COMMITMENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST - LOANS AND ADVANCES TO CUSTOMERS

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

FINANCIAL ASSETS AT AMORTISED COST - DEBT SECURITIES PORTFOLIO

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

e) Analysis of restructured loans per bucket

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

20.1.5.2 Determination of impairments on loans and receivables

a) General principles

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

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

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

Significant increase in credit risk or significant deterioration

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

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

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

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

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

Counterparty categories	2023									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Energy and natural resources	199,748	-1,797	284,487	-13,352	27,194	-27,070	511,429	20%	-42,218	33%
Finance and Insurance	164,384	-1,550	149,619	-7,499	1,583	-1,583	315,587	12%	-10,632	8%
Real estate and housing	29,380	-386	91,479	-4,133	12,580	-9,934	133,439	5%	-14,453	11%
Agricultural production and food security	69,099	-271	223,791	-11,404	8,856	-5,666	301,745	12%	-17,342	13%
Health and education	5,174	-40	235,501	-5,962	6,486	-4,531	247,161	10%	-10,533	8%
Transport and ICT/digitalization	251,262	-924	774,860	-26,073	10,596	-7,634	1,036,718	41%	-34,631	27%
ECL LOANS (A)	**719,047**	**-4,969**	**1,759,737**	**-68,423**	**67,295**	**-56,418**	**2,546,079**	**100%**	**-129,810**	**100%**
Finance and Insurance	21,832	-206	8,500	-289	-	-	30,332	0%	-495	12%
Health and education	9,643	-13	65,447	-729	-	-	75,090	0%	-742	18%
Transport and ICT/digitalization	49,833	-74	151,920	-2,905	-	-	201,754	0%	-2,979	71%
ECL SECURITIES (B)	**81,308**	**-294**	**226,867**	**-3,923**	**-**	**-**	**307,175**	**100%**	**-4,217**	**100%**
TOTAL ECL (A+B)	**800,355**	**-5,263**	**1,985,604**	**-72,346**	**67,295**	**-56,418**	**2,853,254**	**100%**	**-134,027**	**100%**

Counterparty categories	2022									
	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	ECL	Valeur brute des encours	%	Total	%
Agriculture, Rural Development and Social Projects	84,549	-170	574,089	-11,357	-	-	658,637	26%	-11,527	10%
Energy and water	225,239	-1,425	178,504	-6,552	25,911	-25,840	429,654	17%	-33,817	30%
Environment	0	-4	0	-40	0	0	0	0%	-44	0%
Finance and Insurance	90,304	-676	145,005	-11,399	2,902	-1,583	238,211	9%	-13,658	12%
Hospitality and Tourism and other services	8,294	-166	33,941	-1,613	16,316	-11,930	58,551	2%	-13,710	12%
Industries	46,311	-834	43,802	-2,021	17,697	-13,259	107,809	4%	-16,114	15%
Infrastructure and transport equipment, Sanitation and urban development	261,434	-1,209	748,291	-13,564	-	-	1,009,724	40%	-14,773	13%
Information and communication technologies	3,229	-118	-	-	10,596	-7,290	13,825	1%	-7,409	7%
ECL LOANS (A)	**719,359**	**-4,804**	**1,723,631**	**-46,545**	**73,422**	**-59,903**	**2,516,413**	**100%**	**-111,052**	**100%**
Finance	95,836	-338	232,756	-1,997	-	-	328,591	100%	-2,336	100%
ECL SECURITIES (B)	**95,836**	**-338**	**232,756**	**-1,997**	**-**	**-**	**328,591**	**100%**	**-2,336**	**100%**
TOTAL ECL (A+B)	**815,195**	**-4,942**	**1,956,387**	**-48,542**	**73,422**	**-59,903**	**2,845,004**	**100%**	**-113,387**	**100%**

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

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

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

e) Changes of gross outstanding and related ECL between buckets

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

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

20.1.6 Considerations of forward looking informations

20.1.6.1 Information on macroeconomic scenarios at 31 December 2023

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

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

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

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

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

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

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

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

-0.87%	-8.21%	+0.18%

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

20.2. Market risk

20.2.1. Exchange risk- operations in foreign currencies

Exchange risk is the possibility of recording losses due to an unfavorable evolution of exchange rate on the market. At BOAD, the exchange risk arises out of the fact that a part of the loans is issued in foreign currencies, while the balance sheet assets is quoted in XOF. The Bank can therefore record losses in profitability, due to adverse changes in the price of currencies against the Euro. Parity between Euro and XOF is fixed.

20.2.1.1 Hedge accounting

To hedge the fluctuations in these currencies price, the Bank signed hedging agreements (forward-looking contracts and cross currency swap) on its borrowings in SDR and dollars. Through these agreements, the Bank has hedged 100% of its foreign currency risk excluding euros. As at the closing date, most agreements signed have a maturity of less than a year renewable at each maturity. The Bank's policy is to align the essential conditions of hedging agreements with hedged items'ones.

Economic link determination

The Bank determines the existence of an economic link between the hedging instrument and the hedged item depending on the currency, amount and schedule of their respective cashflows.
The essential conditions (such as nominal value, maturity and underlying) of the hedging instrument and the hedged item are in perfect agreement. The characteristics of the loans and their hedging instruments are identical. As a result, the two vary in opposite directions at the instigation of the same risk. In accordance with IFRS 9-B6.4.14, there is an economic link between the loans denominated in currencies other than euros of the Bank and the hedging instruments put in place.

Coverage ratio

The Bank covers all of its exposure to currency exchange risk (excluding euros). The amounts covered are the same as the notional amounts of the cover. As a result, the coverage ratio is 100%.

Sources of ineffectiveness

For all of the hedging instruments, the ineffectiveness could arise from certain decision-making affecting the maturities and timelines of the hedged items such as the early repayments of certain loans questionning the concordance between the characteristics of the hedged items and the instruments cover.

As of December 31, 2023, hedge ineffectiveness is considered not significant

Notional schedule

As of December 31, 2023, the schedule for the notional hedges is the same as that for the hedged loans.

The following table presents the fair value and notional amounts of derivative financial assets and liabilities as at 31 December 2023 and 2022 respectively:

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

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

20.2.1.2 Debt structure as at 31 December 2023

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

Debt structure as at 31 December 2023							
Currencies	Currency amount	Exchange rate as at 31/12/2022	Present outstanding amount (millions of XOF)		% of total borrowings (D)	excluding Euro (A)	borrowings (B)
USD	1,770,354	594	1,050,935		49%	96%	49%
DTS	61,505	797	49,047		2%	4%	2%
TOTAL EXCLUDING Euros (A)	0	-	1,099,982	51%	51%		
Euro	1,609,096	656	1,055,498	49%	49%		49%
TOTAL EXCLUDING F CFA (B)			2,155,480				
			-				
F CFA for domestic bond issues ('C)					0%		
TOTAL BORROWINGS D= (B)+('C)			2,155,480		100%		

20.2.1.3 Analysis of sensitivity to exchange risk

Exchange rate sensitivity is measured in terms of impact of exchange rate variations on loan repayments. A positive impact is equivalent to a savings made on the repayment amount (gain) while a negative impact means an increased cost on repayment (loss). The market value as at closing of the accounts (31/12/2023) is the real value as at that date and +/-10% variations are anticipated value in the quarter following the date of reporting. It should be noted that all loans are granted in XOF and repaid in XOF.

The balance sheet impact of the analysis of sensitivity to exchange risk is nil due to the hedges put in place.

20.2.2. Interest rate risk

It is the risk for the Bank to see its profitability negatively affected by adverse changes in interest rates. Interest rate risk occurs when assets of a given rate and period are backed by liabilities of a period and/or a different type of rate.

20.2.2.1 Sources of exposure to interest rate risk and mitigating strategy of the Bank

The Bank's exposure to interest rate risk is caused by (i) sensitivity to interest rate associated with the margin between the rate that the Bank applies to its assets and the

rate at which it contracted borrowings that finance its assets (ii) sensitivity to interest rate associated with the margin the Bank earns on its assets funded on equity capital and (iii) rate of interest associated with the margin that the Bank earns on its assets funded both on equity and loans.

The Bank's financial policy seeks to optimize profitability by ensuring a correct affiliation between the characteristics of each asset category and those of the corresponding liability. It is worth noting that the Bank's assets and liabilities are at fixed rates. Thus, the Bank does not apply any hedging accounting to hedge against the interest rate risk

20.2.2.2 Interest rate risk sensitivity analysis

The Bank's balance sheet may be analyzed based on several parameters including: (i) balance sheet and off-balance sheet, (ii) Banking activity only, or (iii) FDC and FDE activities only. Then, based on the yield curve, there is a +/-1% variation of different market rates. The results of the analysis are summarized in the table below:

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

It appears from the sensitivity test that the Bank's balance sheet profile presents a gap of resources on FDC and FDE activities. It should be noted that the Bank does not borrow at variable rates according to its interest rate management policy.

The impact of the interest rate sensitivity analysis on equity capital is nul.

20.3. Liquidity risk

Liquidity risk is the institution's risk of not meeting its financial commitments on time and at reasonable cost. This is addressed by measuring the degree of processing and adequacy between resources and its use. The Asset-Liability management (ALM) committee, by analyzing the gaps and durations, sees to the adequacy, in terms of amount and duration, uses and resources, thereby contributing to liquidity risk management.

Details of maturities of assets and liabilities on an undiscounted basis is presented as at 31 December 2023 as follows:

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

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

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

Furthermore, the Bank has a liquidity policy, which ensures that, at any time, the Bank has a liquidity reserve to make disbursements on its banking and administrative operations, as well as for debt servicing. The standard practice is to hold liquid assets of

at least nine (9) to twelve (12) months of net disbursements on loans (*disbursements on loans minus repayments obtained and repayment of debt incurred*).

20.4. Operational risk

The implementation of operational risk is based on the Basel standards for compliance with international best practices.
The approach aims at achieving the following objectives: (i) increase risk control by developing a risk culture at the Bank, (ii) understand upstream risks caused by the development of activities, (iii) keep top management informed about major risks and their monitoring mechanisms and (iv) improve internal controls.
This will help in directing efforts based on the priority nature of the risks and taking measures to improve the internal control system.
The operational risk management approach is based on the establishment and annual updating of the risk map. The methodology used has the following characteristics:

- the approach per business with the creation and updating of a process mapping;
- the identification of risks using the Basel risk categories help in refining the risk types;
- the rating of the risks identified;
- the rating of net risks from a grid defining the levels of probability and severity (impact);
- the identification of action plans to reduce such risks;
- the appointment of a risk owner for each identified risk.

The incidents database is developed and updated with incidents collected through the Operational Risk Correspondents, an automated tool and gradually consolidated to obtain the sufficient depth losses for their analysis.

20.5 Climate-related risks

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

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

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

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

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

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

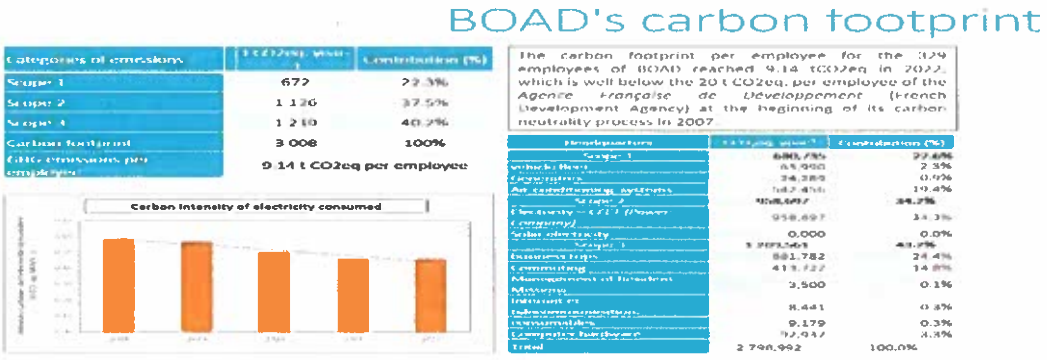
(i) clarify E&S norms and standards: broaden the analysis framework and extend the exclusion list, with a focus on the transition to financing more environmentally sustainable and socially responsible projects,
(ii) produce a new risk map, including extra-financial standards and the duty of care: include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

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

20.5.2 Commitment to a carbon neutral project

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

The results of this first carbon assessment are as follows:



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

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

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

NOTE 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the classification of the Bank's assets and liabilities as well as their fair value as at 31 December 2023.

21.1 Classification of financial instruments

As at 31 december 2023, the classification of financial assets and liabilities is as follows:

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

As at 31 december 2022, the classification of financial assets and liabilities is as follows:

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

21.2 Levels of fair values

The table below classifies the financial instruments measured at fair value per level of fair value:

	Active market prices (level 1)		Evaluation techniques, of which all critical data are based on observable market data (level 2)		Evaluation techniques, of which all critical data are not based on observable market data (level 3)		Total amount	
	2023	2022	2023	2022	2023	2022	2023	2022
Derivative assets	0		43,680	94,084			43,680	94,084
Equity investments designated at fair value through P&L	0		10,181	10,025			10,181	10,025
Equity investments designated at fair value through OCI non-recyclable	10797 22365	12,728	-	-	138,817	123,687	149,615	136,414
Total amount of financial assets	**10,797**	**12,728**	**53,862**	**104,109**	**138,817**	**123,687**	**203,477**	**240,523**
Derivative liabilities	-		3,488 26	306	-		3,488	306
Total amount of financial liabilities	-	-	**3,488**	**306**	-	-	**3,488**	**306**

21.3 Valuation techniques of fair values

The table below records the valuation techniques of fair values at level 2 and 3 for financial instruments recognized at fair value in the balance sheet and key non-observable data used.

Type of financial instrument	Valuation techniques	Significant unobservable inputs	Fair value sensitivity to unobservable inputs
Forward foreign currency contracts	Futures price fixing Fair value is calculated using quoted forward exchange rates at the reporting date and commuted value measurements based on high-quality contract yield curve / yield curves.	Non applicable	Non applicable
Equity investments/securities	Sales comparison approach/ Discounted Cash Flow/ Net book value The fair value is estimated based (i) on the last market prices of comparable assets (normally up to 12 months), entered into under normal market conditions or a firm bid on more than 15% of the existing stock or (ii) the net present value is calculated using a discount rate of equity investments with similar risk/yield couple adjusted to take account of finance structure (provided that the entity has generated positive cashflow from operating activities during at least the two previous years), or (iii) the mathematical value based on the last financial statements available.	- Risk-adjusted disopunted rate ; - Percentage of interest in the shareholding and the net asset	The estimated fair value would increase (decrease) if: - Risk-adjusted disopunted rate were lower (higher); - -Percentage of interest in the shareholding and the net asset increase (decrease).

NOTE 22. LEASES

22.1. As a lessor

22.1.1 Future minimal payments

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

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

22.1.2 Amounts recognized as net income

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

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

22.2. As a lessee

22.2.1 Future minimal payments

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

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

22.2.2 Amounts recognized as net income

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

NOTE 23. TRANSACTIONS WITH RELATED PARTIES

23.1. Loans to member countries

The outstanding loans to member countries is broken down as at 31 December 2023 as follows:

Items	Number of loans	Amount disbursed on signed loans					% Outstanding amounts	Undisbursed amounts
		FDC (1)	FDE (2)	PSCM (3)	PSPUM (4)	TOTAL(4) = (1+2+3)		
BENIN	81	147,155	14,320	95,162	17,718	274,354	14 3%	156,440
BURKINA	106	137,042	11,281	54,462	7,108	209,894	11 0%	283,545
IVORY COAST	52	102,593	13,696	6,234	0	122,524	6 4%	73,671
GUINEE BISSAU	76	165,584	10,568	63,173	23,568	262,893	13 7%	175,791
MALI	91	142,646	25,714	118,669	8,000	295,029	15 4%	255,524
NIGER	89	100,919	27,031	73,894	34,869	236,713	12 4%	345,168
SENEGAL	110	143,913	24,158	115,140	40,279	323,490	16 9%	280,994
TOGO	69	154,430	77	33,783	0	188,289	9 8%	183,259
TOTAL	**674**	**1,094,282**	**126,846**	**560,517**	**131,541**	**1,913,187**	**100 0%**	**1,754,391**

Loans granted to member countries are subject to intervention limits presented in Note 20.1.1. They are granted for a maximum period of eighteen (18) years (duration of FDC loans) with a five (5) years' grace period.

23.2. Loans guaranteed by AGF West Africa (Ex GARI Fund)

The Bank holds shares in the capital of the AGF West Africa Funds (Ex-GARI Fund). Outstanding loans guaranteed by AGF West Africa Funds (Ex-GARI Fund) amounts to XOF 15,647 M as at 31 december 2023 for a guaranteed amount of XOF 7,287 M.
Details of these outstandings and their guarantees are as follows:

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

23.3. Remunerations of senior executives and corporate officers

The remuneration of senior executives and corporate officers is as follows

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

The remuneration of the President and Vice-Presidents are fixed by the governing bodies (*Council of Ministers and Board of Directors*) while remunerations of Managers are based on the Bank's salary scale.
Retirement commitments correspond to benefits granted to senior executives upon their final departure from the Bank.

NOTE 24. OFF-BALANCE SHEET COMMITMENTS

24.1 Commitments received

These commitments are funding agreements given to the Bank by foreign lenders and the guarantees received from regional funds for customers. These commitments are as follows:

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

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

24.2 Commitments given

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

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

(a) Loan commitments given correspond to financing agreements whose execution depends on the compliance with suspensive conditions or whose actual disbursement depends on drawing requests from the borrower.

(b) Commitments for equity investments relate to BOAD's unpaid subscriptions to the capital of the following companies. The detail is presented as follows:

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

(c) During the 2023 financial year, the Bank concluded credit insurance policies with insurers having a better international rating (A, A+, etc.). The purpose of this transaction is to reduce the Bank's exposure risk and to benefit from the effect of the better rating of these insurers which should enable the Bank, in time, to improve its

own rating. The cost of committing to future payments under these policies amounts to XOF 22,708 M as at 31 December 2023 compared to XOF 4,978 M as at 31 December 2022.

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

25.1 Conflict in Ukraine

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

25.2 Conflict in the Gaza Strip

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

25.3 Security and socio-political context within the ECOWAS zone

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

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

NOTE 26. SUBSEQUENT EVENTS

26.1 Withdrawal of the AES from ECOWAS

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

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

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

26.2 Lifting of sanctions against Niger

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

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

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West African Development Bank (BOAD)

Statutory Auditor's report on the Audit of the Financial Statements

For the year ended 31 December 2022
West African Development Bank (BOAD)
68, avenue de la libération
BP 1172 Lomé (Togo)
This report contains 6 pages
Appendices contain 62 pages

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

Capital 25 000 000 FCFA
R.C.C.M. N° 2002 B 0873
C.C. N° 1000116739

KPMG Togo
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To the Board of Ministers of the West African Monetary Union (WAMU)
68, avenue de la libération, BP 1172 Lomé, Togo

Statutory Auditor's report on the Audit of the Financial Statements of the West African Development Bank (BOAD)

For year ended 31 December 2022

1. Opinion

We have audited the financial statements of the West African Development Bank (BOAD), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

2. Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

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3. Emphasis of matters

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

a) Note 19 to the financial statements «Net income for the period», relating to the impact of the transfer by the Council of Ministers to BOAD, in the form of a donation, of a part of the funds from the new bonus mechanism for XOF 90 billion.

b) Note 25.3 to the financial statements which describes the impact of conflict in Ukraine on the bank's accounts.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

4.1. Credit risk identification and assessment

4.1.1. Identified risks

BOAD is exposed to a credit and counterparty risk.

These risks are defined as the probability that a debtor will be unable to meet the repayment of the granted loan. Counterparty default can have a significant impact on BOAD's net income.

BOAD books impairment on his exposures to mitigate these risks.

Impairment/provisions on healthy and doubtful receivables are based on an expected loss model, considering, in addition to the outstanding amounts, the commitments approved by the Board of Directors, the remaining disbursement on the corresponding loan through conversion factors. This method is based on a model for calculating expected losses according to changes appeared since the origin of the credit risk and according to a model integrating the various parameters (Probability of default, Loss given default, Exposure at default, notation).

We considered that the assessment of the credit risk and the measurement of the impairments / provisions represent a significant accounting estimate area, due to the significant use of judgment by the Management in determining the assumptions and the exposures classification.

As at December 31, 2022, the gross amount of customers receivables amounted to XOF 2,578 billion and were subject to a provision for impairment for a total amount of XOF 130 billion, including 23 billion of impairment recorded during the current year as detailed in appendix 5 and 17 to the financial statements.

Due to the magnitude of the carrying value of loans to customers and the significant use of judgment in determining the provision for loan losses, this area represents a key audit matter.

4.1.2. Audit procedures performed

To assess the reasonableness of the impairments / provisions made, we have:

- ✓ acknowledged the provision assessment process and the relative internal control system;
- ✓ reviewed the provision/impairment governance process;
- ✓ verified the consistency of data issued from the risk management systems with accounting data;
- ✓ performed an independent calculation of expected credit losses on a selection of financial instruments as at December 31, 2022;
- ✓ assessed the consistency of the variation of provisions, receivables and cost of risk;
- ✓ verified the consistency of the parameters applied in the calculation system in accordance with approved methodological principles;
- ✓ verified that the rules for downgrading and impairment of doubtful debts have not been modified compared to the previous financial year and are correctly applied during the current financial year.

4.2. Valuation of hedging instruments

4.2.1. Identified risks

As at December 31, 2022, the Bank's outstanding borrowings include investment securities amounting to XOF 1,532 billion as specified in appendix 9 to the financial statements. This amount includes XOF 1 026 billion Eurobond issued in 2017 and 2019 covered by forward contracts.

The audit of the valuation of hedging instruments in connection with borrowings was considered as a key audit matter due to:

- ✓ the significant impact of the complex valuation method on the Bank's net income;
- ✓ their materiality in the Bank's accounts.

4.2.2. Audit procedures performed

In this context, the works performed have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of valuation parameters;
- ✓ make a detailed analysis of the Bank's hedging contracts;
- ✓ test the correct application of the valuation method on a selection of hedging instruments;
- ✓ Examine the disclosures relating to the valuation of financial instruments published in the notes to the financial statements.

4.3. Valuation of financial assets

4.3.1. Identified risks

BOAD records financial assets at fair value for XOF 146 billion as detailed in note 6 of the appendix to the financial statements. Changes in the fair value from one closing to another are recorded either in profit and loss or in equity in compliance with the adopted classification under IFRS 9.

Due to the restricted availability of market data, the valuation of level 2 and 3 financial instruments requires the use of judgment by the management in determining the valuation method and the parameters to be used.

We have considered the financial assets valuation at fair value (level 2 and 3) as key audit matter because of:

- ✓ the significant impact of the choice of valuation method on the Bank's net income;
- ✓ the sensitivity of the parameters used for management's assumptions;
- ✓ their materiality.

4.3.2. Audit procedures performed

In this context, our works on financial assets (portfolio of equity instruments) have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of the valuation method used;
- ✓ test the correct application of the valuation method on a selection of equity securities;
- ✓ conciliate the value of the selected instruments with external documentation;
- ✓ verify the accounting and management data's reconciliation;

- ✓ verify the appropriateness of the accounting methods used by the Bank and their correct application.

5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibilities for the audit of the Financial Statements are further described in Appendix 1 of our report.

Lomé, March 31, 2023

Statutory Auditor

KPMG Togo

Franck FANOU
Partner

Appendix 1:

Statutory Auditor's responsibilities for the audit of the Financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appendix 2:

Financial statements for the year ended 31 December 2022



BOAD'S FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2022

MARCH 2023

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STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2022	31 December 2021
Cash and cash equivalents	4	**284,092**	**230,373**
Financial assets at amortized cost	5	**2,805,778**	**2,797,015**
- Loans and advances to banks		238	10,412
- Loans and advances to customers		2,439,926	2,368,457
- Loans and advances to staff		18,571	15,514
- Debt Securities portfolio		340,595	396,047
- Receivables from shareholders		6,448	6,585
Equity investments	6	**146,440**	**138,161**
- Equity investments designated at fair value through P&L		10,025	10,771
- Equity investments designated at fair value through OCI non-recyclable		136,414	127,390
Adjustment accounts and other assets	7	**115,521**	**115,507**
- Derivative assets		94,084	88,067
- Accruals assets		11,560	16,596
- Other adjustement accounts		9,877	10,844
Tangible assets	8	**6,041**	**6,177**
Investment properties	8	**627**	**654**
Intangible assets	8	**1,537**	**1,154**
Non-current assets held for sale	8	**2,245**	**2,245**
TOTAL ASSETS		**3,362,279**	**3,291,286**

LIABILITIES	Note	31 December 2022	31 December 2021
Financial liabilities at amortized cost	9	**2,135,146**	**2,188,700**
- Deposits from banks		7,171	7,571
- Debt securities issued		1,562,479	1,539,277
- Other debts		565,496	641,852
Earmarked funds	10	**92,305**	**114,083**
Adjustments accounts and other liabilities	11	**20,181**	**28,271**
- Derivative liabilities		306	0
- Accruals liabilities		15,400	24,533
- Other adjustement accounts		4,475	3,739
Provisions	12	**10,006**	**9,182**
Total liabilities		***2,257,638***	***2,340,237***
Capital		**260,888**	**247,902**
- Subscribed capital		1,103,650	1,103,650
- Callable capital		-826,230	-826,230
- Unpaid Capital		-15,956	-29,009
- Cost related to deferred paying-up of capital		-577	-510
Share premium		**2,622**	**2,622**
Reserves		**841,131**	**700,525**
- Reserves allocated to development activities		76,050	76,050
- Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable		48,045	39,664
- Cashflow hedging reserves		34,504	22,514
- Other reserves		26	26
- Retained earnings		559,570	531,745
- Remeasurements of defined benefit liability		-746	-298
- Net income for the period		123,682	30,824
Total equity	13	***1,104,641***	***951,049***
TOTAL LIABILITIES AND EQUITY		**3,362,279**	**3,291,286**

COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT	Note	December 2022	December 2021
Interests and related income		149,621	145,904
Interests and related charges		-76,993	-85,744
Net interest income		*72,627*	*60,160*
Fees and commissions (income)		3,741	3,101
Fees and commissions (charges)		-6,580	-1,111
Net interest and fee income	14	*69,789*	*62,150*
Exchange gains (a)		8,083	30,047
Exchange losses (b)		-65,046	-107,822
Gains/ losses on hedging instruments (c)		76,257	97,761
Gains/ Losses on foreign exchange (a + b + c)	***15***	***19,294***	***19,986***
Margin on interests, fees and foreign exchange		89,082	*82,136*
Gains/ losses on financial assets designated at fair value through profit and loss (IFRS 9)		550	112
Dividends received (income from equity investments)	16	3,419	3,390
Net banking income		***93,051***	***85,638***
Cost of risk	17	***-28,829***	***-30,092***
Endowment from member states		3,200	3,200
Other operating income		90,316	461
Charges related to development activities		-1,321	-1,370
General operating expenditures		-32,698	-26,960
- Staff overheads		-18,988	-16,935
- Amortizations and depreciations - Property, equipment and intangible assets		-1,257	-1,230
- Other operating costs		-12,453	-8,795
Other operating charges		-35	-52
Other net operating income	**18**	***59,461***	***-24,721***
Net income for the period	**19**	**123,682**	**30,824**
Other comprehensive income			
Items that will be reclassified to profit or loss (d)		**11,990**	**2,090**
Cashflow hedges (CFH)		11,990	2,090
Net gains on financial assets at fair value through "other comprehensive income"			
Items that will not be reclassified to profit or loss (e)		**7,934**	**4,504**
Revaluation of tangible and intangible assets			
Net gains on financial assets at fair value through "other comprehensive income"		8,381	5,439
Remeasurements of defined benefit liability		-447	-935
Total other comprehensive income (d) + (e)		***19,924***	***6,595***
Total comprehensive income for the period		**143,606**	**37,419**

CHANGES IN EQUITY

	Capital					Reserves						
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the defined paying-up capital (1)	Share premium	Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)	Cash flow hedges reserves	Retained earnings	Total
Equity as at 1st January 2021	1,103,650	-826,230	-42,083	-1,012	2,822	76,060	26	636	34,225	20,424	534,746	903,074
												0
Increase in capital												
Unpaid capital												
Modifications of the first application of IFRS 9												
Net income as at 31 December 2021 before allocation											30,824	30,824
Other changes				503								503
Allocation of profit for the 2020 financial year											-3,000	-3,000
Release of capital for the 2021 financial year			13,054									13,054
												0
Other comprehensive income												
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									5,439		0	5,439
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-935				-935
Cash flow hedges										2,090		2,090
Sous-total autres éléments du Résultat global	0	0	0	0	0	0	0	-935	5,439	2,090	0	6,595
Transfers												0
Contributions and distributions												
Total transactions with the owners of the Bank												
Equity as at 31 december 2021 and as at 1st january 2022	1,103,650	-826,230	-28,009	-510	2,822	76,060	26	-298	39,664	22,514	562,570	951,049
Increase in capital	0											0
Net income as at 31 december 2022											123,682	123,682
Others changes				-67								-67
Allocation of 2021 income											-3,000	-3,000
Capital paid-up in 2022			13,053									13,053
Other comprehensive income												
Adjustments on retained earnings											0	0
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									8,381		0	8,381
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-447				-447
Cash flow hedges										11,990		11,990
Sub-total other comprehensive income	0	0	0	0	0	0	0	-447	8,381	11,990	0	19,924
Transfers												0
Contributions and distributions												
Total transactions with the owners of the Bank												
Balance as at 31 december 2022	1,103,650	-826,230	-15,956	-577	2,822	76,060	26	-746	48,046	34,504	683,252	1,104,841

CASHFLOW STATEMENT

Items	Notes	2022	2021
Cashflow from operational activities		**31/12/2022**	**31/12/2021**
Income for the period		**123,682**	**30,824**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-15,231	-20,133
Exchange gains		-8,083	-30,047
Exchange losses		4,020	30,194
Amortization		1,257	1,230
Depreciation		0	0
Cost of risk		28,829	30,092
Gains/ losses on financial assets designated at fair value through profit and loss		-550	-112
Other items		-2,859	-2,838
		7,383	**8,387**
Changes in assets and liabilities from operations			
Loans and advances to banks		10,174	24,391
Loans disbursements		-388,661	-452,630
Repayments of loans		396,664	341,518
Other receivables from customers		-108,370	-105,169
Loans and advances to staff		-3,057	-3,813
Securities portfolio		54,903	-55,175
Other receivables		0	0
Other assets		6,420	-26,023
Deposits from banks		-400	5,202
Other debts		162,892	85,797
Other liabilities		-33,175	32,614
		97,389	**-153,289**
Cashflow from operations activities (a)		**228,455**	**-114,077**
Cashflow from investment activities		**2022**	**2021**
Acquisitions of tangible assets		-995	-1,045
Sales of tangible assets		20	14
Acquisitions of intangible assets		-493	-546
Sales of intangible assets		0	0
Acquisitions of shares		-1,265	-4,025
Sales of shares		1,919	1,374
Cashflow from investment activities (b)		**-815**	**-4,228**
Cashflow from financing activities		**2022**	**2021**
Resources from capital paying-up		16,553	17,283
Redemption of shares		0	0
Debt issuance		22,568	621,274
Repayment/debts represented by a security		-98,299	-574,708
Repayment/other loans		-114,743	-184,520
Cashflow from financing activities (c)		***-173,920***	***-120,672***
Net increase/(decrease) of cash and cash equivalents (a+b+c)		**53,719**	**-238,977**
Cash and cash equivalents at opening	**4**	**230,373**	**469,350**
Cash and cash equivalents at closing	**4**	**284,092**	**230,373**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interest paid		75,341	75,563
Interest received		128,576	122,081
Dividends received		3,305	3,390

NOTE 1. ACTIVITY OF BOAD

The West African Development Bank (BOAD) is the common development finance institution of the member countries of the West African Economic and Monetary Union (WAEMU), established by an Agreement signed on 14 November 1973.

BOAD became operational in 1976.

As an international public institution, BOAD has its headquarters in Lomé (Togo), located at 68, avenue de la Liberation, and Resident Missions in each of the capital cities of the other seven WAEMU member countries.

The Bank's shareholders include WAEMU member countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo) and the West African Central Bank (BCEAO), three European countries (Germany, France and Belgium), as well as African Development Bank (AfDB) and European Investment Bank, People's Republic of China, Eximbank of India and the Kingdom of Morocco.
As provided under article 2 of its Articles of Association, BOAD seeks to "promote balanced development of member countries and foster the achievement of economic integration within West Africa" by financing priority development projects. The Bank provides financing for projects in the following areas: rural development, basic infrastructure, modern infrastructure, telecommunications, energy, industry, agro-industry, transport, tourism and other services.

In order to finance its activities, the Bank can, as stated under Article 37 of its Articles of Association, issue bond loans on the Union's domestic market or on the foreign capital markets and contract, from international or foreign public or private agencies, loans with any maturities and repayment conditions, both in the Union's currency and foreign currencies or units of accounts as may be deemed suitable to the Bank's Board of Directors.

Under Article 44 of its Articles of Association, the Bank, its revenues, property and other assets, as well as transactions and operations undertaken by it under these Articles of Association, shall be exempted from all direct or indirect taxes. No tax shall be levied by the Union's governments or communities on bonds issued by the Bank or on interests therefrom, whosoever the titleholder may be.

NOTE 2. SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

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

2.1 Declaration of conformity

The financial statements of the West African Development Bank ("the Bank"), for the year ended 31 December 2022 and the comparative figures for 2021, have been established in accordance with the International Financial Reporting Standards (IFRS) - as issued by the IASB (*International Accounting Standards Board*).

2.2 Functional currency and reporting currency

The functional currency of the Bank is the African Financial Community Franc (FCFA/XOF). It is also its reporting currency.
All the figures in BOAD's financial statements are quoted in millions of FCFA/XOF (XOF' mln), unless otherwise stated.

2.3 Basis of accounting

The principle that serves as a basis for financial reporting includes:

Going concern
The financial statements for the year ended 31 December 2022 have been prepared on a going concern basis as the Bank has neither the intention, nor the need to end or significantly reduce the scope of its activities.
The Bank has sufficient resources to continue its business for the foreseeable future.
In making this assessment, management has considered a wide range of information, including profitability projections, regulatory capital requirements and funding requirements.
The assessment also includes consideration of reasonably possible adverse economic scenarios and their potential impact on the Bank's profitability, capital and liquidity.

2.4 Key basis for evaluation

Financial statements are based on historical cost except for certain financial assets measured at fair value.

2.5 Critical accounting assumptions and key sources of uncertainty for estimates

The preparation of financial statements, in accordance with IFRS, requires that the Bank's management provides estimates, assumptions and judgements that affect the value of assets, liabilities, income and expenditure. Estimates and assumptions are continually evaluated and take into account experiences and other factors, including future events deemed reasonable under the current circumstances. The most significant assumptions and estimates are summarized below:

2.5.1 Main judgements

The Bank's accounting policy requires that assets and liabilities be recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and evaluation of financial assets in accordance with IFRS 9 (loans and receivables, equity investments, and investment portfolio).

2.5.2 Main assumptions and uncertainties related to the estimates

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

Impairment of loans and advances to customers: the determination of input parameters in the ECL valuation model such as default probabilities, the consideration of key assumptions in the estimation of recoverable cash flows (e.g. conversion factors to credit equivalents) and information on the forward-looking (***See Note 2.9.4***)

Assessing the fair value of equity investments: at each reporting date, the Bank reviews its equity portfolio to assess its fair value based on financial information or stock prices available and estimates changes in fair value (***See Note 2.6***).

Assessing fair value of financial derivatives: at each reporting date, the Bank contracts a specialist to assess the fair value of hedging instruments put in place to protect itself against currency risk on loans contracted in SDR and USD. (***See Note 2.19***).

Assessing obligations linked to defined benefit pension plan: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Bank determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations (***See Note 2.15***).

2.6. Fair value of financial instruments

2.6.1 Definition and hierarchy of fair value

Fair value is the price at which an asset would be sold or bought to transfer a liability in a normal transaction between market participants at the valuation date.
The fair value of financial instruments is presented according to a fair value hierarchy with three levels depending on the importance of the data used for the assessments.

Level 1: Fair value determined using quoted prices (unadjusted) on active markets for similar assets or liabilities

Level 2: Fair value estimated from data, other than quoted prices in level 1 whose asset or liability is observable directly (in the form of prices) or indirectly (derived from prices)

Level 3: Instruments for which data for valuation are not based on observable market data ('unobservable' data).
As much as possible, the Bank uses observable market data to assess assets and liabilities at fair value.

2.6.2 Valuation methods

For financial instruments measured at fair value on the balance sheet, the fair value is determined primarily on the basis of prices quoted in an active market. These prices may be adjusted, where applicable if they are not available at the reporting date or if the value of compensation does not reflect transaction prices.

However, due to the multiplicity of the features of the financial instruments negotiated OTC on financial markets, a large number of financial products handled by BOAD are not directly listed on the markets. The fair value of these products is determined by using the valuation techniques with observable or unobservable data.

2.7 Cash and Cash equivalents

Cash includes cash on hand and demand deposits.

Bank deposits of more than three (3) months are also classified as cash and cash equivalents given the clause specifying that they can be freed-up at any time. No short-term bank deposits should exceed one year.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

They are held in order to meet the short-term (operational and functional) cash commitments rather than for investments or other purposes.

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

2.8 Financial assets at amortised cost

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

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

2.8.1 Loans and advances to banks

Loans and advances to banks include interbank loans, related accrued interests and Interests receivable from BCEAO on BOAD's assets invested. As at 31 December 2022, all these receivables were due in less than a year.

They are recorded at amortised cost representing the nominal amount and accrued interest. These operations do not involve any transaction or commitment fees.

2.8.2 Loans and advances to customers

The Bank's portfolio on "loans and advances to customers" mainly correspond to loans granted to the public (non-commercial and commercial public) and private sectors.

2.8.2.1 General principles

Loans granted by BOAD are denominated in CFA Francs (XOF) and at fixed rates. They are accounted at the contract rate which corresponds to the market rate. Borrowers have the option to make early repayment of such amounts subject to conditions contained in loan agreements and conventions.
BOAD rate conditions as regards the non-commercial Energy sector are equivalent to those applied by the Energy Development Fund (FDE), which are themselves at market conditions.

2.8.2.2 Interests and commissions on receivables from customers

Interest and commissions on loans granted to customers are recorded in the period in which they were acquired using effective interest rate. Interests that have accrued but not yet due at the reporting date are recorded as interests on receivable loans.
Default interests are calculated on unpaid instalments after a grace period of one month.
Flat commissions (processing fees) are fees charged only once at the project evaluation. They are recorded in the income statement by linear spread over the lifespan of the loan. The difference between this method of accounting for these commissions and their integration in the effective interest rate of the loan is considered non-significant.

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

2.8.2.3 Loans to States

Loans to States are initially recorded at fair value in the balance sheet and measured at amortized cost. These loans receive a subsidy that is consistent with market practice.
The Bank incorporates an adjustment clause in its loans to States portfolio. Since the Bank has put in place hedging instruments to protect itself against currency risk, activating the adjustment clause for Loans to States is not necessary based on the current financing structure. Moreover, the risk management policy agreed by the Bank provides for a systematic hedging on borrowings contracted in SDR and USD. Therefore, the creation of an adjustment clause is more of a safeguard measure than a risk management policy. Its activation is not expected.
Finally, the existing adjustment clause does not exclude recognizing these loans at amortized cost.

2.8.2.4 Impairment of loans and advances to customers

The Bank carries out the classification of a loan or security within a bucket according to the following criteria:

- Bucket 1: financial assets considered as performing loans with no credit downgrading or downgrading of credit risk by one notch since their initial recognition;
- Bucket 2: financial assets whose credit risk shows a downgrading by at least two notches since the initial recognition or whose rating is lower than the SG5 sensitivity limit in the case of the Bank. Restructured loans are classified in bucket 2 with the rate SG6 during the 18 months following their restructuring;
- Bucket 3: financial assets with more than 90-day unpaid installments or whose credit risk downgrading is such that there is incurred loss. The provision is individual and remains unchanged from the practice under IAS 39.

a) Expected losses approach to provisionning for buckets 1 and 2

Expected losses represent an estimate established by probabilistic weighting of credit losses. This weighting must integrate past events, current conditions and the forecast of future economic conditions.

They are determined collectively by discounting at effective interest rates according to the formula **ECL = PD x LGD x EAD** where PD (Probability of Default) represents the probability of default, LGD (Loss Given Default) corresponds to the loss in the event of default and EAD (Exposure at Default) is the Bank's exposure in the event of default.

The determination of PD and LGD takes into account the calibration of the Bank's rating models with a "masterscale" mapped to GEM's[1]. This mapping made it possible to draw up a loan claims matrix by category of borrower (sovereign, public and private companies).

For the calculation of the EAD, all outstanding amounts as well as financing commitments

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

are taken into account. A factor of conversion factor into credit equivalent of the balance to be disbursed is applied to the parts not yet disbursed from financing commitments.

The shortfalls in cash flow are discounted over a period of one year for bucket 1 while the discount is made on the residual maturity for bucket 2. They are recognized as cost of risk in the income statement.

It should also be noted that interest income is calculated on the basis of the gross value of the receivables.

b) Expected losses approach of impairment for bucket 3

The calculation of expected losses is carried out instrument by instrument. They correspond to the difference between the discounted amounts of future cash flows (expected from the borrower, financial guarantees, etc.) and the book value at the reporting date. Cash flows are discounted at the effective interest rate of the loan. This difference is recognized in cost of risk in the income statement.

Interest income is calculated on the basis of the net book value. The difference between interest income calculated on the basis of gross value and that calculated on the basis of net book value is carried in cost of risk in the income statement.

2.8.2.5 Originating, restructuring or renegotiating loans

When the loan contracts are modified, the Bank analyzes the reasons (renegotiation, reorganization or restructuring) for the modifications and assesses the substantial nature of the modifications made on a case-by-case basis.

a) Changes without substantial impacts

In the event of a modification resulting from financial difficulties, the loan is considered as impaired outstanding (bucket 3) and is subject to a discount of an amount equal to the difference between the discounted contractual cashflows initially expected and the discounted future cashflows expected (capital and interests) following the restructuring. The discount rate used is the initial effective interest rate. This discount is entered in the net result in the "cost of risk" item and in the balance sheet as a reduction of the corresponding outstandings. It is impacted on the net income over the lifespan of the loan. This loan is reinstated as a healthy loan when there is no longer any uncertainty about the borrower's ability to honor its commitments.

In the event of modifications not justified by financial difficulties, the loan is entered in bucket 2. The gross book value of the loan is recalculated so that it is equal to the present value of the contractual cash flows renegotiated or modified at the rate of initial effective interest. The difference noted (profit-surcharge or loss-discount) is entered in the net result in the "cost of risk" item and then reported in the result over the term of the loan.

b) Changes with substantial impacts

When the change is substantial, the contractual rights to the cash-flow of the original loan are deemed to have expired. In this case, a new loan is recorded at fair value, while the original loan is derecognized. The difference between the book value of the derecognized loan and the fair value of the new loan is recorded in profit or loss in the "cost of risk" item. Any impairment previously recorded on the loan is adjusted or fully reversed.

2.8.2.6 Pre-financing of surveys or studies

Pre-financing of surveys represents an advance granted by the Bank to finance the cost of a feasibility survey for a project.

The pre-financing of studies granted by BOAD are the responsibility of the borrower in the event that the studies conclude that the projects are viable. If the study results in a project financed by the Bank, its cost plus interest is then incorporated into the loan amount and, therefore, constitutes the first disbursement.

In the event that the survey leads to a viable project whose financing is not requested from the Bank, the advance plus interest is reimbursed to it over a defined period and at a given rate. Otherwise (unsustainable project), it constitutes a subsidy granted by the Bank and recognized in final consumption therefore expensed over the reporting date.

2.8.2.7 Grants and subsidy mechanism

Loan subsidies are paid in by States in order to reduce the cost of loans for borrowers. These subsidies help to grant concessional loans based on market resources (by reducing the average cost of resources allocated to each of the concerned loans).

2.8.2.8 Financial guarantees and financing commitments

Financing commitments record the outstanding amounts due as part of loan agreements signed with customers. These commitments are recorded off-balance sheet for amounts not yet used.

Some of these loans are covered by financial guarantees received. These financial guarantees allow the Bank to be reimbursed by the guaranteeing companies in the event of default by its customers. The fair value of these guarantees corresponds to their nominal value.

The Bank also grants financial guarantees (essentially commitments by signature in the framework of short or medium or long-term guarantee or counter-guarantee contracts) which oblige it to reimburse the subscribers of the beneficiary of the guarantee in the event of default of the latter.

The financing commitments received correspond to the drawdowns not yet made on the loans from which the Bank benefits.

2.8.3 Loans to staff

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

2.8.4 Debt securities portfolio

All the securities held by the Bank are classified as financial assets at amortized cost like debt securities. These include bonds with fixed or determinable payments that are not quoted on active market.
The impairment model is the same as that applied to loans and receivables from customers.

2.8.5 Receivables from shareholders

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

2.9 Equity investments (equity securities)

Equity securities (equity investments) are shares held by the Bank in other entities from diverse sectors in accordance with its equity investments strategy (See Note 6.1).

Equity securities are equity instruments that are recognized at fair value into two distinct categories (fair value through profit and loss and fair value through OCI non-recyclable to profit and loss). All new equity investments will be analyzed line by line to ensure their classification in one of the above categories.

a) Fair value through profit and loss

This default classification is mandatory for equity instruments held for transactions. This is an option identified for equity investments held by the Bank and representing an undertaking for collective investment in transferable securities (UCITS), namely an open-ended investment company and a mutual fund. Dividends and capital gains or losses on these assets are recognized in the income statement. They are not subject to depreciation.

b) Fair value through OCI non-recyclable to profit and loss

This classification was selected for all equity transactions of the Bank considered as strategic in line with its development mission. Dividends are recognized as income in the income statement. Any subsequent variation of the fair value (gains/losses) is recognized as other items in the comprehensive income statement and never recycled as income.

2.10 Fixed assets and amortizations

2.10.1 Recognition and evaluation

Fixed assets are recognized at their cost of acquisition. When significant components of fixed assets have different useful life, they are recognized as distinct fixed assets (major components). Subsequent expenses are only activated if there is probability that associated economic profits will go to the Bank. The loss or profit on fixed assets are recognized in the net income statement.

2.10.2 Amortizations and impairment test

Fixed assets are amortized on a straight line over their estimated useful life. Estimated residual values are considered as nil. Below is the different useful life:

	Amortization per component over the following duration
1. Constructions	
a. Land	Not amortizable
b. Construction work	40 years
c. Technical installations	20 years
d. Technical lots, fittings and facilities	15 years
e. Diverse facilities	10 years
2. Office materials and furniture	3 to 10 years
3. Housing equipment and furniture	3 to 10 years
4. Transportation material	3 years
5. Fittings and facilities	3 to 10 years

Assets that are likely to depreciate are reviewed annually to determine whether they have suffered a loss in value. The book value of an asset is immediately captured in the recoverable amount if the book value exceeds its estimated recoverable amount. The recoverable amount is the highest amount between the fair value of the asset (minus

selling costs) and its value-in-use. The residual values and useful life of assets are reviewed periodically and adjusted if necessary.

The monthly amortization charges are recognized in the income statement under item "Depreciations" on line "general operating expenses".

2.10.3 Intangible assets

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

2.10.4 Investment properties

a) Recognition and measurement

Investment properties are initially measured at cost, including transaction costs and subsequently measured at amortised cost.

Subsequent expenses are recognized in the book value of the investment property when they increase the capacity of the investment property or when they are intended to replace significant parts of the investment property. The Bank has choosen the cost model, all the investment properties are measured at cost less accumulated depreciation and less accumulated impairment losses at closing.

b) Transfers to or from investment property classification

Transfers to, or from, investment property should only be made when there is a change in use. Transfers between categories do not change the book value of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

c) Derecognition and disposals

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

d) Rental income from investment properties

The Bank recognises the lease payments associated with these leases as an income on a straight-line basis over the lease term. The benefits granted by the Bank under a rental contract form an integral part of the total net rental income over the entire duration of the rental contract.

2.11 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

All rental contracts are classified as operating leases. All the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.12 Deposit from banks

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

2.13 Debts securities and debts from donors

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

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

2.14 Allocated external funds

These are funds with external contributions from AFD, IDA, Belgian Assistance Fund, China International Fund, etc.

Expenses incurred are charged directly on the Fund created. No charge nor income is recognized in the comprehensive income statement of the Bank for these funds.

2.15 Pension commitments

2.15.1 Plan used by the Bank: Defined benefit scheme

The Bank uses the "defined benefit" system in which the employer agrees to pay specific benefits in the form of pensions or retirement benefits, depending on the employee's length of service and salary. These benefits are paid directly by the Bank to the beneficiary.

The pension plan is entirely financed by the Bank. Staff are not obliged to contribute to the scheme.

2.15.2 Determination of net liability under the defined benefit scheme

The Bank's net defined benefit obligation is assessed by estimating the amounts of future benefits acquired by the staff during their actual and past periods. This amount is calculated based on the actuarial liability related to the Bank pension obligations, but less the fair value of the hedging assets of the pension fund.

The Bank does not have any assets ceiling to cover its pension plan.

The actuarial assumptions used are calculated annually by a qualified actuary using the Projected Unit credit method.

Revaluations of the net liability for defined benefit plans including actuarial gaps are recorded immediately under other items in the comprehensive income statement.

2.15.3 Actuarial assumptions

Actuarial assumptions as at the closing date are as follows:

Actuarial assumptions	2022	2021
Discount rate	6.18%	6.18%
Rate of salary increase	6%	6%
Rate of staff turnover	1%	1%
Retirement age	60 years	60 years
Mortality table	Table CIMA	Table CIMA

The risks related to the retirement benefit scheme are rather related to the changes in discount rate and increases in salary. The discount rate remains the same and corresponds to the average yield of bonds purchased by the Bank during the 2022 financial year.

2.16 Transactions on share capital and allocations

2.16.1 Capital

The Bank's capital is made up of shares of nominal value equal to XOF 50,000,000. It is divided into two categories of shareholders: Class A shareholders including WAEMU member countries and the Central Bank of West African States (BCEAO) and class B shareholders which are non-regional shareholders. Capital call-up is based on a long term payment plan. Therefore, the amount of the capital increase is discounted at each reporting date. In order to provide a more appropriate presentation, the difference is captured in "Cost related to deferred paying-up of capital".

According to Article 7 of its Articles of Association, the Bank's callable capital is used as guarantee for loans contracted by the Bank.

2.16.2 Allocations

Member countries make allocations annually to BOAD. BOAD's right to these allocations is established at the adoption of the Bank's updated financial outlook over a period of four (4) years. This application is made annually and as a result, the allocations are captured annually as income. The allocations are therefore recognized as receivables during the fiscal year, with impact on the year's income under IAS 20.

This recognition helps cover expenses related to development activities namely studies conducted but captured as final consumption, interest rate subsidies for loans to States.

2.17 Investment income from the Central Bank

Interests paid by BCEAO on BOAD's assets invested with it, are captured as "Interests and related income" for the period in which they were earned.

Interests receivable from BCEAO as at the year-end reporting are recorded as assets under "loans and advances to banks".

2.18 Interests and fees on debts

Interests and commitment fees are subject to a monthly subscription calculated on the basis of loans recorded at the reporting date.

Interests accrued but not due on loans are recorded at the end of the year and find their counterpart liabilities on the balance sheet under "Financial liabilities at amortized cost".

At each reporting date, loans, interests and commitment fees accrued but not due pertaining to loans in foreign currencies are valued at the last reported exchange rate.

2.19 Derivatives and hedge accounting

2.19.1 Derivatives

The Bank uses derivative instruments to hedge exchange risks. These instruments are mainly an exchange cross-currency swap specifically for the Eurobond 1 issue and forward exchange contracts on Eurobond 2 issue and other borrowings. Derivatives serve to cover the variability of cash flows resulting from exchange rates fluctuations on borrowings contracted in foreign currencies (SDR and USD). This relation is established from the date of issue of the borrowing and maintained throughout the contract terms.

The Bank assesses all its financial derivatives at fair value and changes in fair value are generally recognized through profit and loss. When the required conditions are met for the

application of the fair value option, the debt in question is also assessed at fair value and changes in fair value are recognized as net income.

2.19.2 Fair value hedge

The Bank applies fair value hedge accounting to derivatives to hedge the exposure to currency risk associated with foreign currency borrowings. Under fair value hedge accounting, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the risk being hedged are recognized as profit and loss.

From the onset, the Bank documents the relation between the hedging instrument and the hedged item as well as the risk management objectives and its strategy to undertake hedging transactions. The hedge accounting stops being applied when the objective of the Bank's risk management for the hedging relationship changes or when the hedging instrument has matured, is sold or is abrogated or is exercised or when the hedge accounting does no longer meet required conditions for the hedge accounting.

2.19.3 Cash flow hedge

When a derivative is recognized as cash flow hedge instrument, the effective portion of the change in fair value of the derivatives is recognized as other comprehensive income and accumulated in the cashflow hedge reserve. All other ineffective portion in the change in fair value of the derivative is recognized immediately as profit or loss.

The accumulated amount in equity is recognized as Other comprehensive income and reclassified to profit or loss at a date or dates when the anticipated cashflow hedged or the hedged item affects profit or loss.

If the anticipated transaction is no longer expected to occur and the hedge no longer meets the criteria for hedge accounting, or the hedging instrument expires, is sold, terminated, exercised or cancelled, the Bank ceases to apply prospective hedge accounting. If the anticipated transaction is no longer expected to occur, the balance in equity is reclassified to net income.

2.20 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if it is highly likely that they will be recovered primarily through sale rather than through continuous use.

Non-current assets that are classified as held for sale are measured at the lower of book value and fair value less costs to sell. Any impairment prior to classifying an asset as held for sale and gains of losses for any subsequent increase in fair value less costs to sell of an asset are recognised in the statement of profit or loss.

2.21 Cashflow statement principles of presentation

The cashflow statement explains the change in the Bank's cashflows during the period under review.

The cashflows are distributed among the operating, investments and financing activities. Cash and cash equivalents appearing in the cashflow table should be compared with those presented in the financial statement. Flows from operating activities are presented using the indirect method whereby the result is adjusted of the effects of non-cash transactions, any deferrals or accruals from past entries or past/future operational cash payments and income or expenditure items related to the cashflows for investments or financing.

Cashflows related to investing and financing activities are presented separately according to major categories of gross cash inflows and outflows from investing and financing activities.

Cashflows from foreign currency transactions are recorded under the Bank's functional currency by applying the foreign exchange rate between the functional currency and the foreign currency as at the date of the cashflows.

2.22 Subsequent events

The Bank makes adjustments to its financial statements to reflect events that occurred between the reporting date and the date on which the said financial statements are authorized for issue, provided that these events relate to existing situations as at the reporting date.

If these events relate to events that occurred after the date of closing of the accounts but require disclosure, the balance sheet, income statement, cash flow statement and the statement of changes in equity are not adjusted. The nature and potential impact of these events are captured in note 26 below.

2.23 Approval of accounts

BOAD's individual accounts as at 31 December 2022 were approved by the Board of Directors at its 28 March 2023 meeting.

NOTE 3. IMPACT OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations contained in the Bank's financial statements as at 31 December 2021 were supplemented by provisions of the new standards and interpretations for the 2022 financial year. These involve the following standards and amendments:

3.1 New provisions in force and published by IASB

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	This amendment affects only those companies that apply the incremental approach to determining contract performance costs. It implies that provisions are recognised when the lesser of the costs of performing the contract and the costs of termination outweigh the economic benefits. **The Bank still applies the full cost approach to the performance of these contracts. This change will therefore have no impact on the Bank's accounts.**

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2022	Annual Improvements to IFRSs 2018-2021 - Amendments to IFRS 1, IFRS 9, Illustrative Examples of IFRS 16 and IAS 41	**IFRS 1:** This amendment allows a subsidiary that has adopted IFRSs after the parent company to measure cumulative translation differences at the amounts included in the parent company's consolidated financial statements, depending on the parent company's date of transition to IFRSs. **IFRS 9:** The amendment clarifies that fees paid net of fees received shall be included in performing the 10% test for derecognition of financial liabilities. **IFRS 16:** The objective of this amendment is to eliminate confusion in the identification of lease incentives by removing the example of lessor payments for leasehold improvements. **IAS 41:** This amendment involves aligning the fair value measurement requirements of IAS 41 with those of IFRS 13 « Fair Value Measurement ». **No impact is expected from these annual improvements.**
1st January 2022	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit an entity from deducting revenue generated by an asset during its transfer to site or during its rehabilitation from the cost of the asset. Instead, the entity shall recognise such revenue and related costs in profit or loss. **The BOAD business is banking and there will be no impact on its accounts.**

3.2 Upcoming provisions

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st january 2023	Amendments to IAS 1: Classification of liabilities as current or non-current	The purpose of these amendments is to specify the criteria for classifying liabilities, namely debt and other liabilities as current or non-current. **The application of these amendments has no material impact on the Bank's accounts.**
1st january 2023	IFRS 17 "Insurance contracts" Amendments to IFRS 17 "Insurance Contracts"	The Bank's activity is essentially banking and does not fall within the scope of IFRS 17, which replaces IFRS 4. **There will therefore be no impact on BOAD's accounts.**
1st january 2023	Amendments to IAS 8 "Definition of Accounting Estimates"	These amendments aim to facilitate the distinction between accounting methods and accounting estimates. **The anticipated impact of these amendments is not material.**
1st January 2023	Amendments to IAS 1 and the Practice Statement "Disclosures on accounting policies"	The objective of these amendments is to improve the definition of the term "significant" in order to allow entities to **more easily exercise their judgment in terms of materiality** for the information to be included in the financial statements. **The application of these amendments will have no significant impact on the Bank's accounts.**
1st January 2023	Amendments to IAS 12, Income Taxes	The purpose of these amendments is to clarify how entities should account for deferred taxes on transactions such as leases and decommissioning obligations. **As BOAD is exempt from all taxes due to the established headquarters agreement, these amendments will have no impact on its accounts.**

NOTE 4. CASH AND CASH EQUIVALENTS

Analysis of the "Cash and cash equivalents" item (*see Note 2.7 on Summary of key accounting principles and policies*) comprises the following:

Cash and cash equivalents	Note	31 December 2022	31 December 2021
Cash accounts		55	79
BOAD HQ Current Account		32,417	3
Deposit Accounts for Resident Missions at BCEAO	4.1	119,831	174,968
Japan Eximbank Special Account		15	15
FDE Contribution Account	4.2	1,985	1,985
BOAD Settlement Account Lomé		89,920	22,247
Operating Account for Resident Missions		217	1,491
Bank and correspondent bank accounts		8,610	7,547
Short-term bank deposits (a)	4.3	31,010	22,006
Deposits/ Margin calls		33	33
TOTAL		**284,092**	**230,373**

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

Resident missions deposit accounts	31 December 2022	31 December 2021
Deposit Accounts BCEAO Abidjan	2,820	4,549
Deposit Accounts BCEAO Bamako	397	12,058
Deposit Accounts BCEAO Bissau	564	16,959
Deposit Accounts BCEAO Cotonou	13,906	9,748
Deposit Accounts BCEAO Dakar	23,541	6,462
Deposit Accounts BCEAO Lomé	53,228	114,736
Deposit Accounts BCEAO Niamey	11,079	5,717
Deposit Accounts BCEAO Ouagadougou	14,296	4,739
Total	**119,831**	**174,968**

4.2. This account records the resources of the Energy Development Fund (FDE) used to finance energy projects in the WAEMU region. The Bank is the fund manager.

4.3. Short-term bank deposits include the following:

Short-term bank deposits	31 December 2022	31 December 2021
BOA-CI, special liquidity account	0	996
BOA-BN liqiuidity account	1,010	1,010
Term deposit with BOA Group	15,000	15,000
Term deposit with BSIC Group	5,000	5,000
Term deposit with Coris Bank Group	5,000	0
Term deposit with NSIA	5,000	
Total	**31,010**	**22,006**

NOTE 5. FINANCIAL ASSETS AT AMORTISED COST

The item « loans and receivables at amortised cost » (*see note 2.9 of summary of accounting principles and practices)* breaks down as follows:

Loans and receivables at amortized cost	Note	31 December 2022	31 December 2021
Loans and advances to banks	5.1	238	10,412
Loans and advances to customers	5.2	2,439,926	2,368,457
Loans and advances to staff		18,571	15,514
Securities portfolio	5.3	340,595	396,047
Receivables from shareholders		6,448	6,585
TOTAL		**2,805,778**	**2,797,015**

5.1 Loans and advances to banks

Loans and advances to banks include interbank loans and related interests. Loans and advances to banks per counterparty is detailed as at 31 December 2022 and 31 December 2021 as follows:

Counterparties	31 December 2022	31 December 2021
BCEAO- Interests on ordinary accounts	35	39
ORAGROUP	0	10,000
Interests receivable	203	373
TOTAL	**238**	**10,412**

5.2 Loans and advances to customers

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

5.2.1 Break down per type, sector of activity and per country

A detailed analysis of receivables from customers per type of loans, sector of activity and per country is presented in Note 20.1 on credit risk.

5.2.2 Schedule of receivables from customers

The schedule of receivables from customers is presented as follows as at 31 December 2022 and 31 December 2021:

Items	31 December 2022	31 December 2021
Gross outstanding receivables from customers	**2,577,940**	**2,478,065**
of which gross outstanding loans	2,516,414	2,417,284
At most six months	154,133	158,253
More than six months and less than one year	159,847	132,355
More than one year and less than two years	304,817	273,001
More than two years and less than three years	297,699	274,303
More than three years and less than five years	493,563	495,989
More than five years	1,106,354	1,083,384
of which advance for financing studies	14,812	14,741
of which related receivable to loans	46,713	46,040
Total depreciation on loans and related receivables	**-129,505**	**-100,607**
of which depreciation of non-performing loans (*)	-78,355	-65,410
of which depreciation on buckets 1 and 2	-51,150	-35,196
Deferred income from fees	**-7,521**	**-8,013**
Value adjustement on advances to customers	**-988**	**-988**
Receivables from customers	***2,439,926***	***2,368,457***

(*) The total amount of depreciation of non-performing loans includes XOF 68,848 M for depreciation on the principal (as of XOF 59,903 M for loans and XOF 8,945 M for advances on studies) and XOF 9,507 M for interests and commissions on non-performing loans.

5.2.3 Variation table for non-performing loans

Gross outstanding loans also include non-performing loans that have evolved as follows:

	Balance as at	Changes of the period			Balance as at
	31 december 2021 (a)	Increase (b)	Decrease (c)	Balance of the period (d) = (b) + (c)	31 december 2022 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	70,701	5,705	-2,984	2,721	73,422
2. Depreciation	-58,832	-3,601	2,530	-1,071	-59,903
3. Net outstanding of non performing loans = (1) + (2)	**11,869**	**2,104**	**-453**	**1,651**	**13,519**

5.3 Debt securities portfolio

5.3.1 Variation table for securities

The variation table of securities as at 31 December 2021 is as follows:

	Balance as at	Variations of the period			Balance as at
	31 december 2021 (a)	Increase (d)	Decrease (e)	Balance of the period (f) = (d) + (e)	31 december 2022 (e) = (a) + (d)
1. Gross outstanding of securities portfolio (premiums bonds included)	388,792	96,278	-150,722	-54,444	334,349
2. Interest receivables of securities portfolio	9,957	19,700	-20,159	-459	9,498
3. Depreciation	-2,702	-732	183	-549	-3,251
4. Net outstanding of securities portfolio = (1) + (2) + (3)	**396,047**	**115,246**	**-170,698**	**-55,452**	**340,595**

5.3.2 Details of debt securities portfolio

The breakdown of the debt securities portfolio is as follows:

Securities portfolio	31 December 2022	31 December 2021
Treasury bonds Senegal	60,250	53,000
Treasury bonds Côte d'ivoire	37,857	54,571
Treasury bonds Benin	11,500	19,000
Treasury bonds Burkina Faso	37,375	43,750
Coris Bank Holdings bonds	10,500	13,000
Treasury bonds Mali	47,448	43,448
Treasury bonds Niger	32,000	18,000
Treasury bonds Togo	66,700	54,931
CRRH Bonds	7,317	8,617
EBID Bonds	7,645	1,667
SONATEL Bonds	10,000	10,000
Treasury bills Burkina Faso	0	15,000
Treasury bills Mali	5,000	8,989
Treasury bills Niger	0	30,000
Treasury bills Côte d'ivoire	0	5,000
Treasury bills Senegal	0	9,000
Deposit Certificate BRM		800
Sub-total 1. Gross outstandings	***333,591***	***388,773***
Bonds premiums and discounts	-43	20
Sub-total 2. Gross outstandings with premiums included	***333,549***	***388,792***
Interests receivable	9,382	9,957
Depreciation/securities portfolio (buckets 1 and 2)	-2,336	-2,702
TOTAL	**340,595**	**396,047**

5.3.3 Schedule of debt securities portfolio

The contractual schedule of debt securities portfolio in XOF' M as at 31 December 2022 and 31 December 2021 is as follows:

Maturity	31 December 2022	31 December 2021
At most six months	48,043	59,666
More than six months and less than one year	24,077	80,827
More than one year and less than two years	76,456	66,953
More than two years and less than three years	57,664	75,030
More than three years and less than five years	61,831	76,663
More than five years	65,521	29,633
Sub-total 1. Gross outstandings	**333,591**	**388,773**
Bonds premiums and discounts	-43	20
Sub-total 2. Gross outstandings with premiums included	***333,549***	***388,792***
Interests receivable	9,382	9,957
Depreciation/securities portfolio (buckets 1 and 2)	-2,336	-2,702
TOTAL	**340,595**	**396,047**

5.4 Receivables from shareholders to be paid up

The item on « receivables from shareholders to be paid up » includes the following:

Receivables from shareholders	31 December 2022	31 December 2021
Endowment from member states receivable	5,029	5,029
Admission fee Guinea Bissau	1,419	1,556
TOTAL	**6,448**	**6,585**

NOTE 6. EQUITY INVESTMENTS

6.1. The Bank's equity investments strategy

Equity investment activity is consistent with the Articles of Association of the Bank, which, inter alia, provide: **(i)** in article 2, that "... The Bank shall provide financing particularly through equity participation, granting of loans..." and **(ii)** in article 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 share capital of several companies. Many companies in the financial sector (banks, financial institutions) and non-financial sector businesses (energy, telecommunications, hotel, airline, etc.) have benefited from such financial support.

The Bank's equity investment strategy is as follows:

- **Objective**: fulfilling the Bank's development agenda while ensuring that it stays financially viable in accordance with the strategic orientations of the Bank.
- **Areas of intervention**: all sectors eligible for financing by the Bank.
- **Modes of intervention**: when entering into a transaction, the Bank must have

sufficient visibility of the terms and conditions of exit, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.

- **Positioning in the governing bodies**: each of the Bank's equity participations is conditioned by the allocation of a seat on the company's governing body (board of directors, supervisory board, credit or investment committee, etc.).

In addition to the equity investment strategy, BOAD has taken measures to (i) adapt to the evolution and the requirements of WAEMU's financial sector (increase of minimum capital of banks and financial institutions) and (ii) take into account the special nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.2. Intervention limits for equity investments

The Bank's threshold for intervention is defined in relation to its risk capital, which corresponds to the paid-up capital plus net reserves and similar funds, less unproductive assets.

Operations	Limit per company and per transaction	Level of engagement per borrower (all transactions combined)	Maximum overall volume of equity investments
Projects from National Financial institutions (NFI) and SME promoting agencies, privatization projects, regional projects and projects from the mining and energy sectors	5% of risk capital	15% of the company's share capital within the temporary limit of 100% for entities in which BOAD plays a role of major promoter. This level must be reduced to 51% with a clear exit strategy within reasonable deadlines	20% of risk capital
All projects other than those from National Financial institutions (NFI) and agencies promoting SME, privatization projects, regional projects and projects from the mining and energy sectors	2.5% of risk capital		

6.3. Change in equity investments

6.3.1 Equity investments variation table

Changes in gross equity investments (*see note 2.12 of summary of accounting principles and practices)* are as follows:

Changes in equity investments	2022	2021
Gross outstanding of equity investments as at 1st January	96,539	93,888
Increases	1,265	4,025
Decreases	-1,919	-1,374
Gross outstanding of equity investments as at 31 December	**95,885**	**96,539**
Gains /losses of equity investments designated at fair value through OCI non-recyclable	48,045	39,662
Gains /losses of sold equity investments designated at fair value through OCI non-recyclable	2,509	1,960
Net outstanding of equity investments as at 31 December	**146,440**	**138,161**

6.3.2 Breakdown of equity securities per counterparty

Equity investments recognized in the balance sheet between the 31 December 2022 and

31 December 2021 are detailed per counterparty in the tables below:

a) Instruments recognized at fair value through profit or loss

N°	Country	Equity investments	Percentage of interest (%)	31 December 2022				31 December 2021			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)	Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sicav ABDOU DIOUF	14.5%	2,500	1,240	23	3,763	2,500	1,063	176	3,740
2	h-uemoa	FEFISOL	8.2%	16	31	7	53	1,312	52	-21	1,343
3	SN	FCP/FC BOAD	100.0%	5,000	689	520	6,209	5,000	733	-44	5,689
		TOTAL		7,516	1,959	550	10,025	8,812	1,848	112	10,771

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

N°	Country	Equity investments	Percentage of interest (%)	31 December 2022				31 December 2021			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)	Gross outstanding (a)	Gains/ Losses recognised in OCI (b)	Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (c)	Balance sheet value (d) = (a) + (c)
1	BN	SOAGA	19.3%	103	-25	90	193	103	11	116	218
2	TG	CAURIS CROISSANCE	0.0%	-	0	-	0	0	0	0	0
3	SN	BNDE	9.1%	1,000	324	2,553	3,553	1,000	182	2,229	3,229
4	h-uemoa	CAURIS CROISSANCE II	17.7%	4,268	371	1,470	2,796	4,250	0	1,841	2,410
5	TG	GARI S. A.	11.6%	1,500	54	1,149	2,649	1,500	71	1,095	2,595
6	MA	BDM Mali	16.0%	600	385	18,630	19,230	600	1,265	18,244	18,844
7	BN	BOA Bénin	2.3%	98	309	2,729	2,827	98	762	2,420	2,518
8	NG	SONIBANK Niger	7.1%	1,082	-286	2,218	3,300	1,082	178	2,504	3,586
9	CI	BHCI Côte d Ivoire	0.3%	150	10	140	10	150	92	-150	0
10	NG	BOA Niger	5.7%	137	510	4,171	4,308	137	1,192	3,661	3,798
11	TG	BIA Togo	5.2%	392	63	316	708	392	47	252	644
12	h-uemoa	Afreximbank	0.3%	2,500	1,448	3,594	6,094	2,500	543	2,146	4,646
13	SN	Banque Régionale de Marché (BRM)	4.0%	400	0	400	0	400	0	-400	0
14	BF	Banque de l'Habitat du BF	0.9%	200	6	25	225	200	92	19	219
15	CI	BRVM	9.2%	56	42	489	545	56	26	531	587
16	CI	DC/BR (BRVM)	9.1%	140	16	219	359	140	29	235	375
17	TG	CICA RE	2.0%	999	28	497	1,496	999	75	469	1,468
18	MA	MANDE Hotel	16.7%	50	6	229	279	50	6	235	285
19	CI	CIPREL	2.0%	584	416	1,270	1,854	584	74	1,686	2,270
20	TG	ASKY (EX SPCAR)	16.8%	5,990	1,915	4,075	1,915	5,990	675	5,990	0
21	CI	RASCOM	7.1%	1,600	0	1,600	0	1,600	0	1,600	0
22	h-uemoa	PROPARCO	0.7%	4,347	194	1,011	5,358	4,347	86	817	5,164
23	TG	BOAD-Titrisation	100.0%	500	185	500	0	500	86	315	185
24	TG	CRRH-UEMOA	15.3%	1,543	227	1,375	2,918	1,543	179	1,148	2,691
25	h-uemoa	Fonds Agricole pour l Afrique (FAA)	1.9%	2,189	544	1,725	465	2,246	91	1,180	1,066
26	TG	ORAGROUP	2.1%	1,642	328	3,951	5,593	1,642	57	4,329	5,970
27	BF	Fidélis Finance (ex Burkina Bail)	14.3%	689	30	290	978	689	18	320	1,009
28	SN	CNCAS	7.9%	1,573	680	1,577	3,150	1,573	709	897	2,470
29	BF	CORIS BANK	0.0%	-	0	-	0	0	0	0	0
30	CI	Nouvelle BRS CI/ORA Bank CI	24.5%	16,995	4,621	20,721	37,716	16,995	101	16,098	33,093
31	CI	Banque de l'Union Côte d'Ivoire (BDU-CI)	9.6%	1,100	392	954	2,054	1,100	260	561	1,661
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10.1%	1,100	571	1,449	2,549	1,100	321	878	1,978
33	Kenya	FAER	4.9%	5,844	998	149	5,993	5,789	766	1,147	6,936
34	BF	AMETHIS WEST AFRICAN (AWA)	11.1%	1,040	750	213	827	1,445	321	964	481
35	CI	Air Côte d'Ivoire	7.9%	10,320	715	9,320	900	10,320	2,127	9,004	1,315
36	h-uemoa	Investisseurs & Partenaires/ Dévoppement (IPDEV2)	11.0%	781	35	322	459	781	67	286	494
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10.0%	500	69	16	516	500	64	52	448
38	SN	Banque Outarde	11.3%	2,000	3	665	1,335	2,000	198	663	1,337
39	h-uemoa	Fonds I&P Afrique Entrepreneurs 2 (IPAE2)	3.3%	1,068	8	292	777	711	86	283	428
40	NG	Banque de l'Habitat du Niger	7.0%	825	96	273	552	825	63	178	647
41	h-uemoa	Fonds d'investissements dédié au développement des services financiers dans l'UEMOA	49.5%	4,781	654	344	4,437	4,527	167	998	3,529
42		ECP Africa Fund IV	1.8%	3,000	400	1,047	4,047	3,000	2,403	1,447	4,447
43	CI	MANSA BANK	7.6%	1,200	74	249	951	1,200	225	323	877
44	h-uemoa	ADIWALE Fund I	6.4%	892	235	389	502	334	93	154	180
45	h-uemoa	AFIG Fund	4.0%	2,592	853	295	2,297	2,730	562	562	3,292
		TOTAL		88,370	6,381	48,945	136,414	87,727	6,439	39,663	127,390

NOTE 7. ADJUSTMENTS ACCOUNTS AND OTHER ASSETS

Adjustment accounts and other assets include the following items:

Adjustement accounts and other assets	Note	31 December 2022	31 December 2021
Derivative assets	7.1	94,084	88,067
Accruals assets	7.2	11,560	16,596
Other adjustement accounts	7.3	9,877	10,844
TOTAL		**115,521**	**115,507**

7.1 Derivative assets

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

Derivative assets	31 December 2022	31 December 2021
Derivative assets-fair value hedge	0	1,437
Derivative assets-cash flow hedge	94,084	86,630
TOTAL	**94,084**	**88,067**

The item on "Derivative assets-currency risk hedging instruments" recorded a value of XOF 94,084 M as at 31 December 2022 against XOF 88,067 M as at 31 December 2021. These amounts correspond to the quota of the derivatives set up by the Bank to hedge against foreign exchange fluctuations on interest cashflows on loans denominated in foreign currencies.

7.2 Accruals assets

Accruals assets	31 December 2022	31 December 2021
Deferred expenses	10,150	14,968
Accruals and prepaid expenses	524	1,284
Accrued receivables	181	61
Other accruals	704	284
TOTAL	**11,560**	**16,596**

7.3 Other adjustments accounts

Other adjustement accounts	31 December 2022	31 December 2021
Sundry debtors	462	228
Prefinancing of studies	1,861	3,564
Deposits paid	59	70
Advances on mission expenses	0	1
Advances and prepayments made	830	115
Other endowments and subsidies to be received	6,665	6,866
TOTAL	**9,877**	**10,844**

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

The net book value of tangible assets as at 31 December 2022 and 31 December 2021 is

as follows:

Tangible assets	31 December 2022	31 December 2021
Cost of acquisition	24,950	24,391
Allocations and reversal of depreciations	-18,909	-18,214
Net outstanding of tangible assets	**6,041**	**6,177**

The breakdown by category of tangible assets is shown in the table below (in XOF' M):

Items	Lands	Buildings	Properties under construction	Fittings and fixtures	Equipment held under finance lease	Total
Cost of acquisition						
Balance as at 1st January 2021	**190**	**13,389**	**1,171**	**8,939**	**0**	**23,690**
Acquisitions	225	306	477	1,268	0	**2,276**
Transfers	0	0	-1,231	0	0	**-1,231**
Disposals	0	0	0	-344	0	**-344**
Revaluation acquisitions	0	0	0	0	0	**0**
Other revaluations	0	0	0	0	0	**0**
Balance as at 1st January 2022	**415**	**13,695**	**418**	**9,863**	**0**	**24,391**
Acquisitions	0	0	285	711	0	**995**
Transfers	0	0	0	0	0	**0**
Transfers to investment properties	0	0	0	0	0	**0**
Sales	0	0	0	-437	0	**-437**
Balance as at 31 December 2022	**415**	**13,695**	**702**	**10,138**	**0**	**24,950**
Cumulative amortizations and disposals						
Balance as at 1st January 2021	**0**	**10,373**	**0**	**7,094**	**0**	**17,467**
Amortization charges	0	345	0	731	0	**1,076**
Reversals of depreciation (disposals)	0	0	0	0	0	**0**
Impairment losses recognized during the period	0	0	0	-329	0	**-329**
Reversals of depreciation	0	0	0	0	0	**0**
Balance as at 1st January 2022	**0**	**10,718**	**0**	**7,496**	**0**	**18,214**
Amortization charges	0	345	0	774	0	**1,119**
Reversals of amortization (disposals)	0	0	0	0	0	**0**
Transfers to investment properties	0	0	0	-424	0	**-424**
Impairment losses recognized during the period	0	0	0	0	0	**0**
Balance as at 31 December 2022	**0**	**11,064**	**0**	**7,846**	**0**	**18,909**
Net value of tangible assets as at 31 December 2022						**6,041**

8.2 Investment properties

The investment properties consist solely of the leisure center of the staff city. The contract provides for an initial non-cancellable rental period of two years. Rents are payable in advance quarterly. Subsequent renewals are negotiated by mutual agreement between the parties. No conditional rent is charged.

The net book values of investment properties are presented below:

Investment properties	2022	2021
Cost of acquisition	770	770
Allocations and reversal of depreciations	-144	-117
Net outstanding of intangible assets	**627**	**654**

The evolution of the net book value of investment properties between 31 December 2021 and 31 December 2022 is as follows:

Acquisitions of investment properties (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2022	**770**	**Balance as at 1st January 2022**	**117**
Acquisitions	0	Amortization charges	27
Disposals	0	Write-back of amortization	0
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at 31 december 2022	**770**	**Balance as at 31 december 2022**	**144**
Net value on balance sheet as at 31 december 2022			**627**

8.3 Intangible assets

The net book values of intangible assets are as follows:

Intangible assets	31 December 2022	31 December 2021
Cost of acquisition	3,187	2,694
Allocations and reversal of depreciations	-1,650	-1,539
Net outstanding of intangible assets	**1,537**	**1,154**

The net book value of intangible assets between 31 December 2022 and 31 December 2021 is as follows:

Acquisitions of intangible assets (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2022	**2,694**	**Balance as at 1st January 2022**	**1,539**
Acquisitions	493	Amortization charges	111
Disposals	0	Write-back of amortization	0
Balance as at 31 december 2022	**3,187**	**Balance as at 31 december 2022**	**1,650**
Net value on balance sheet as at 31 december 2022			**1,537**

8.4 Non-current assets held for sale

In December 2021, the Bank was declared co-owner of a property complex jointly with other co-lessors. This property complex is presented as a non-current asset held for sale. The active buyer research program is in progress with the relevant parties.

The assets held for sale has been recorded at the lowest amount between the book value of the receivables owed by the loan's beneficiaries (***which amounts to 2,245 MFCFA***) and the amount of fair value less costs of sale. Any gain or loss from the sale and the cost of the sale will be recognized in profit or loss. There is no accumulated income or expense included in other comprehensive income related to the assets held for sale.

NOTE 9. FINANCIAL LIABILITIES AT AMORTIZED COST

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

9.1 Breakdown of item "financial liabilities at amortized cost"

Details of this item as at 31 December 2022 and 31 December 2021 is as follows (in XOF' M)

Liabilities at amortized cost	31 December 2022	31 December 2021
I-Debts represented by a security		
BOAD bond issues (*)	1,512,572	1,451,289
BOAD bills	19,557	19,557
Maturities of less than one year/debts repr. by securities	0	37,524
Sub-total I	***1,532,130***	***1,508,371***
II- Other loans from foreign partners		
Accrued interest on debts represented by a security	30,354	30,937
Deferred charges on bonds and bonds	-4	-30
Sub-total II	***30,349***	***30,906***
Total I+II	**1,562,479**	**1,539,277**
III- Debts attached to loans and & debts repr.		
Loans to finance long-term projects	563,077	545,188
Loans for financing long-term studies	482	482
Maturities within one year/borrowings	0	94,271
Sub-total III	***563,558***	***639,941***
IV Debts related to other borrowings		
Accrued interest and commissions on other borrowings	*2,536*	*2,824*
Deferred charges on other borrowings	*-598*	*-913*
Sub-total IV	***1,938***	***1,911***
IV- Interbank debts (Cauris ROPPA, AFD...)	**7,171**	**7,571**
Total I+II+III+IV	**2,135,146**	**2,188,700**

(*) The total outstanding of bonds only consists of eurobonds issued in 2017, 2019 and 2021 on the international financial market.

9.2 Table of changes in borrowings

The borrowings variation per counterparty between 31 December 2021 and 31 December 2022 is as follows:

Changes in deposits from banks

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

Changes in debt securities issued

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

Changes in other debts by counterparties

Debts	Balance as at 31 december 2021	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2022
IDA	143,036	7,609	-3,614	668	0	147,699
KfW	160,321	0	-27,187	0	0	133,134
AFD	161,927	14,958	-15,190	0	0	161,696
BEI	3,751	0	-2,491	0	0	1,260
BAD	66,531	0	-13,387	0	0	53,144
BDC	6,560	0	-6,560	0	0	0
BADEA	40,226	0	-31,201	558	0	9,584
BNP Fortis	5,112	0	-547	0	0	4,566
BDA	19,679	0	0	0	0	19,679
OPEC	32,798	0	0	0	0	32,798
TOTAL BY COUNTERPARTIES	**639,941**	**22,568**	**-100,177**	**1,226**	**0**	**563,558**
TOTAL DEBTS	**2,155,883**	**22,998**	**-138,531**	**61,026**	**1,484**	**2,102,859**

9.3 Maturity of financial liabilities at amortized cost

Maturity	31 December 2022	31 December 2021
At most six months	53,285	78,671
More than six months and less than one year	63,625	60,695
More than one year and less than two years	60,059	114,853
More than two years and less than three years	58,741	59,920
More than three years and less than five years	637,622	124,514
More than five years	1,229,525	1,717,230
Sub-total outstanding	**2,102,859**	**2,155,883**
Debts attached to loans and & debts repr.	**32,287**	**32,817**
TOTAL	**2,135,146**	**2,188,700**

9.4 The Bank's debt-equity ratio

The WAMU Council of Ministers decided to limit the Bank's total outstanding borrowings, at any time, to three times its equity. As at 31 December 2022, the Bank's outstanding borrowings represented 197% of its equity capital out of the regulatory threshold of 300%.

NOTE 10. EARMARKED FUNDS

Funds are made up of the following:

Earmarked funds	31 December 2022	31 December 2021
Belgian Technical Assistance Fund	215	201
Dutch Fund	34	34
IDA Counterpart Fund	551	727
AFD Research Fund	310	310
AFD Counterpart Fund	26	26
Environmental Partnership Fund	4	4
KfW Counterpart Fund	5,215	5,497
China Cooperation Fund	139	139
AFD IV Capacity Improvement Fund	30	30
Energy Development Fund	1,985	1,985
Crop Insurance Fund	2,836	2,836
Regional Collaboration Centre (RCC)	472	365
New subsidy mechanism fund	9,468	87,649
CMS Fund for Interest Subsidy	1,000	1,000
Global environment fund	10,817	1,152
Climate change fund	3,352	4,852
Green Climate Fund	16,438	662
Regional initiatives supports fund	383	383
PACAN KFW Funds	6,232	6,232
Fund early release of capital	32,798	0
TOTAL	**92,305**	**114,083**

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

As at 31 December 2022, the adjustment accounts and other liabilities were as follows:

Adjusment accounts and liabilities	Note	31 December 2022	31 December 2021
Derivatives liabilities	11.1	306	0
Accruals liabilities	11.2	15,400	24,533
Other adjustement accounts	11.3	4,475	3,739
TOTAL		**20,181**	**28,271**

11.1 Derivatives liabilities

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

Derivatives liabilities	31 December 2022	31 December 2021
Derivatives liabilities-fair value hedge	306	0
Derivatives liabilities-cash flow hedge	-	0
TOTAL	**306**	**0**

Derivative liabilities amount to XOF 306 M as at 31 December 2022 and relates only to the hedging of the borrowings denominated in USD and DTS. This level of financial liabilities results from the decrease of the dollar and SDR exchange rates compared to the guaranteed rates obtained by BOAD during the implementation of the hedging contracts.

11.2 Accruals liabilities

Details of accruals liabilities are as follows:

Accruals liabilities	31 December 2022	31 December 2021
Deferred income	9,683	18,826
Accrued liabilities	5,602	4,723
Advanced payments	115	984
TOTAL	**15,400**	**24,533**

11.3 Other adjustment accounts

Details of other adjustments accounts are as follows:

Other adjustment accounts	31 December 2022	31 December 2021
Sundry creditors	1,333	1,491
Suppliers payables	3,143	2,248
TOTAL	**4,475**	**3,739**

NOTE 12. PROVISIONS

This item covers the amount of liabilities under benefit plans for severance payments upon retirement benefits. The table below compares the opening balance with the closing balance of the net liabilities for defined benefit plans.

12. Provision for retirement benefits	2022	2021
	KFCFA	kFCFA
Present value of the obligation	-	-
Opening balance	9,182,100	7,783,887
Cost of services rendered during the period	652,430	568,371
Contributions made by participants	0	0
Financial cost	596,419	497,815
Actuarial difference due to	0	0
a) Changes in demographic assumptions	0	0
b) Changes in financial assumptions	0	0
c) Experience adjustments	447,259	934,669
d) Total	447,259	934,669
Benefit payment	-872,497	-602,641
Cost of past services	0	
Payments	0	
Closing balance	**10,005,711**	**9,182,101**
Completely unfinanced schemes	*10,005,711*	*9,182,101*
Partly or fully financed schemes		
Fair value of assets of the scheme	n.a.	n.a.
Opening balance	0	0
Expected returns	0	0
Actuarial difference	0	0
Contributions made by the employer	0	0
Contributions made by the participants	0	0
Benefits payment	0	0
Payments	0	0
Closing balance	**0**	**0**
Net assets/liabilities recognized in the balance sheet	-	
Present value of the benefit plan liability	10,005,711	9,182,101
Fair value of assets of the scheme	0	0
Surplus/deficit	10,005,711	9,182,101
Amount not recognized as an asset because of the limit 58(b)	**0**	**0**
Net assets/liabilities recognized in the balance sheet	**10,005,711**	**9,182,101**
Total cost	-	-
Cost of services rendered during the period	652,430	568,371
Cost of past services	0	0
Effect of all payments	0	0
Cost of services provided in net income	**652,430**	**568,371**
Financial cost	596,419	497,815
Interests	0	0
Net interest on net income	**596,419**	**497,815**
Actuarial difference	447,259	934,669
Additional returns on assets of the scheme	0	0

12. Provision for retirement benefits	2022	2021
Effect of the limit of paragraph 58(b)	0	0
Revaluation of net pension liab. under fixed benefit scheme	**447,259**	**934,669**
Total cost	**1,696,108**	**2,000,855**
The cumulative actuarial difference recorded		
in profit and loss	**4,919,726**	**4,472,467**
The principal actuarial assumptions at the reporting date are following (expressed as weighted averages) :		
Principal actuarial assumptions		
Discount rate	6.18%	6.18%
Future salary growth	6.00%	6.00%
Future mortality rate	**TH / TF 2002 multiplied by 200%**	
The duration of the defined benefit obligation is	9.8	9.7
Sensitivity analysis		
At the reporting date, the reasonable possible changes of one of the relevant acturial assumptions would have impacted the defined benefit obligation by the following amounts (any other assumption remains constant):		
	Changes of assumptions	
Discount rate	9.80%	9.70%
Future salary growth	9.70%	9.60%
Future mortality rate	-0.20%	-0.20%
Reconciliation of net liabilities recognized		
Opening balance	9,182,100	7,783,887
Total charge in net income	1,248,849	1,066,186
Benefits payment	-872,497	-602,641
Remeasurements of defined benefit liability recognised in OCI	447,259	934,669
Closing balance	**10,005,711**	**9,182,101**

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

NOTE 13. EQUITY

13.1 Details of equity

The equity as at 31 December 2022 and 31 december 2021 is as follows:

Equity capital	31 December 2022	31 December 2021
Subscribed capital	1,103,650	1,103,650
Callable capital	-826,230	-826,230
Unpaid Capital	-15,956	-29,009
Cost related to deferred paying-up of capital	-577	-510
Capital (A)	**260,888**	**247,902**
Share premium (B)	**2,622**	**2,622**
Reserves allocated to development activities	76,050	76,050
Other reserves	26	26
Retained earnings	559,570	531,745
Reserves and retained earnings (C)	**635,646**	**607,821**
Net income for the period (D)	**123,682**	**30,824**
Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable (IFRS 9)	48,045	39,664
Cashflow hedging reserves	34,504	22,514
Remeasurements of defined benefit liability	-746	-298
Other comprehensive income (E)	**81,804**	**61,880**
EQUITY CAPITAL (A+B+C+D+E)	**1,104,641**	**951,049**

13.2 BOAD capital structure

a) The table below outlines the Bank's capital structure as at 31 December 2022 in nominal value and share distribution. Each share confers the same rights and duties to its holder.

CAPITAL STRUCTURE AS AT 31 DECEMBER 2022

SHAREHOLDERS	SUBSCRIBED CAPITAL (1)=(2)+(5)	%	Number of shares	CALLED-UP CAPITAL (2)=(3)+(4)	PAID UP CAPITAL (3)	UNPAID CAPITAL (4)	CALLABLE CAPITAL (5)
CATEGORY A							
BENIN	64,650	5.86%	1,293	16,163	15,183	980	48,487
BURKINA	64,650	5.86%	1,293	16,163	15,183	980	48,487
COTE D'IVOIRE	64,650	5.86%	1,293	16,163	15,183	980	48,487
GUINEE BISSAU	64,650	5.86%	1,293	16,163	15,183	980	48,487
MALI	64,650	5.86%	1,293	16,163	15,183	980	48,487
NIGER	64,650	5.86%	1,293	16,163	15,183	980	48,487
SENEGAL	64,650	5.86%	1,293	16,163	15,183	980	48,487
TOGO	64,650	5.86%	1,293	16,163	15,183	980	48,487
BCEAO	517,200	46.86%	10,344	129,304	121,464	7,840	387,896
	1,034,400	**93.73%**	**20,688**	**258,608**	**242,928**	**15,680**	**775,792**
CATEGORY B							
France	38,400	3.48%	768	9,600	8,960	640	28,800
Germany	2,000	0.18%	40	2,000	2,000	0	0
Belgium (1)	5,600	0.51%	112	1,400	1,400	0	4,200
EIB	4,000	0.36%	80	1,000	1,000	0	3,000
AfDB	6,000	0.54%	120	1,500	1,500	0	4,500
EXIM BANK OF INDIA	750	0.07%	15	188	175	13	563
CHINA	12,000	1.09%	240	3,000	2,800	200	9,000
MOROCCO	500	0.05%	10	125	125	0	375
	69,250	**6.27%**	**1,385**	**18,813**	**17,960**	**853**	**50,438**
	1,103,650	**100.00%**	**22,073**	**277,421**	**260,888**	**16,533**	**826,230**
UNSUBSCRIBED CAPITAL	**605,700**		**12,114**				
AUTHORIZED CAPITAL(*)	**1,709,350**		**34,187**				

(*) In December 2022, the Bank's governing bodies authorised a capital increase of XOF 554 M, thus raising the Bank's authorised capital from XOF 1,155 M to XOF 1,709 M. The diligence relating to the signing of subscription forms and calls for payment will be carried out in 2023.

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

	31 December 2022	31 December 2021
Unpaid Capital without cost related to deffered paying-up of capital (a)	15,956	29,009
Cost related to deferred paying-up of capital (b)	577	510
Unpaid capital (a+b)	**16,533**	**29,519**

13.3 Effective equity (core tier 1 capital)

The Bank's effective equity is broken down as at 31 December 2022 and 31 December 2021 as follows:

Items	31 December 2022	31 December 2021
A- Tier 1 capital * (=1+2) (a)	**989,906**	**856,685**
1- Capital and other funds	260,888	247,902
2- Reserves and other funds	729,018	608,783
B- Additionnal own funds (b)	**73,350**	**64,968**
Effective equity capital/Core Tier 1 Capital (=A+B)	**1,063,256**	**921,653**
C- Unpaid own funds (c)	41,386	29,396
Equity capital (A+B+C)	**1,104,641**	**951,049**

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

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

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

* Equity requirement for risks

NOTE 14. INTERESTS AND FEES

Details of this item are as follows:

Margin on interests and fees	2022	2021
Interests and related income	149,621	145,904
Interests and related charges	-76,993	-85,744
Sub-total on interests (A)	*72,627*	*60,160*
Fees and commissions (income)	3,741	3,101
Fees and commissions (charges)	-6,580	-1,111
Sub-total on fees (B)	*-2,839*	*1,990*
TOTAL (A) + (B)	**69,789**	**62,150**

14.1. Interests

Interests and related income

Interests and related income	2022	2021
Interests and related income/ interbank loans	1,156	1,496
Interest on loans to customers	125,944	119,199
Interest on staff loans	196	208
Interest on securities portfolio	21,024	22,929
Commission on loan commitments	1,300	2,072
TOTAL	**149,621**	**145,904**

Interests and related charges

Interests and related charges	2022	2021
Interest charges on debts represented by a security	-61,678	-71,106
Interest charges on other debts	-14,292	-13,936
Commissions/commitments received	-281	-616
Credit insurance commission	-742	-87
TOTAL	**-76,993**	**-85,744**

14.2. Fees

Fees and commissions (income)

Fees and commissions (income)	2022	2021
Commission obtained as processing fees	1,846	1,793
GARI's commission on guarantees	181	219
Other flat commissions	32	25
Commission on financial arrangements and advisory services	1,288	483
Commssions on FEM and FA	395	582
TOTAL	**3,741**	**3,101**

Fees and commissions (charges)

Fees and commissions (charges)	2022	2021
Other charges/debts represented by securities	-1,533	-429
Other fees on borrowings	-912	-680
Charges and losses on investment securities	0	-2
Profit or loss on securities portfolio	-4,135	
TOTAL	**-6,580**	**-1,111**

NOTE 15. EXCHANGE RISK AND HEDGING INSTRUMENTS

Foreign exchange gains and losses are due to the Bank's resource mobilization in foreign currencies, excluding euros, from its financial partners and on the international financial market for project financing. These gains and losses have been hedged with forward purchase and swap transactions. The Bank's procedures for exchange risk management are described in Note 20.2.1 on Exchange risk.

As at 31 December 2022, the impact on the income statement from the valuation of the Bank's foreign currency debt (excluding euros) with various financial partners is as follows:

Exchange risk and hedging instruments	2022	2021
Exchange gain consumed	8,083	30,047
Potential exchange gain	0	0
Sub-total forex gains (A)	***8,083***	***30,047***
Foreign exchange loss consumed	-4,020	-30,194
Potential foreign exchange loss	-61,026	-77,629
Sub-total forex losses (B)	***-65,046***	***-107,822***
Net forex loss of C = (A) + (B)	***-56,963***	***-77,775***
Loss/profit on hedging instruments	***76,257***	***97,761***
Net profit/loss on currency transactions	**19,294**	**19,986**

NOTE 16. DIVIDENDS RECEIVED

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

Dividends received	2022	2021
Dividends from BRVM	84	70
Dividends from DC BR	91	70
Dividends from BOA Bénin	273	218
Dividends from CIPREL	241	726
Dividends from BOA NG	454	344
Dividends from BDM-SA	732	1,219
Dividends from BNDE		80
Dividends from AFREXIM Bank	128	90
Dividends from SONIBANK	114	114
Dividends from PROPARCO	102	
Dividends from CICA-RE	50	40
Dividends from Fidelis Finance		61
Dividends from SOAGA	111	141
Dividends from BDU BF	101	101
Dividends from BDU CI	194	108
Dividends from IB BANK		9
Dividends from SICAV ABDOU DIOUF	106	
Dividends from ORABANK CI	636	
TOTAL	**3,419**	**3,390**

NOTE 17. COST OF RISK

The cost of risk as at 31 December 2022 and as at 31 December 2021 is presented as follows:

Cost of risk	2022	2021
Depreciations on receivables from customers	-22,628	-15,132
Write-back of depreciations on receivables from customers	2,675	629
Depreciations on securities portfolio	-732	-2,234
Write-back of depreciations on securities portfolio	183	562
Losses on receivables covered by depreciations	0	0
Depreciations on other assets	-8,945	-13,917
Write-back of depreciations on other assets	618	0
TOTAL	**-28,829**	**-30,092**

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

Distribution by bucket of the cost of risk	2022	2021
Bucket 1	283	637
Bucket 2	-16,785	-6,319
Bucket 3	-12,327	-24,411
TOTAL	**-28,829**	**-30,092**

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

NOTE 18. OTHER OPERATING INCOME

Other operating income amounts to XOF 59,461 M as at 31 december 2022 against XOF -24,721 M as at 31 december 2021. The breakdown is as follows:

18.1 Endowment of member countries

Endowments of member countries remain unchanged as at 31 December 2022 and amount to XOF 3,200 M.

18.2 Costs related to development activities

This item includes charges related to the development activities of BOAD, including subsidies of non-market projects and preliminary studies for the financing of development activities.

Charges related to development activities	2022	2021
Interest subsidy	-1,321	-1,370
TOTAL	**-1,321**	**-1,370**

18.3 General operating expenditures

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

General operating costs	2022	2021
Staff overheads (*)	-18,988	-16,935
Amortizations and depreciations - Property, equipment and intangible assets	-1,257	-1,230
Other operating costs	-12,453	-8,795
TOTAL	**-32,698**	**-26,960**

(*) The details of staff overheads as at 31 December 2022 and 31 December 2021 are as follows:

Detail of staff overheads	2022	2021
Wages and salaries	-16,470	-14,666
Social security contributions	-901	-762
Other short-term benefits	-948	-887
Long-term construction contribution - Servicing city BOAD	0	0
Health insurance funds	-89	-72
Defined benefit plan expenses (**)	-580	-549
TOTAL	**-18,988**	**-16,935**

(**) Apart from the amount presented in personnel expenses, the expenses for the financial year for defined benefit plans include a financial cost which stands at XOF 596 M, recorded in financial expenses (*see note 12*).

NOTE 19. NET INCOME OF THE PERIOD

For the year-end 2022, the Bank recorded a profit of XOF 123,682 M The exceptional level of the result is explained by the decision of the WAEMU Council of Ministers to transfer to BOAD, in the form of a donation, part of the funds of the new bonus mechanism for an amount of XOF 90,000 M.

The purpose of this donation is to allow the strengthening of the Bank's equity capital within the framework of the measures taken by its Management to anticipate any shocks resulting from the economic and financial sanctions taken against Mali.

If this donation is not taken into account, the Bank's profit as of 31 December 2022 would be 33,682 M FCFA against 30,824 M FCFA as of 31 December 2021.

NOTE 20. 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 its organization and integrated into its internal control framework. The main categories of risks (credit, exchange, interest rate, liquidity and operational risks) are monitored by special committees (Commitments committee, ALM Committee, etc.).

20.1. Credit risk

Credit risk represents the financial loss incurred by the Bank when customers or counterparties of a financial instrument fail to meet their contractual obligations. Credit risk is the main source of risk for the Bank and stems essentially from its lending and cash investment.

The credit risk management relies on standards and procedures, management tools, rating systems, a risk hedging and impairment policy and a close monitoring mechanism.

The overall organization of credit risk management is characterized by:

- a well-structured grant process, based on a clear separation between the business lines and the commitment lines (notice of second opinion), which allows for an objective double-check;
- commitment limits fixed in proportion to the tier 1 capital and approved by the Bank's decision-making organs;
- an internal rating system consisting of models specific to each customer portfolio item (sovereign, corporate, bank, project in creation, capital investment at the corporate level, capital investment in banks) based on both quantitative and qualitative variables specific to the customer and its socio-economic environment;
- a depreciation (impairment) policy and a fair value measurement of equity investments based on IAS/IFRS standards.

20.1.1 Analysis of the portfolio's creditworthiness

The Bank has clearly defined limits and procedures to enable it streamline, measure and manage risks, as well as formalize aggregate limits for its commitments per sector and operational limits (counterparties / related counterparties).
The Bank's maximum balance sheet and off-balance sheet exposure (*in terms of gross outstandings*) to credit risk prior to consideration of guarantees received for 2022 and 2021 is as follows:

Maximum exposure of the Bank in terms of credit risk	31 December 2022	%	31 December 2021	%
Loans and advances to banks	238	0%	10,412	0.36%
Loans and advances to customers (gross outstandings)	2,516,414	85%	2,417,284	82.60%
Loans and advances to staff	18,571	1%	15,514	0.53%
Debt securities portfolio (gross outstandings)	334,391	11%	388,773	13.28%
Receivables from shareholders	6,448	0%	6,585	0.23%
Derivatives assets*	94,084	3%	88,067	3.01%
TOTAL	**2,970,147**	**100%**	**2,926,634**	**100%**

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

20.1.2 Intervention limits for credit risks

The Bank's intervention limits are defined in relation to its risk capital which corresponds to the paid-up capital plus net reserves and similar funds less non value items.

20.1.2.1 Loans

For non-commercial (member Countries) and commercial (public companies) public sector

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined)	Internal limits management
Member States	5% of risk capital	55% of risk capital	444 943
Public companies	5% of risk	25% of risk capital	100 000

	capital		

For the private sector

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined and cumulated)	Maximum overall volume of individual risks	Internal limits management
Category 1 **Regional projects and those in the mining and energy sectors or projects for National Financial Institutions (NFI), NFI Holdings, organizations that support SMEs, information and Communication technologies**	5% for a maximum of 50% of the project's pre-tax total cost	7% of risk capital	Overall volume of risks reaching individually 12.5% of risk capital is limited to 5 times the risk capital	20 000
Category 2 **Indirect financing through national financial institutions (NFI), NFI holdings or organizations that promote SMEs and for financing direct loans to regional projects, projects in the mining and energy sectors and in Information, Communication technologies**	7% for a maximum of 50% of the project's pre-tax total cost	10% of risk capital		15 000

20.1.2.2 Equity investments (public sector or private sector)

Limits relating to equity investments are presented in Note 7 on Equity investments.

20.1.2.3 Financing operations per signature and short-term financing

Operations	Limit per borrower and per operation
Bonds and short term operation's guarantee	5% of risk capital
Short term financing operations	5% of risk capital
Commitment level per borrower all operations combined (loan guarantee, short-term operation guarantee, short-term cashflow financing)	25% of risk capital

20.1.2.4 Dominant sectors of activity

The total level of commitments (all countries of intervention included) must not at any time exceed fifty percent (50%) of the Bank's tier 1 capital in any one of the following dominant sectors: Industries (agro-industry, chemical and pharmaceutical and other manufacturing industries, ...); telecommunications (telephony, Internet, call center); Extractive Industries (cement and mining); Hospitality and other services.
However, for National Financial Institutions (NFIs) and their holdings, water and energy sectors, transport infrastructure (port, airport, railway and bus stations), this limit is set at seventy-five percent (75%) of the Bank's tier 1 capital.
The outstanding loan for the commercial sector (private and commercial public) is broken

down per sector of activity as at 31 December 2022:

Sectorial breakdown of commercial portfolio	31 December 2022	%	31 December 2021	%
Agriculture and rural development	8,277	1%	-	0%
Industries	99,691	14%	87,781	13%
Finance and Insurance	232,151	33%	252,862	37%
Energy, Water and Information and Communication technologies	215,084	31%	216,581	31%
Hospitality and other services	58,551	8%	39,641	6%
Transport, town planning, environment	83,828	12%	92,287	13%
TOTAL	**697,583**	**100%**	**689,152**	**100%**

20.1.2.5 Limit per country

With regard to intervention limits per country, BOAD cannot commit in a member country more than 100% of its core tier 1 capital (all operations combined and cumulated).

The outstanding loans per country is broken down as at 31 December 2022 and 31 December 2021 as follows:

COUNTRIES	31 December 2022			Total 2022	31 December 2021			Total 2021
	FDC	FDE	Bank		FDC	FDE	Bank	
BENIN	137,493	12,018	94,967	244,478	130,122	12,970	78,047	221,139
BURKINA FASO	150,803	15,238	125,472	291,513	139,273	16,190	135,145	290,608
COTE D'IVOIRE	99,454	27,764	337,764	464,981	95,884	27,650	305,164	428,697
GUINEE BISSAU	105,106	13,326	8,476	126,908	108,915	12,813	10,999	132,727
MALI	140,564	11,417	114,700	266,681	142,954	12,332	127,261	282,547
NIGER	144,447	26,499	157,496	328,442	144,170	28,071	156,222	328,463
SENEGAL	136,431	25,681	277,188	439,300	129,509	26,470	250,957	406,936
TOGO	158,099	1,030	194,981	354,110	153,454	1,982	170,730	326,167
TOTAL	**1,072,398**	**132,971**	**1,311,044**	**2,516,414**	**1,044,281**	**138,478**	**1,234,525**	**2,417,284**

20.1.3 Description of the Bank's internal portfolio rating system

All counterparties financed by the Bank are rated at least once a year. To this end, the Bank provides six (6) models: "Sovereign" (member countries), "Corporates" (businesses in portfolio), "Bank" (banks in portfolio), "Project finance" (financing of start-up projects), "Bank private equity" (equity investments in banks) and "Corporate private equity" (equity investments in businesses).

20.1.3.1 BOAD's internal master scale

The Bank's internal rating grid includes 21 scale ratings, supplemented by risk assessment. Each scale corresponds to default probability. The Bank's internal master scale with a mapping to external ratings is as follows:

	One year PD(in %)	GEMsPD Rating scale	Moody's	S&P	Fitch	Rating appreciation	Risk Class
1	0.00%	GI1	Aa3	AA-	AA-	High Level	Risk very low
2	0.00%	GI2	A2	A	A	Upper medium grade	
3	0.00%	GI3	A3	A-	A-		
4	0.00%	GI4	A3	A-	A-		
5	0.01%	GI5	Baa1	BBB+	BBB+	Lower medium grade	
6	0.01%	GI6	Baa1	BBB+	BBB+		
7	0.04%	GI7	Baa2	BBB	BBB		
8	0.09%	GI8	Baa3	BBB-	BBB-		
9	0.17%	GI9	Ba1	BB+	BB+	Speculative	Risk low
10	0.42%	GI10	Ba1	BB+	BB+		
11	1.28%	Gs1	Ba2	BB	BB		
12	1.96%	Gs2	Ba2	BB	BB		
13	3.16%	Gs3	Ba3	BB-	BB-		
14	3.75%	Gs4	B1	B+	B+	Highly speculative	Moderate risk
15	3.98%	Gs5	B2	B	B		
16	4.74%	Gs6	B3	B-	B-	Increasing risk	
17	8.28%	Gs7	Caa1	CCC+	CCC+	Ultra speculative	Risk high
18	17.64%	Gs8	Caa2	CCC	CCC		
19	28.40%	Gs9	Caa2	CCC	CCC		Risk very high
20	46.21%	Gs10	Caa3	CCC-	CCC-		
21	100%	D	D	D	D	Default	

20.1.3.2 Qualitative and quantitative factors considered in rating

For each scoring model, qualitative and quantitative elements with specific weighting have been retained. Weighting is based on statistical methods, expert opinion and outcomes of a benchmarking with other multilateral development banks. The scores are statistically transformed into default probabilities under the constraint of the central trend and a rating cap defined for each model.

20.1.4 The Bank's depreciation policy

Depending on its activities, the Bank manages two types of credit risk, namely sovereign credit risk and non-sovereign credit risk.

20.1.4.1 Sovereign risk and non-sovereign risk

Sovereign risk

Sovereign or non commercial credit risk is related to loans granted to member States of the Union. The Bank manages this risk by suspending all disbursements and presentation of any project requests to a country in default.

Non-sovereign risk

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

The management of this risk results in the anticipated recognition (buckets 1 and 2) and in real time (bucket 3) of the expected credit losses.

Distribution of loan outstandings per risk category and per rating

The table below presents the breakdown of the Bank's loans and investment securities portfolio (assessed at amortized cost) in terms of outstandings per rating scale:

Portfolio exposure in terms of outstanding amounts by rating		Sovereign risk		Non sovereign risk		Total	
Appréciation	Rating	Outstanding	%	Outstanding	%	Outstanding	%
High Level	GI9		0%		0%	-	0%
	GI10		0%		0%	-	0%
	Gs1		0%		0%	-	0%
	GS2		0%		0%	-	0%
	Gs3	540,457	30%	76,601	11%	617,058	25%
Highly speculative	Gs4	199,406	11%	269,669	39%	469,075	19%
Highly speculative	Gs5	0	0%	132,798	19%	132,798	5%
Increasing risk	Gs6	619,515	34%	51,760	7%	671,275	27%
Ultra speculative	Gs7	268,655	15%	83,977	12%	352,632	14%
	Gs8	190,797	10%	6,450	1%	197,247	8%
	Gs9		0%	2,905	0%	2,905	0%
	Gs10		0%		0%	0	0%
Default	D		0%	73,422	11%	73,422	3%
Receivables from customers		***1,818,830***	***100%***	***697,583***	***100%***	***2,516,414,00***	***100%***
High level	GI9		0%		0%	0	0%
	GI10		0%		0%	0	0%
	Gs1		0%		0%	0	0%
	GS2		0%		0%	0	0%
	Gs3	98,107	33%		0%	98,107	30%
Highly speculative	Gs4	11,500	4%	27,817	78%	39,317	12%
	Gs5	15,000	5%	7,645	22%	22,645	7%
Increasing risk	*Gs6*	*83,699*	*29%*		*0%*	*83,699*	*25%*
Highly speculative	Gs7	37,375	13%		0%	37,375	11%
Highly speculative	Gs8	47,448	16%		0%	47,448	14%
Portofolio securities (*)		***283,129***	***100%***	***35,462***	***100%***	***328,591***	***100%***
Total		***2,111,959***	***100%***	***733,045***	***100%***	***2,845,004***	***100%***

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

20.1.4.2 Determination of impairments on loans and receivables

a) General principles

Adequacy of the impairment level of risk based on IFRS 9 applicable since 1 January 2018 is reviewed at each reporting date.

Regardless of the risk category, all concerned counterparties are classified in Bucket 1 at inception. They are further reclassified in Bucket 2 or Bucket 3 depending on the evolution of their rating in terms of significant impairment. The recognition of the credit risk significant impairment is based on quantitative and qualitative criteria. For example, the quantitative criteria retained consists of reducing by at least two notches between the first rating date and the rating at the reporting date.

The credit risk's significant impairment's assessment integrates forward-looking information.

All new entities are subject to a rigorous approval process and require a minimum initial or ex-post credit rating. The rating of each of the Bank's commercial counterparty is updated in order to protect the Bank to a certain extent against possible risks of insolvency of its entities for either environmental deterioration or lack of good governance that would affect the financial situation of the companies concerned.

Especially for Bucket 3, the Bank has adopted a mechanism that makes it possible to analyze its portfolio and apply rules enabling a quality portfolio.

The amount of impairment is equal to the difference between the asset's book value (exposure) and the value of expected future cashflows discounted at the effective interest rate of the asset at the initial accounting.

b) Breakdown of ECL per bucket and per category of counterparty

Counterparty categories	2022								2021	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Bucket 1	%
Sovereign	642	14%	29,376	63%	-	0%	30,017	27%	22,908	24%
Bank	803	17%	11,394	24%	1,583	3%	13,780	12%	4,932	5%
Public	254	6%	560	1%	-	0%	814	1%	1,983	2%
Private	2,905	63%	5,216	11%	58,320	97%	66,441	60%	64,204	68%
TOTAL LOANS (A)	**4,604**	**100%**	**46,545**	**100%**	**59,903**	**100%**	**111,052**	**100%**	**94,028**	**100%**
Sovereign	111	33%	1,687	84%			1,797	77%	1,514	85%
Bank	108	32%	310	16%			419	18%	256	14%
Public	-	0%	-	0%			-	0%	17	1%
Private	119	35%	-	0%			119	5%	-	0%
TOTAL SECURITIES (B)	**338**	**100%**	**1,997**	**100%**	**-**	**0%**	**2,336**	**100%**	**1,787**	**100%**
TOTAL ECL (A+B)	**4,942**	**4%**	**48,542**	**43%**	**59,903**	**53%**	**113,387**	**100%**	**95,814**	

c) Distribution of ECL per bucket and per sector

Sectorial breakdown	2022								2021	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Montants	%
Agriculture and rural Development	170	4%	11,357	24%	0	0%	11,527	10%	8,993	10%
Industries	834	18%	2,021	4%	10,923	18%	13,779	12%	9,909	11%
Energy, Water and Information and Communication Technologies	1,543	34%	6,552	14%	25,840	43%	33,935	31%	41,448	44%
Transport infrastructure and equipment,Sanitation and urban development	1,213	26%	13,604	29%	7,290	12%	22,107	20%	11,685	12%
Finances and insurance	676	15%	11,399	24%	1,583	3%	13,658	12%	5,979	6%
Hospitality and Tourism and other services	166	4%	1,613	3%	14,266	24%	16,045	14%	16,014	17%
ECL LOANS (A)	**4,604**	**100%**	**46,545**	**100%**	**59,903**	**100%**	**111,052**	**100%**	**94,028**	**100%**
Finances and insurance	338	100%	1,997	100%			2,336	100%	1,770	99%
Energy, Water and Information and Communication Technologies									17	1%
ECL SECURITIES (B)	**338**	**100%**	**1,997**	**100%**			**2,336**	**100%**	**1,786**	**100%**
TOTAL ECL (A+B)	**4,942**	**4%**	**48,542**	**43%**	**59,903**	**53%**	**113,387**	**100%**	**95,814**	

d) Distribution of ECL per bucket and per country

Country	2022								2021	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Amounts	%
BENIN	406	9%	2,846	6%	3,226	5%	6,479	6%	5,645	6%
BURKINA FASO	118	3%	7,178	15%	656	1%	7,953	7%	3,246	3%
IVORY COAST	2,033	44%	2,429	5%	2,718	5%	7,179	6%	5,562	6%
GUINEE BISSAU	10	0%	2,639	6%		0%	2,649	2%	2,780	3%
MALI	0	0%	11,453	25%	8,890	15%	20,344	18%	17,338	18%
NIGER	161	3%	5,921	13%	1,583	3%	7,664	7%	7,951	8%
SENEGAL	804	17%	3,211	7%	30,772	51%	34,787	31%	33,265	35%
TOGO	1,071	23%	10,868	23%	12,057	20%	23,997	22%	18,240	19%
TOTAL LOANS	**4,604**	**100%**	**46,545**	**100%**	**59,903**	**100%**	**111,052**	**100%**	**94,028**	**100%**
BENIN	7	2%	22	1%			29	1%	52	3%
BURKINA FASO	35	10%	508	25%			543	23%	453	25%
IVORY COAST	7	2%	75	4%			82	4%	125	7%
MALI	0	0%	0	0%			0	0%	0	0%
NIGER	0	0%	499	25%			499	21%	389	22%
SENEGAL	0	0%	390	20%			390	17%	209	12%
TOGO	182	54%	21	1%			203	9%	105	6%
TOTAL SECURITIES	**338**	**100%**	**1,997**	**100%**			**2,336**	**100%**	**1,787**	**100%**
TOTAL ECL	**4,942**	**4%**	**48,542**	**43%**	**59,903**	**53%**	**113,387**	**100%**	**95,814**	

20.2. Market risk

20.2.1. Exchange risk- operations in foreign currencies

Exchange risk is the possibility of recording losses due to an unfavorable evolution of exchange rate on the market. At BOAD, the exchange risk arises out of the fact that a

part of the loans is issued in foreign currencies, while the balance sheet assets is quoted in XOF. The Bank can therefore record losses in profitability, due to adverse changes in the price of currencies against the Euro. Parity between Euro and XOF is fixed.

20.2.1.1 Hedge accounting

To hedge the fluctuations in these currencies price, the Bank signed hedging agreements (forward-looking contracts and cross currency swap) on its borrowings in SDR and dollars. Through these agreements, the Bank has hedged 100% of its foreign currency risk excluding euros. As at the closing date, most agreements signed have a maturity of less than a year renewable at each maturity. The Bank's policy is to align the essential conditions of hedging agreements with hedged items'ones.

Economic link determination

The Bank determines the existence of an economic link between the hedging instrument and the hedged item depending on the currency, amount and schedule of their respective cashflows.
The essential conditions (such as nominal value, maturity and underlying) of the hedging instrument and the hedged item are in perfect agreement. The characteristics of the loans and their hedging instruments are identical. As a result, the two vary in opposite directions at the instigation of the same risk. In accordance with IFRS 9-B6.4.14, there is an economic link between the loans denominated in currencies other than euros of the Bank and the hedging instruments put in place.

Coverage ratio

The Bank covers all of its exposure to currency exchange risk (excluding euros). The amounts covered are the same as the notional amounts of the cover. As a result, the coverage ratio is 100%.

Sources of ineffectiveness

For all of the hedging instruments, the ineffectiveness could arise from certain decision-making affecting the maturities and timelines of the hedged items such as the early repayments of certain loans questionning the concordance between the characteristics of the hedged items and the instruments cover.

As of December 31, 2022, hedge ineffectiveness is considered not significant

Notional schedule

As of December 31, 2022, the schedule for the notional hedges is the same as that for the hedged loans.

The following table presents the fair value and notional amounts of derivative financial assets and liabilities as at 31 December 2022 and 2021 respectively:

Financial instruments	Notes	31 December 2022			31 December 2021		
		Assets	Liabilities	Notional/ Outstanding	Assets	Liabilities	Notional/ Outstanding
Derivative assets-fair value hedge	8	-	-	-	1,437	-	63,802
Derivative assets-cash flow hedge		94,084	-	1,189,322	86,630	-	1,136,624
Derivatives liabilities-fair value hedge	12	-	306	62,693	-	-	-
Derivatives liabilities-cash flow hedge			-			-	-
Total		**94,084**	**306**	**1,252,015**	**88,067**	**-**	**1,200,425**

The derivative assets come from the positive variation of the value of all the derivatives instruments (on the dollar and SDR credit lines and on 2027 and 2031 Eurobonds at 31 December 2022).

20.2.1.2 Debt structure as at 31 December 2022

The debt structure of the principal of the other borrowings from external partners and debts represented by securities are presented as at 31 December 2022 as follows:

Debt structure as at 31 December 2022							
Currencies	Currency amount	Exchange rate as at 31/12/2022	Present outstanding amount (millions of XOF)		% of total borrowings (D)	excluding Euro (A)	borrowings (B)
JPY	-	-	-				
USD	1,683,988	615,00	1,035,653		49,42%	95,16%	49,88%
DTS	64,152	820,69	52,649		2,51%	4,84%	2,54%
CHF	-	-	-		0,00%	0,00%	0,00%
TOTAL EXCLUDING Euros (A)	-	-	1,088,302	52%	51,93%	100,00%	
Euro	1,505,935	655,96	987,829	48%	47,14%		47,58%
TOTAL EXCLUDING F CFA (B)			2,076,130	100%			
			-				
F CFA for domestic bond issues ('C)			19,557		0,93%		
TOTAL BORROWINGS D= (B)+('C)			2,095,688		100,00%		

20.2.1.3 Analysis of sensitivity to exchange risk

Exchange rate sensitivity is measured in terms of impact of exchange rate variations on loan repayments. A positive impact is equivalent to a savings made on the repayment amount (gain) while a negative impact means an increased cost on repayment (loss). The market value as at closing of the accounts (31/12/2022) is the real value as at that date and +/-10% variations are anticipated value in the quarter following the date of reporting. It should be noted that all loans are granted in XOF and repaid in XOF.

The balance sheet impact of the analysis of sensitivity to exchange risk is nil due to the hedges put in place.

20.2.2. Interest rate risk

It is the risk for the Bank to see its profitability negatively affected by adverse changes in interest rates. Interest rate risk occurs when assets of a given rate and period are backed by liabilities of a period and/or a different type of rate.

20.2.2.1 Sources of exposure to interest rate risk and mitigating strategy of the Bank

The Bank's exposure to interest rate risk is caused by (i) sensitivity to interest rate associated with the margin between the rate that the Bank applies to its assets and the rate at which it contracted borrowings that finance its assets (ii) sensitivity to interest rate associated with the margin the Bank earns on its assets funded on equity capital and (iii)

rate of interest associated with the margin that the Bank earns on its assets funded both on equity and loans.

The Bank's financial policy seeks to optimize profitability by ensuring a correct affiliation between the characteristics of each asset category and those of the corresponding liability. It is worth noting that the Bank's assets and liabilities are at fixed rates. Thus, the Bank does not apply any hedging accounting to hedge against the interest rate risk

20.2.2.2 Interest rate risk sensitivity analysis

The Bank's balance sheet may be analyzed based on several parameters including: (i) balance sheet and off-balance sheet, (ii) Banking activity only, or (iii) FDC and FDE activities only. Then, based on the yield curve, there is a +/-1% variation of different market rates. The results of the analysis are summarized in the table below:

Scope (without off balance sheets)	31/12/2022		31/12/2021	
	Variation	Impact on income for 2023	Variation	Impact on income for 2022
Bank activity only	+ 100 points de base	+ 8,016	+ 100 points de base	+ 8,541
Bank activity only	- 100 points de base	- 8,016	- 100 points de base	- 8541
FDC activity only	+ 100 points de base	- 2,895	+ 100 points de base	- 2,114
FDC activity only	- 100 points de base	+ 2,895	- 100 points de base	+ 2,114

It appears from the sensitivity test that the Bank's balance sheet profile presents a gap of resources on FDC and FDE activities. It should be noted that the Bank does not borrow at variable rates according to its interest rate management policy.

The impact of the interest rate sensitivity analysis on equity capital is nil.

20.3. <u>Liquidity risk</u>

Liquidity risk is the institution's risk of not meeting its financial commitments on time and at reasonable cost. This is addressed by measuring the degree of processing and adequacy between resources and its use. The Asset-Liability management (ALM) committee, by analyzing the gaps and durations, sees to the adequacy, in terms of amount and duration, uses and resources, thereby contributing to liquidity risk management.

Details of maturities of assets and liabilities on an undiscounted basis is presented as at 31 December 2022 as follows:

	DURING 2023			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	253,082	0	0	0	0	253,082
Term deposits	0	31,010	0	0	0	31,010
Assets held for sale	0	0	2,245	0	0	2,245
Loans and advances to banks	0	0	238	0	0	238
Loans and advances to customers	19,423	134,710	221,373	1,096,080	968,340	2,439,926
Loans and advances to staff	354	1,733	2,386	8,490	5,609	18,571
Debt securities portfolio	3,842	45,001	24,077	195,950	71,725	340,595
Equity investments	0	0	0	0	146,440	146,440
Shareholders receivables	0	0	6,448	0	0	6,448
Derivatives assets	0	0	0	41,625	52,459	94,084
Accruals assets	0	0	11,560	0	0	11,560
Other assets	0	0	0	0	9,877	9,877
TOTAL ASSETS excluding tangible and intangible assets (A)	**276,701**	**212,454**	**268,327**	**1,342,145**	**1,254,449**	**3,354,076**
Deposits from banks (CAURIS, ROPPA, AFD)	7,171	0	0	0	0	7,171
Debts securities issued	0	19,558	0	546,696	996,225	1,562,479
Other debts	1,420	25,137	63,625	242,014	233,300	565,496
Earmarked funds	0	0	0	0	92,305	92,305
Provisions	0	0	0	0	10,006	10,006
Derivatives liabilities	0	0	0	306	0	306
	0	0	15,400	0	0	15,400
Other liabilities	0	0	0	0	4,475	4,475
TOTAL LIABILITIES (excluding equity) (B)	**8,590**	**44,695**	**79,025**	**788,016**	**1,336,311**	**2,257,638**

Details on maturities of assets and liabilities as at 31 December 2021 are presented as follows:

	DURING 2022			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	210,373	0	0	0	0	210,373
Term deposits	0	20,000	0	0	0	20,000
Loans and advances to banks	0	0	2,245	0	0	2,245
Loans and advances to customers	0	0	10,412	0	0	10,412
Loans and advances to staff	25,626	132,627	193,136	1,043,292	973,776	2,368,457
Debt securities portfolio	296	1,447	1,993	7,092	4,685	15,514
Equity investments	2,425	57,241	88,101	218,646	29,633	396,047
Shareholders receivables	0	0	0	0	138,161	138,161
Derivatives assets	0	0	6,585	0	0	6,585
Accruals assets	0	0	0	0	88,067	88,067
Other assets	0	0	16,596	0	0	16,596
	0	0	0	0	10,844	
TOTAL ASSETS excluding tangible and intangible assets (A)	**238,719**	**211,315**	**319,069**	**1,268,031**	**1,245,167**	**3,283,301**
Deposits from banks (CAURIS, ROPPA, AFD)	7,571	0	0	0	0	7,571
Debts securities issued	0	37,524	30,906	19,558	1,451,289	1,539,277
Other debts	273	33,303	62,606	279,729	265,940	641,852
Earmarked funds	0	0	0	0	114,083	114,083
Provisions	0	0	0	0	9,182	9,182
Derivatives liabilities	0	0	0	0	0	0
Accruals liabilities	0	0	24,533	0	0	24,533
Other liabilities	0	0	0	0	3,739	3,739
TOTAL LIABILITIES (excluding equity) (B)	**7,845**	**70,826**	**118,045**	**299,287**	**1,844,234**	**2,340,237**

Furthermore, the Bank has a liquidity policy, which ensures that, at any time, the Bank has a liquidity reserve to make disbursements on its banking and administrative operations, as well as for debt servicing. The standard practice is to hold liquid assets of at least nine (9) to twelve (12) months of net disbursements on loans (*disbursements on loans minus repayments obtained and repayment of debt incurred*).

20.4. Operational risk

The implementation of operational risk is based on the Basel standards for compliance with international best practices.
The approach aims at achieving the following objectives: (i) increase risk control by developing a risk culture at the Bank, (ii) understand upstream risks caused by the development of activities, (iii) keep top management informed about major risks and their monitoring mechanisms and (iv) improve internal controls.
This will help in directing efforts based on the priority nature of the risks and taking measures to improve the internal control system.
The operational risk management approach is based on the establishment and annual updating of the risk map. The methodology used has the following characteristics:

- the approach per business with the creation and updating of a process mapping;
- the identification of risks using the Basel risk categories help in refining the risk types;
- the rating of the risks identified;
- the rating of net risks from a grid defining the levels of probability and severity (impact);
- the identification of action plans to reduce such risks;
- the appointment of a risk owner for each identified risk.

The incidents database is developed and updated with incidents collected through the Operational Risk Correspondents, an automated tool and gradually consolidated to obtain the sufficient depth losses for their analysis.

NOTE 21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the classification of the Bank's assets and liabilities as well as their fair value as at 31 December 2022.

21.1 Classification of financial instruments

As at 31 december 2022, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities			Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
	through profit and loss	through OCI recyclable	through OCI non recyclable			
- Cash and cash equivalents				284,092	284,092	284,092
- Loans and advances to banks				238	238	238
- Debt Securities portfolio				340,595	340,595	340,595
- Loans and advances to customers				2,439,926	2,439,926	2,439,926
- Loans and advances to staff				18,571	18,571	18,571
- Shareholders receivables				6,448	6,448	6,448
- Equity investments	10,025		136,414	0	146,440	146,440
- Derivative assets	94,084			0	94,084	94,084
Total amount of financial assets	**104,109**	**0**	**136,414**	**3,089,870**	**3,330,393**	**3,330,393**
Borrowings				2,135,146	2,135,146	2,135,146
Derivative liabilities	306				306	306
Total amount of financial liabilities	**306**	**0**	**0**	**2,135,146**	**2,135,452**	**2,135,452**

As at 31 december 2021, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities			Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
	through profit and loss	through OCI recyclable	through OCI non recyclable			
- Cash and cash equivalents				230,373	230,373	230,373
- Loans and advances to banks				10,412	10,412	10,412
- Debt Securities portfolio				396,047	396,047	396,047
- Loans and advances to customers				2,368,457	2,368,457	2,368,457
- Loans and advances to staff				15,514	15,514	15,514
- Shareholders receivables				6,585	6,585	6,585
- Equity investments	10,771		127,390	0	138,161	138,161
- Derivative assets	88,067			0	88,067	88,067
Total amount of financial assets	**98,838**	**0**	**127,390**	**3,027,388**	**3,253,616**	**3,253,616**
Borrowings				2,188,700	2,188,700	2,188,700
Derivative liabilities	0				0	0
Total amount of financial liabilities	**0**	**0**	**0**	**2,188,700**	**2,188,700**	**2,188,700**

21.2 Levels of fair values

The table below classifies the financial instruments measured at fair value per level of fair value:

	Active market prices (level 1)		Evaluation techniques, of which all critical data are based on observable market data (level 2)		Evaluation techniques, of which all critical data are not based on observable market data (level 3)		Total amount	
	2022	2021	2022	2021	2022	2021	2022	2021
Derivative assets			94 084	88 067			94 084	88 067
Equity investments designated at fair value through P&L			10 025	10 771			10 025	10 771
Equity investments designated at fair value through OCI non-recyclable	12 728	12 286	-	-	123 687	115 103	136 414	127 390
Total amount of financial assets	**12 728**	**12 286**	**104 109**	**98 838**	**123 687**	**115 103**	**240 523**	**226 227**
Derivative liabilities			306	-			306	-
Total amount of financial liabilities			**306**	-			**306**	-

21.3 Valuation techniques of fair values

The table below records the valuation techniques of fair values at level 2 and 3 for financial instruments recognized at fair value in the balance sheet and key non-observable data used.

Type of financial instrument	Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Forward foreign currency contracts	Futures price fixing Fair value is calculated using quoted forward exchange rates at the reporting date and commuted value measurements based on high-quality contract yield curve / yield curves.	Non applicable	Non applicable
Currency swaps	Swaps models Fair value is the present value of the estimated cash flows. Floating rate future cash flow estimates are based on quoted swap rates, futures contract prices and interbank lending rates. The estimated cash flows are discounted using a yield curve developed from similar sources that reflects the benchmark interbank rate used by market participants in setting foreign exchange swap prices.	Non applicable	Non applicable
Equity investments	Sales comparison approach/ Discounted Cash Flow/ Net book value The fair value is estimated based (i) on the last market prices of comparable assets (normally up to 12 months), entered into under normal market conditions or a firm bid on more than 15% of the existing stock or (ii) the net present value is calculated using a discount rate of equity investments with similar risk/yield couple adjusted to take account of finance structure (provided that the entity has generated positive cashflow from operating activities during at least the two previous years), or (iii) the mathematical value based on the last financial statements available	Non applicable	Non applicable

NOTE 22. LEASES

22.1. As a lessor

The Bank leases part of its offices for professional uses as well as the leisure centre based in the staff residential estate. Beneficiaries include CAURIS SA, AfDB, CRRH-UEMOA, KFW and DYTOUI Consulting.

Most contracts are signed for a 2 years' period with tacit renewal. The tacit non-renewal of the lease should be notified by one of the Parties at least three months prior to the expected end date of the contract. The Bank controls and manages risks of the leased offices since any substantial modification to the leased offices or any willingness of tenants to sublet one or several parts of the leased offices must be done with its prior authorization. Furthermore, the Bank has put in place all required security mechanisms and any amendments must be approved by both parties.

The contracts include a clause on amendment of the rent at each renewal in order to take into account the price trend on the lease market, but the rate cannot exceed 10%.

22.1.1 Future minimal payments

As at 31 décember 2022, the amount of future minimum payments for non-cancellable lease contracts is as follows:

In millions of F CFA	2022	2021
Less than one year	77	100
Between one and five years	357	439
More than five years	557	677

22.1.2 Amounts recognized as net income

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

Items	2022	2021
Office rental income	74	105
Income from investment properties	3	7
TOTAL	**77**	**112**

22.2. As a lessee

The Bank has rented villas, which serve as residences for the Vice-President and Chiefs of Resident missions. Signed for several years, these contracts cover villas on a set of real estate made up of plain lands and buildings.

Some contracts do not anticipate an end period but include a clause which stipulates that they can only be cancelled upon prior notice by one of the parties within an interval of six months before the expected date of cancellation. Other contracts plan for a two-year lease period with a clause on tacit renewal. Based on historical relations with the lessors, contracts have always been renewed tacitly since their signing.

To take into account the trend of the lease markets, the rent amount is renegotiated every two years. Under such lease contracts, the Bank cannot sign a sublease contract.

The Bank has determined that these contracts are simple lease contracts. The rent to be paid to the property owner is adjusted regularly depending on the trend on the lease market and the Bank does not bear any risk related to the residual value of the land or building. Therefore, the owner holds quasi-totality of risks and benefits related to the lands and buildings.

22.2.1 Future minimal payments

As at 31 December 2022, future minimum payments for non-cancellable simple lease contracts are as follows:

In millions of F CFA	2022	2021
Less than one year	187	172
Between one and five years	865	797
More than five years	1,348	1,242

22.2.2 Amounts recognized as net income

Items	2022	2021
Conditional rent payments	182	202
TOTAL	**182**	**202**

NOTE 23. TRANSACTIONS WITH RELATED PARTIES

23.1. Loans to member countries

The outstanding loans to member countries is broken down as at 31 December 2022 as follows:

Items	Number of loans	Amount disbursed on signed loans					% Outstanding amounts	Undisbursed amounts
		FDC (1)	FDE (2)	PSCM (3)	PSPUM (4)	TOTAL(4) = (1+2+3)		
BENIN	78	150,803	15,238	85,439	17,175	268,655	14.8%	156,606
BURKINA	106	137,493	12,018	47,797	2,098	199,406	11.0%	267,308
IVORY COAST	49	105,106	13,326	8,476	0	126,908	7.0%	112,804
GUINEE BISSAU	73	140,564	11,417	37,322	1,494	190,797	10.5%	200,132
MALI	82	144,447	26,499	124,085	8,000	303,031	16.7%	158,935
NIGER	80	99,454	27,764	65,469	40,452	233,139	12.8%	244,790
SENEGAL	101	136,431	25,681	107,284	37,922	307,318	16.9%	217,048
TOGO	66	158,099	1,030	30,447	0	189,576	10.4%	154,046
TOTAL	**635**	**1,072,398**	**132,971**	**506,320**	**107,141**	**1,818,830**	**100.0%**	**1,511,669**

Loans granted to member countries are subject to intervention limits presented in Note 20.1.1. They are granted for a maximum period of eighteen (18) years (duration of FDC loans) with a five (5) years' grace period.

23.2. Loans guaranteed by AGF West Africa (Ex GARI Fund)

The Bank holds shares in the capital of the AGF West Africa Funds (Ex-GARI Fund). Outstanding loans guaranteed by AGF West Africa Funds (Ex-GARI Fund) amounts to XOF28,652 M as at 31 december 2022 for a guaranteed amount of XOF12,887 M.
Details of these outstandings and their guarantees are as follows:

Items	Outstanding amounts as at 31 December 2022	Guaranteed part	Guarantee ratio
USINE PHARMAC. DO-PHARMA	3,428	1,150	33.6%
MODERN. USINE PHARMAQUICK	612	306	50.0%
IMPLANT. UNITE TRANSF.EXTRACT. MARBRE	3,828	2,297	60.0%
IMPLANT. USINE PRODUC. CAOUT. C.I.H.	1,330	333	25.0%
CONSTRUCT. & EXPLOIT. GAZ S.T.S.G.	171	85	50.0%
(SOBEMAP)	548	192	35.0%
PHARMIVOIRE RCI	2,472	1,136	46.0%
Société Lacoste & Compagnie (Sénégal)	5,760	2,000	34.7%
MDS BURKINA	1,319	792	60.0%
SCS CARTONNERIE	2,751	1,380	50.2%
MOULIN MODERNE DU MALI	3,529	1,764	50.0%
PARENTERUS	2,905	1,453	50.0%
TOTAL	**28,652**	**12,887**	**45%**

23.3. Remunerations of senior executives and corporate officers

The remuneration of senior executives and corporate officers is as follows

Items	2,022	2,021
Salaries and gratuities	6,872	6,291
Pension contributions	401	345
Financial costs and services/pension	292	291
Costs of past services/pension	320	265
Compensation to Board of Directors	86	29
Sub-total 1	**7,971**	**7,221**
Pension benefit obligations	4,879	4,606
Sub-total 2	**4,879**	**4,606**

The remuneration of the President and Vice-Presidents are fixed by the governing bodies (*Council of Ministers and Board of Directors*) while remunerations of Managers are based on the Bank's salary scale.
Retirement commitments correspond to benefits granted to senior executives upon their final departure from the Bank.

NOTE 24. OFF-BALANCE SHEET COMMITMENTS

24.1 Commitments received

These commitments are funding agreements given to the Bank by foreign lenders and the guarantees received from regional funds for customers. These commitments are as follows:

Commitments received	31 December 2022	31 December 2021
Loan commitments to be drawn (a)	190,318	185,880
Guarantees received from Regional Funds (b)	18,972	27,651
Guarantees received from international insurers (c)	24,182	
Total	**233,473**	**213,531**

a) Commitments to be drawn are the remainder of loans yet to be mobilized on loans obtained from donors.
b) The Bank receives for its loans guarantees that are not financial (mortgage, pledge, collateral, etc.).
c) The Bank covers the credit risk of part of its outstanding loans through insurance policies signed with international insurers. The guarantee on the outstanding amount covered by these policies as at 31 December 2022 amounts to XOF 24,182 M.

24.2 Commitments given

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

Commitments given	31 December 2022	31 December 2021
Loan commitments given (a)	1,866,246	1,764,044
Advances for the financing of studies	24,066	20,892
Equity investment commitments (b)	54,197	55,264
Sureties and other guarantees	25,000	10,000
Credit insurance premiums to be paid (c)	4,978	5,903
Total	**1,974,488**	**1,856,102**

(a) Loan commitments given correspond to financing agreements whose execution depends on the compliance with suspensive conditions or whose actual disbursement depends on drawing requests from the borrower.

(b) Commitments for equity investments relate to BOAD's unpaid subscriptions to the capital of the following companies. The detail is presented as follows:

COMMITMENTS FOR EQUITY INVESTMENTS (in XOF 'M)	31 December 2022	31 December 2021
Cauris Croissance II Fund	1,791	1,808
African Renewable Energy Funds	0	17
Amethis West Africa (AWA)	282	282
Investors and Partners for Development Fund 2	719	719
Investment fund dedicated to the development of financial services in WAEMU	5,219	5,473
I&P Afrique Entrepreneurs 2 (IPAE2) Fund	932	1,289
Cauris Croissance IV fund	5,000	5,000
AFIG Fund II	408	270
ADIWALE FUND I	1,608	2,166
Seed Funds	12,000	12,000
Infrastructure Funds	26,238	26,238
TOTAL	**54,197**	**55,264**

(c) During the 2022 financial year, the Bank concluded credit insurance policies with insurers having a better international rating (A, A+, etc.). The purpose of this transaction is to reduce the Bank's exposure risk and to benefit from the effect of the better rating of these insurers which should enable the Bank, in time, to improve its own rating. The cost of committing to future payments under these policies amounts to XOF 4,978 M as at 31 December 2022 compared to XOF 5,903 M as at 31 December 2021.

NOTE 25. EFFECTS OF THE COVID-19 AND SOCIO-POLITICAL SITUATION ON THE FINANCIAL STATEMENTS OF THE BANK

25.1. Effects of the covid-19

On the date of closing of the individual accounts by its Board of Directors and taking into account the evolution of the pandemic, the known and estimated effects of COVID-19 were recorded in the Bank's financial statements. BOAD will continue to anticipate and report other financial effects of COVID-19 in its financial statements as they become known and estimable.

25.2. Suspension of operations with Mali

The period under consideration saw the sanctions of the Economic Community of West African States (ECOWAS) against Mali. These sanctions resulted in the suspension of operations with Mali from 9th January to 3rd July 2022 corresponding to the period of the sanctions.

25.3. Conflict in Ukraine

The conflict between Russia and Ukraine which began since February 2021 has effects on the WAEMU zone, in particular through the increase in the prices of fuel and certain basic necessities, thus leading to generalized inflation in the zone. Public counterparties, the Bank's main clients, could be impacted by this situation; which would result in an increase in their deficit and therefore in their credit quality. Private counterparties are also facing this difficult economic situation. Nevertheless, it should be noted that on the date of

closing of the accounts, no counterparty was prevented from fulfilling its obligations to BOAD in connection with this situation.

NOTE 26. SUBSEQUENT EVENTS

As of the date of the closing of the 2022 financial statements by the Board of Directors, the Bank's Management has not noted any subsequent event likely to call into question the Bank's continuity of operations.

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West African Development Bank (BOAD)

Statutory Auditor's report on the Audit of the Financial Statements

For the year ended 31 December 2021
West African Development Bank (BOAD)
68, avenue de la libération
BP 1172 Lomé (Togo)
This report contains 7 pages
Appendices contain 61 pages

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

Capital 25 000 000 FCFA
R.C.C.M. N° 2002 B 0873
C.C. N° 1000116739

KPMG Togo
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To the Board of Ministers of the West African Monetary Union (WAMU)
68, avenue de la libération, BP 1172 Lomé, Togo

Statutory Auditor's report on the Audit of the Financial Statements of the West African Development Bank (BOAD)

For year ended 31 December, 2021

1. Opinion

We have audited the financial statements of the West African Development Bank (BOAD), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

2. Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Togo, société togolaise membre de l'organisation mondiale KPMG constituée de cabinets indépendants affiliés à KPMG International Limited, une société de droit anglais (« private company limited by guarantee »)

SARL d'expertise comptable, audit et commissariat aux comptes inscrit à l'ONECCA Togo sous le numéro N°011.03.A2

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3. Emphasis of matters

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

a) note 2.27 "Changes in accounting estimates" to the financial statements, which sets out the impact of the change in the Bank's credit parameters and the change in the rating method for WAMU States;

b) note 25 "Subsequent events" to the financial statements, which sets out the effects of the economic sanctions imposed by ECOWAS and the WAMU monetary authorities against Mali.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

4.1. Credit risk identification and assessment

4.1.1. Identified risks

BOAD is exposed to a credit and counterparty risk.

These risks are defined as the probability that a debtor will be unable to meet the repayment of the granted loan. Counterparty default can have a significant impact on BOAD's net income.

BOAD books impairment on his exposures to mitigate these risks.

Impairment/provisions on healthy and doubtful receivables are based on an expected loss model, considering, in addition to the outstanding amounts, the commitments approved by the Board of Directors, the remaining disbursement on the corresponding loan through conversion factors. This method is based on a model for calculating expected losses according to changes appeared since the origin of the credit risk and according to a model integrating the various parameters (Probability of default, Loss given default, Exposure at default, notation).

We considered that the assessment of the credit risk and the measurement of the impairments / provisions represent a significant accounting estimate area, due to the significant use of judgment by the Management in determining the assumptions and the exposures classification.

As at December 31, 2021, the gross amount of customers receivables amounted to XOF 2,478 billion and were subject to a provision for impairment for a total amount of XOF 101 billion, including 15 billion of impairment recorded during the current year as detailed in appendix 5 and 17 to the financial statements.

Due to the magnitude of the carrying value of loans to customers and the significant use of judgment in determining the provision for loan losses, this area represents a key audit matter.

4.1.2. Audit procedures performed

To assess the reasonableness of the impairments / provisions made, we have:

- ✓ acknowledged the provision assessment process and the relative internal control system ;
- ✓ reviewed the provision/impairment governance process ;
- ✓ verified the consistency of data issued from the risk management systems with accounting data ;
- ✓ performed an independent calculation of expected credit losses on a selection of financial instruments as at December 31, 2021 ;
- ✓ assessed the consistency of the variation of provisions, receivables and cost of risk ;
- ✓ verified the consistency of the parameters applied in the calculation system in accordance with approved methodological principles ;
- ✓ verified that the rules for downgrading and impairment of doubtful debts have not been modified compared to the previous financial year and are correctly applied during the current financial year.

4.2. Valuation of hedging instruments

4.2.1. Identified risks

As at December 31, 2021, the Bank's outstanding borrowings include investment securities amounting to XOF 1,508 billion as specified in appendix 9 to the financial statements. This amount includes XOF 965 billion Eurobond issued in 2017, 2019 covered by forward contracts.

The audit of the valuation of hedging instruments in connection with borrowings was considered as a key audit matter due to:

- ✓ the significant impact of the complex valuation method on the Bank's net income;
- ✓ their materiality in the Bank's accounts.

4.2.2. Audit procedures performed

In this context, the works performed have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of valuation parameters ;
- ✓ make a detailed analysis of the Bank's hedging contracts ;
- ✓ test the correct application of the valuation method on a selection of hedging instruments ;
- ✓ Examine the disclosures relating to the valuation of financial instruments published in the notes to the financial statements.

4.3. Valuation of financial assets

4.3.1. Identified risks

BOAD records financial assets at fair value for XOF 138 billion as detailed in note 6 of the appendix to the financial statements. Changes in the fair value from one closing to another are recorded either in profit and loss or in equity in compliance with the adopted classification under IFRS 9.

Due to the restricted availability of market data, the valuation of level 2 and 3 financial instruments requires the use of judgment by the management in determining the valuation method and the parameters to be used.

We have considered the financial assets valuation at fair value (level 2 and 3) as key audit matter because of:

- ✓ the significant impact of the choice of valuation method on the Bank's net income ;
- ✓ the sensitivity of the parameters used for management's assumptions ;
- ✓ their materiality.

4.3.2. Audit procedures performed

In this context, our works on financial assets (portfolio of equity instruments) have been related to:

- ✓ update our knowledge then test the effectiveness of the control system relating to the determination of the valuation method used ;
- ✓ test the correct application of the valuation method on a selection of equity securities ;
- ✓ conciliate the value of the selected instruments with external documentation ;
- ✓ verify the accounting and management data's reconciliation;
- ✓ verify the appropriateness of the accounting methods used by the Bank and their correct application.

5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

6. Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibilities for the audit of the Financial Statements are further described in Appendix 1 of our report.

Lomé, March 18, 2022

Statutory Auditor

KPMG Togo

Franck FANOU
Partner

Appendix 1:

Statutory Auditor's responsibilities for the audit of the Financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control ;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management ;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern ;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appendix 2 :

Financial statements for the year ended 31 December 2021



BOAD'S FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31 DECEMBER 2021

MARCH 2022

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STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31 December 2021	31 December 2020
Cash and cash equivalents	4	**230,373**	**469,350**
Loans and receivables at amortized cost	5	**2,797,015**	**2,562,608**
- Loans and advances to banks		10,412	34,802
- Loans and advances to customers		2,368,457	2,166,679
- Loans and advances to staff		15,514	11,701
- Debt Securities portfolio		396,047	342,544
- Receivables from shareholders		6,585	6,882
Equity investments	6	**138,161**	**129,960**
- Equity investments designated at fair value through P&L		10,771	10,659
- Equity investments designated at fair value through OCI non-recyclable		127,390	119,301
Adjustment accounts and other assets	7	**115,507**	**35,483**
- Derivative assets		88,067	20,001
- Accruals assets		16,596	3,718
- Other adjustement accounts		10,844	11,744
Tangible assets	8	**6,177**	**6,223**
Investment properties	8	**654**	**691**
Intangible assets	8	**1,154**	**725**
Non-current assets held for sale	8	**2,245**	**2,245**
TOTAL ASSETS		**3,291,286**	**3,207,285**

LIABILITIES	Note	31 December 2021	31 December 2020
Liabilities at amortized cost	9	**2,188,700**	**2,125,764**
- Deposits from banks		7,571	2,369
- Debt securities issued		1,539,277	1,448,907
- Other debts		641,852	674,488
Earmarked funds	10	**114,083**	**97,250**
Adjustments accounts and other liabilities	11	**28,271**	**73,393**
- Derivative liabilities		0	63,902
- Accruals liabilities		24,533	7,638
- Other adjustement accounts		3,739	1,853
Provisions	12	**9,182**	**7,784**
Total liabilities		***2,340,237***	***2,304,191***
Capital		**247,902**	**234,348**
- Subscribed capital		1,103,650	1,103,650
- Callable capital		-826,230	-826,230
- Unpaid Capital		-29,009	-42,063
- Cost related to deferred paying-up of capital		-510	-1,012
Share premium		**2,622**	**2,622**
Reserves		**700,525**	**668,106**
- Reserves allocated to development activities		76,050	76,050
- Net gains on investments in equity instruments designated at fair value through other comprehensive income non recyclable		39,664	34,225
- Cashflow hedging reserves		22,514	20,424
- Other reserves		26	26
- Retained earnings		531,745	505,443
- Remeasurements of defined benefit liability		-298	636
- Net income for the period		30,824	29,302
Total equity	13	***951,049***	***903,074***
TOTAL LIABILITIES AND EQUITY		**3,291,286**	**3,207,265**

COMPREHENSIVE INCOME STATEMENT

COMPREHENSIVE INCOME STATEMENT	Note	2021	2020
Interests and related income		145,904	140,161
Interests and related charges		-85,744	-88,030
Net interest income		60,160	*52,131*
Fees and commissions (income)		3,101	2,756
Fees and commissions (charges)		-1,111	-1,206
Net interest and fee income	14	62,150	*53,682*
Exchange gains		30,047	124,027
Exchange losses		-107,822	-396
Gains/ losses on hedging instruments		97,761	-103,288
Gains/ Losses on foreign exchange	***15***	***19,986***	***20,342***
Margin on interests, fees and foreign exchange		82,136	*74,024*
Gains/ losses on financial assets designated at fair value through profit and loss (IFRS 9)		112	224
Dividends received (income from equity investments)	16	3,390	3,228
Net banking income		***85,638***	***77,476***
Cost of risk	17	***-30,092***	***-27,703***
Endowment from member states		3,200	3,200
Other operating income		461	509
Charges related to development activities		-1,370	-2,162
General operating expenditures		-26,960	-21,944
- Staff overheads		-16,935	-14,991
- Amortizations and depreciations - Property, equipment and intangible assets		-1,230	-1,172
- Other operating costs		-8,795	-5,782
Other operating charges		-52	-73
Other net operating income	**18**	***-24,721***	***-20,470***
Net income for the period		**30,824**	**29,302**
Other comprehensive income			
Items that will be reclassified to profit or loss		**2,090**	**40,969**
Cashflow hedges (CFH)		2,090	40,969
Net gains on financial assets at fair value through "other comprehensive income"			
Items that will not be reclassified to profit or loss		**4,504**	**-10,015**
Revaluation of tangible and intangible assets			
Net gains on financial assets at fair value through "other comprehensive income"		5,439	-9,816
Remeasurements of defined benefit liability		-935	-198
		0	
Total other comprehensive income		***6,595***	***30,955***
Total comprehensive income for the period		**37,419**	**60,257**

CHANGES IN EQUITY

	Capital				Share premium	Reserves						Total
	Subscribed capital	Callable capital	Unpaid Capital	Cost related to the deffered paying-up capital (1)		Reserves allocated to development activities	Other reserves	Remeasurements of defined benefit liability	Net gains on investments in equity instruments designated at fair value through other comprehensive income	Cash flow hedges reserves	Retained earnings	
Equity as at 1st January 2020	1,103,650	-826,230	-55,740	-1,800	2,622	76,050	26	834	44,041	-20,546	508,819	831,727
												0
Increase in capital												
Unpaid capital												
Modifications of the first application of IFRS 9												
Net income as at 31 December 2020 before allocation											29,302	29,302
Other comprehensive income	0	0	13,677	0	0	0	0	-198	-9,816	40,969	-378	44,257
Capital paid up in 2020	0	0	13,677									13,677
Adjustments on retained earnings											-3,879	-3,879
Net gains or losses on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									-9,816		3,504	-6,313
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-198				-198
Cash flow hedges										40,969		40,969
Others changes				787								787
Allocation of 2019 income											-3,000	-3,000
Transfers												0
Contributions et distributions												
Total transactions with the owners of the Bank												
Equity as at 31 december 2020 and as at 1st January 2021	1,103,650	-826,230	-42,063	-1,012	2,622	76,050	26	636	34,225	20,424	534,746	~~883,074~~
Increase in capital	0											0
Net income as at 31 december 2021											30,824	30,824
Others changes				503								503
Allocation of 2020 income											-3,000	-3,000
Other comprehensive income												
Capital paid-up in 2021			13,054									13,054
Adjustments on retained earnings											0	0
Net gains on investments in equity instruments designated at fair value through other comprehensive income (IFRS 9)									5,439		0	5,439
Fair value reserves (available-for-sale financial assets)									0			0
Remeasurements of defined benefit liability								-935				-935
Cash flow hedges										2,090		2,090
Sub-total other comprehensive income	0	0	13,054	0	0	0	0	-935	5,439	2,090	0	19,648
Transfers												0
Contributions et distributions												
Total transactions with the owners of the Bank												
Balance as at 31 december 2021	1,103,650	-826,230	-28,009	-510	2,622	76,050	26	-299	39,664	22,514	562,570	961,049

CASHFLOW STATEMENT

Items	Notes	2021	2020
Cashflow from operational activities		**31/12/2021**	**31/12/2020**
Income for the period		**30,824**	**29,302**
Adjustments related to non-monetary and other items			
Unrealised gains/losses		-20,133	-19,991
Exchange gains		-30,047	-748
Exchange losses		30,194	396
Amortization		1,230	1,172
Depreciation		0	0
Cost of risk		30,092	27,703
Gains/ losses on financial assets designated at fair value through profit and loss		-112	-224
Other items		-2,838	-3,817
		8,387	**4,492**
Changes in assets and liabilities from operations			
Loans and advances to banks		24,391	15,317
Loans disbursements		-452,630	-493,095
Repayments of loans		341,518	374,667
Other receivables from customers		-105,169	-97,327
Loans and advances to staff		-3,813	-737
Securities portfolio		-55,175	-54,611
Other assets		-26,023	-2,778
Deposits from banks		5,202	-94
Other debts		85,797	88,030
Other liabilities		32,614	39,190
		-153,289	**-131,438**
Cashflow from operations activities (a)		**-114,077**	**-97,644**
Cashflow from investment activities		**2021**	**2020**
Acquisitions of tangible assets		-1,045	-1,420
Sales of tangible assets		14	36
Acquisitions of intangible assets		-546	-395
Sales of intangible assets		0	0
Acquisitions of shares		-4,025	-3,973
Sales of shares		1,374	6,662
Cashflow from investment activities (b)		**-4,228**	**910**
Cashflow from financing activities		**2021**	**2020**
Resources from capital paying-up		17,283	17,895
Redemption of shares		0	0
Debt issuance		621,274	251,491
Repayment/debts represented by a security		-574,708	-174,769
Repayment/other loans		-184,520	-104,683
Cashflow from financing activities (c)		***-120,672***	***-10,067***
Net increase/(decrease) of cash and cash equivalents (a+b+c)		**-238,977**	**-106,801**
Cash and cash equivalents at opening	**4**	**469,350**	**576,151**
Cash and cash equivalents at closing	**4**	**230,373**	**469,350**
ADDITIONAL INFORMATION			
Operating cashflow from interests and dividends:			
Interest paid		75,563	90,687
Interest received		122,081	117,704
Dividends received		3,390	3,228

NOTE 1. ACTIVITY OF BOAD

The West African Development Bank (BOAD) is the common development finance institution of the member countries of the West African Economic and Monetary Union (WAEMU), established by an Agreement signed on 14 November 1973.
BOAD became operational in 1976.
As an international public institution, BOAD has its headquarters in Lomé (Togo), located at 68, avenue de la Liberation, and Resident Missions in each of the capital cities of the other seven WAEMU member countries.
The Bank's shareholders include WAEMU member countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo) and the West African Central Bank (BCEAO), three European countries (Germany, France and Belgium), as well as African Development Bank (AfDB) and European Investment Bank, People's Republic of China, Eximbank of India and the Kingdom of Morocco.
As provided under article 2 of its Articles of Association, BOAD seeks to "promote balanced development of member countries and foster the achievement of economic integration within West Africa" by financing priority development projects. The Bank provides financing for projects in the following areas: rural development, basic infrastructure, modern infrastructure, telecommunications, energy, industry, agro-industry, transport, tourism and other services.
In order to finance its activities, the Bank can, as stated under Article 37 of its Articles of Association, issue bond loans on the Union's domestic market or on the foreign capital markets and contract, from international or foreign public or private agencies, loans with any maturities and repayment conditions, both in the Union's currency and foreign currencies or units of accounts as may be deemed suitable to the Bank's Board of Directors.
Under Article 44 of its Articles of Association, the Bank, its revenues, property and other assets, as well as transactions and operations undertaken by it under these Articles of Association, shall be exempted from all direct or indirect taxes. No tax shall be levied by the Union's governments or communities on bonds issued by the Bank or on interests therefrom, whosoever the titleholder may be.

NOTE 2. SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES

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

2.1 Declaration of conformity

The financial statements of the West African Development Bank ("the Bank"), for the year ended 31 December 2021 and the comparative figures for 2020, have been established in accordance with the International Financial Reporting Standards (IFRS) - as issued by the IASB (*International Accounting Standards Board*).

2.2 Functional currency and reporting currency

The functional currency of the Bank is the African Financial Community Franc (FCFA/XOF). It is also its reporting currency.
All the figures in BOAD's financial statements are quoted in millions of FCFA/XOF (XOF' mln), unless otherwise stated.

2.3 Basic financial reporting principles

The principles that serve as a basis for financial reporting include:

Continuity of operations

The financial statements for the year ended 31 December 2021 have been prepared based on the principle of continuity of operation where the Bank has neither the intention, nor the need to end or significantly reduce the scope of its activities.

Non-compensation of financial assets and liabilities

The Bank's financial statements are presented according to the principle of non-compensation of financial assets and liabilities.

2.4 Key bases for evaluation

Financial statements are based on historical cost except for certain financial assets measured at fair value.

2.5 Critical accounting assumptions and key sources of uncertainty for estimates

The preparation of financial statements, in accordance with IFRS, requires that the Bank's management provides estimates, assumptions and judgements that affect the value of assets, liabilities, income and expenditure. Estimates and assumptions are continually evaluated and take into account experiences and other factors, including future events deemed reasonable under the current circumstances. The most significant assumptions and estimates are summarized below:

2.5.1 Main assumptions

The Bank's accounting policy requires that assets and liabilities be recorded during their acquisition into different accounting categories. This decision requires detailed meaningful judgment on the classification and evaluation of financial assets in accordance with IFRS 9 (loans and receivables, equity investments, and investment portfolio).

2.5.2 Key estimates

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

Assessing the fair value of equity investments: at each reporting date, the Bank reviews its equity portfolio to assess its fair value based on financial information or stock prices available and estimates changes in fair value (***See Note 2.6***).

Assessing fair value of financial derivatives: at each reporting date, the Bank contracts a specialist to assess the fair value of hedging instruments put in place to protect itself against currency risk on loans contracted in SDR and USD. (***See Note 2.22***).

Assessing obligations linked to defined benefit pension plan: the actual value of pension obligations is sensitive to the financial and actuarial assumptions used, including the discount rate. At the end of each reporting date, the Bank determines the appropriate discount rate to be used to determine the fair value of the estimated future pension obligations (***See Note 2.18***).

2.6. Fair value of financial instruments

2.6.1 Definition and hierarchy of fair value

Fair value is the price at which an asset would be sold or bought to transfer a liability in a normal transaction between market participants at the valuation date.
The fair value of financial instruments is presented according to a fair value hierarchy with three levels depending on the importance of the data used for the assessments.

Level 1: Fair value determined using quoted prices (unadjusted) on active markets for similar assets or liabilities

Level 2: Fair value estimated from data, other than quoted prices in level 1 whose asset or liability is observable directly (in the form of prices) or indirectly (derived from prices)

Level 3: Instruments for which data for valuation are not based on observable market data ('unobservable' data).
As much as possible, the Bank uses observable market data to assess assets and liabilities at fair value.

2.6.2 Valuation methods

For financial instruments measured at fair value on the balance sheet, the fair value is determined primarily on the basis of prices quoted in an active market. These prices may be adjusted, where applicable if they are not available at the reporting date or if the value of compensation does not reflect transaction prices.

However, due to the multiplicity of the features of the financial instruments negotiated OTC on financial markets, a large number of financial products handled by BOAD are not directly listed on the markets. The fair value of these products is determined by using the valuation techniques with observable or unobservable data.

2.7 Cash and Cash equivalents

Cash includes cash on hand and demand deposits.

Bank deposits of more than three (3) months are also classified as cash and cash equivalents given the clause specifying that they can be freed-up at any time. No short-term bank deposits should exceed one year.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are held in order to meet the short-term (operational and functional) cash commitments rather than for investments or other purposes.

2.8 Loans and advances to banks

Loans and advances to banks include interbank loans and related accrued interests. As at 31 December 2020, all these receivables were due in less than a year.

2.9 Loans and advances to customers

The Bank's portfolio on "loans and advances to customers" mainly correspond to loans granted to the public (non-commercial and commercial public) and private sectors.

2.9.1 General principles

Loans granted by BOAD are denominated in CFA Francs (XOF) and at fixed rates. They are accounted at the contract rate which corresponds to the market rate. Borrowers have the option to make early repayment of such amounts subject to conditions contained in loan agreements and conventions.
BOAD rate conditions as regards the non-commercial Energy sector are equivalent to those applied by the Energy Development Fund (FDE), which are themselves at market conditions.

2.9.2 Interests and commissions on receivables from customers

Interest and commissions on loans granted to customers are recorded in the period in which they were acquired using effective interest rate. Interests that have accrued but not yet due at the reporting date are recorded as interests on receivable loans.
Default interests are calculated on unpaid instalments after a grace period of one month.
Flat commissions (processing fees) are fees charged only once at the project evaluation. They are recorded in the income statement by linear spread over the lifespan of the loan. The difference between this method of accounting for these commissions and their integration in the effective interest rate of the loan is considered non-significant.
The financing arrangement fees are captured in income as soon as they are due.

2.9.3 Loans to States

Loans to States are initially recorded at fair value in the balance sheet and measured at amortized cost. These loans receive a subsidy that is consistent with market practice.
The Bank incorporates an adjustment clause in its loans to States portfolio. Since the Bank has put in place hedging instruments to protect itself against currency risk, activating the adjustment clause for Loans to States is not necessary based on the current financing structure. Moreover, the risk management policy agreed by the Bank provides for a systematic hedging on borrowings contracted in SDR and USD. Therefore, the creation of an adjustment clause is more of a safeguard measure than a risk management policy. Its activation is not expected.
Finally, the existing adjustment clause does not exclude recognizing these loans at amortized cost.

2.9.4 Impairment of loans and advances to customers

The Bank carries out the classification of a loan or security within a bucket according to the following criteria:

- Bucketd 1: financial assets considered as performing loans with no credit downgrading or downgrading of credit risk by one notch since their initial recognition;
- Bucket 2: financial assets whose credit risk shows a downgrading by at least two notches since the initial recognition or whose rating is lower than the SG5 sensitivity limit in the case of the Bank. Restructured loans are classified in bucket 2 with the rate SG6 during the 18 months following their restructuring;
- Bucket 3: financial assets with more than 90-day unpaid installments or whose credit risk downgrading is such that there is incurred loss. The provision is individual and remains unchanged from the practice under IAS 39.

a) Expected losses approach to provisionning for buckets 1 and 2

Expected losses represent an estimate established by probabilistic weighting of credit losses. This weighting must integrate past events, current conditions and the forecast of future economic conditions.

They are determined collectively by discounting at effective interest rates according to the formula **ECL = PD x LGD x EAD** where PD (Probability of Default) represents the probability of default, LGD (Loss Given Default) corresponds to the loss in the event of default and EAD (Exposure at Default) is the Bank's exposure in the event of default.

The determination of PD and LGD takes into account the calibration of the Bank's rating models with a "masterscale" mapped to GEM's[1]. This mapping made it possible to draw up a loan claims matrix by category of borrower (sovereign, public and private companies).

For the calculation of the EAD, all outstanding amounts as well as financing commitments are taken into account. A factor of conversion factor into credit equivalent of the balance to be disbursed is applied to the parts not yet disbursed from financing commitments.

The shortfalls in cash flow are discounted over a period of one year for bucket 1 while the discount is made on the residual maturity for bucket 2. They are recognized as cost of risk in the income statement.

It should also be noted that interest income is calculated on the basis of the gross value of the receivables.

b) Expected losses approach of impairment for bucket 3

The calculation of expected losses is carried out instrument by instrument. They correspond to the difference between the discounted amounts of future cash flows (expected from the borrower, financial guarantees, etc.) and the book value at the reporting date. Cash flows are discounted at the effective interest rate of the loan. This difference is recognized in cost of risk in the income statement.

Interest income is calculated on the basis of the net book value. The difference between interest income calculated on the basis of gross value and that calculated on the basis of net book value is carried in cost of risk in the income statement.

2.9.5 Originating, restructuring or renegotiating loans

When the loan contracts are modified, the Bank analyzes the reasons (renegotiation, reorganization or restructuring) for the modifications and assesses the substantial nature of the modifications made on a case-by-case basis.

a) Changes without substantial impacts

In the event of a modification resulting from financial difficulties, the loan is considered as impaired outstanding (bucket 3) and is subject to a discount of an amount equal to the difference between the discounted contractual cashflows initially expected and the discounted future cashflows expected (capital and interests) following the restructuring.

---

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

The discount rate used is the initial effective interest rate. This discount is entered in the net result in the "cost of risk" item and in the balance sheet as a reduction of the corresponding outstandings. It is impacted on the net income over the lifespan of the loan. This loan is reinstated as a healthy loan when there is no longer any uncertainty about the borrower's ability to honor its commitments.

In the event of modifications not justified by financial difficulties, the loan is entered in bucket 2. The gross book value of the loan is recalculated so that it is equal to the present value of the contractual cash flows renegotiated or modified at the rate of initial effective interest. The difference noted (profit-surcharge or loss-discount) is entered in the net result in the "cost of risk" item and then reported in the result over the term of the loan.

b) Changes with substantial impacts

When the change is substantial, the contractual rights to the cash-flow of the original loan are deemed to have expired. In this case, a new loan is recorded at fair value, while the original loan is derecognized. The difference between the book value of the derecognized loan and the fair value of the new loan is recorded in profit or loss in the "cost of risk" item. Any impairment previously recorded on the loan is adjusted or fully reversed.

2.9.6 Loans to staff

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

2.9.7 Pre-financing of surveys

Pre-financing of surveys represents an advance granted by the Bank to finance the cost of a feasibility survey for a project.

The pre-financing of surveys granted by BOAD are the responsibility of the borrower in the event that the studies conclude that the projects are viable. If the study results in a project financed by the Bank, its cost plus interest is then incorporated into the loan amount and, therefore, constitutes the first disbursement.

In the event that the survey leads to a viable project whose financing is not requested from the Bank, the advance plus interest is reimbursed to it over a defined period and at a given rate. Otherwise (unsustainable project), it constitutes a subsidy granted by the Bank and recognized in final consumption therefore expensed over the reporting date.

2.9.8 Grants and subsidy mechanism

Loan subsidies are paid in by countries to reduce the cost of loans for borrowers. These subsidies help to grant concessional loans based on market resources (by reducing the average cost of resources allocated to each of the concerned loans).

2.9.9 Financial guarantees and financing commitments

Financing commitments record the outstanding amounts due as part of loan agreements signed with customers. These commitments are recorded off-balance sheet for amounts not yet used.

Some of these loans are covered by financial guarantees received. These financial guarantees allow the Bank to be reimbursed by the guaranteeing companies in the event

of default by its customers. The fair value of these guarantees corresponds to their nominal value.

The Bank also grants financial guarantees (essentially commitments by signature in the framework of short or medium or long-term guarantee or counter-guarantee contracts) which oblige it to reimburse the subscribers of the beneficiary of the guarantee in the event of default of the latter.

The financing commitments received correspond to the drawdowns not yet made on the loans from which the Bank benefits.

2.10 Receivables from shareholders

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

2.11 Securities portfolio

With the transition to IFRS 9, all securities held by the Bank are classified as financial assets at amortized cost. These include bonds with fixed or determinable payments that are not quoted on active market.

The impairment model is the same as that applied to loans and receivables from customers.

2.12 Equity investments (equity securities)

Equity securities (equity investments) are shares held by the Bank in other entities from diverse sectors in accordance with its equity investments strategy (See Note 6.1).

Equity securities are equity instruments that are recognized at fair value into two distinct categories (fair value through profit and loss and fair value through OCI non-recyclable to profit and loss). All new equity investments will be analyzed line by line to ensure their classification in one of the above categories.

a) Fair value through profit and loss

This default classification is mandatory for equity instruments held for transactions. This is an option identified for equity investments held by the Bank and representing an undertaking for collective investment in transferable securities (UCITS), namely an open-ended investment company and a mutual fund. Dividends and capital gains or losses on these assets are recognized in the income statement. They are not subject to depreciation.

b) Fair value through OCI non-recyclable to profit and loss

This classification was selected for all equity transactions of the Bank considered as strategic in line with its development mission. Dividends are recognized as income in the income statement. Any subsequent variation of the fair value (gains/losses) is recognized as other items in the comprehensive income statement and never recycled as income.

2.13 Fixed assets and amortizations

2.13.1 Recognition and evaluation

Fixed assets are recognized at their cost of acquisition. When significant components of fixed assets have different useful life, they are recognized as distinct fixed assets (major components). Subsequent expenses are only activated if there is probability that

associated economic profits will go to the Bank. The loss or profit on fixed assets are recognized in the net income statement.

2.13.2 Amortizations and impairment test

Fixed assets are amortized on a straight line over their estimated useful life. Estimated residual values are considered as nil. Below is the different useful life:

	Amortization per component over the following duration
1. Constructions	
a. Land	Not amortizable
b. Construction work	40 years
c. Technical installations	20 years
d. Technical lots, fittings and facilities	15 years
e. Diverse facilities	10 years
2. Office materials and furniture	3 to 10 years
3. Housing equipment and furniture	3 to 10 years
4. Transportation material	3 years
5. Fittings and facilities	3 to 10 years

Assets that are likely to depreciate are reviewed annually to determine whether they have suffered a loss in value. The book value of an asset is immediately captured in the recoverable amount if the book value exceeds its estimated recoverable amount. The recoverable amount is the highest amount between the fair value of the asset (minus selling costs) and its value-in-use. The residual values and useful life of assets are reviewed periodically and adjusted if necessary.

The monthly amortization charges are recognized in the income statement under item "Depreciations" on line "general operating expenses".

2.13.3 Intangible assets

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

2.13.4 Investment properties

a) Recognition and measurement

Investment properties are initially measured at cost, including transaction costs and subsequently measured at amortised cost. Subsequent expenses are

Subsequent expenses are recognized in the book value of the investment property when they increase the capacity of the investment property or when they are intended to replace significant parts of the investment property. The Bank has choosen the cost model, all the investment properties are measured at cost less accumulated depreciation and less accumulated impairment losses.

b) Transfers to or from investment property classification

Transfers to, or from, investment property should only be made when there is a change in use. Transfers between categories do not change the book value of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

c) Derecognition and disposals

An investment property should be derecognised on disposal or when the investment

property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

d) Rental income from investment properties

The Bank recognises the lease payments associated with these leases as an income on a straight-line basis over the lease term. The benefits granted by the Bank under a rental contract form an integral part of the total net rental income over the entire duration of the rental contract.

2.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

All rental contracts are classified as operating leases. All the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.15 Deposit from banks

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

2.16 Debts securities and debts from donors

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

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

2.17 Allocated external funds

These are funds with external contributions from AFD, IDA, Belgian Assistance Fund, China International Fund, etc.

Expenses incurred are charged directly on the Fund created. No charge nor income is recognized in the comprehensive income statement of the Bank for these funds.

2.18 Pension commitments

2.18.1 Plan used by the Bank: Defined benefit scheme

The Bank uses the "defined benefit" system in which the employer agrees to pay specific benefits in the form of pensions or retirement benefits, depending on the employee's length of service and salary. These benefits are paid directly by the Bank to the beneficiary.

The pension plan is entirely financed by the Bank. Staff are not obliged to contribute to the scheme.

2.18.2 Determination of net liability under the defined benefit scheme

The Bank's net defined benefit obligation is assessed by estimating the amounts of future benefits acquired by the staff during their actual and past periods. This amount is calculated based on the actuarial liability related to the Bank pension obligations, but less the fair value of the hedging assets of the pension fund.

The Bank does not have any hedging asets to cover its pension plan.

The actuarial assumptions used are calculated annually by a qualified actuary using the Projected Unit credit method.

Revaluations of the net liability for defined benefit plans including actuarial gaps are recorded immediately under other items in the comprehensive income statement.

2.18.3 Actuarial assumptions

Actuarial assumptions as at the closing date are as follows:

Actuarial assumptions	2020	2019
Discount rate	6.18%	6.18%
Rate of salary increase	6%	6%
Rate of staff turnover	1%	1%
Retirement age	60 years	60 years
Mortality table	Table CIMA	Table CIMA

The risks related to the retirement benefit scheme are rather related to the changes in discount rate and increases in salary. The discount rate remains the same and corresponds to the average yield of bonds purchased by the Bank during the 2020 financial year.

2.19 Transactions on share capital and allocations

2.19.1 Capital

The Bank's capital is made up of shares of nominal value equal to XOF 50,000,000. It is divided into two categories of shareholders: Class A shareholders including WAEMU member countries and the Central Bank of West African States (BCEAO) and class B shareholders which are non-regional shareholders. Capital call-up is based on a long term payment plan. Therefore, the amount of the capital increase is discounted at each reporting date. In order to provide a more appropriate presentation, the difference is captured in "Cost related to deferred paying-up of capital".

According to Article 7 of its Articles of Association, the Bank's callable capital is used as guarantee for loans contracted by the Bank.

2.19.2 Allocations

Member countries make allocations annually to BOAD. BOAD's right to these allocations is established at the adoption of the Bank's updated financial outlook over a period of four (4) years. This application is made annually and as a result, the allocations are captured annually as income. The allocations are therefore recognized as receivables during the fiscal year, with impact on the year's income under IAS 20.

This recognition helps cover expenses related to development activities namely studies conducted but captured as final consumption, interest rate subsidies for loans to States.

2.20 Investment income from the Central Bank

Interests paid by BCEAO on BOAD's assets invested with it, are captured as "Interests and related income" for the period in which they were earned.

Interests receivable from BCEAO as at the year-end reporting are recorded as assets under "loans and advances to banks".

2.21 Interests and fees on debts

Interests and commitment fees are subject to a monthly subscription calculated on the basis of loans recorded at the reporting date.

Interests accrued but not due on loans are recorded at the end of the year and find their counterpart liabilities on the balance sheet under "Other liabilities at amortized cost".

At each reporting date, loans, interests and commitment fees accrued but not due pertaining to loans in foreign currencies are valued at the last reported exchange rate.

2.22 Derivatives and hedge accounting

2.22.1 Derivatives

The Bank uses derivative instruments to hedge exchange risks. These instruments are mainly an exchange cross-currency swap specifically for the Eurobond 1 issue and forward exchange contracts on Eurobond 2 issue and other borrowings. Derivatives serve to cover the variability of cash flows resulting from exchange rates fluctuations on borrowings contracted in foreign currencies (SDR and USD). This relation is established from the date of issue of the borrowing and maintained throughout the contract terms.

The Bank assesses all its financial derivatives at fair value and changes in fair value are generally recognized through profit and loss. When the required conditions are met for the application of the fair value option, the debt in question is also assessed at fair value and changes in fair value are recognized as net income.

2.22.2 Fair value hedge

The Bank applies fair value hedge accounting to derivatives to hedge the exposure to currency risk associated with foreign currency borrowings. Under fair value hedge accounting, changes in fair value of the hedging instrument and changes in fair value of the hedged item attributable to the risk being hedged are recognized as profit and loss.

From the onset, the Bank documents the relation between the hedging instrument and the hedged item as well as the risk management objectives and its strategy to undertake hedging transactions. The hedge accounting stops being applied when the objective of the Bank's risk management for the hedging relationship changes or when the hedging instrument has matured, is sold or is abrogated or is exercised or when the hedge accounting does no longer meet required conditions for the hedge accounting.

2.22.3 Cash flow hedge

When a derivative is recognized as cash flow hedge instrument, the effective portion of the change in fair value of the derivatives is recognized as other comprehensive income and accumulated in the cashflow hedge reserve. All other ineffective portion in the change in fair value of the derivative is recognized immediately as profit or loss.

The accumulated amount in equity is recognized as Other comprehensive income and reclassified to profit or loss at a date or dates when the anticipated cashflow hedged or the hedged item affects profit or loss.

If the anticipated transaction is no longer expected to occur and the hedge no longer meets the criteria for hedge accounting, or the hedging instrument expires, is sold, terminated, exercised or cancelled, the Bank ceases to apply prospective hedge accounting. If the

anticipated transaction is no longer expected to occur, the balance in equity is reclassified to net income.

2.23 Non-current Assets Held for Sale

Non-current assets are classified as held for sale if it is highly likely that they will be recovered primarily through sale rather than through continuous use.

Non-current assets that are classified as held for sale are measured at the lower of book value and fair value less costs to sell. Any impairment prior to classifying an asset as held for sale and gains of losses for any subsequent increase in fair value less costs to sell of an asset are recognised in the statement of profit or loss.

2.24 Cashflow statement principles of presentation

The cashflow statement explains the change in the Bank's cashflows during the period under review.

The cashflows are distributed among the operating, investments and financing activities. Cash and cash equivalents appearing in the cashflow table should be compared with those presented in the financial statement. Flows from operating activities are presented using the indirect method whereby the result is adjusted of the effects of non-cash transactions, any deferrals or accruals from past entries or past/future operational cash payments and income or expenditure items related to the cashflows for investments or financing.

Cashflows related to investing and financing activities are presented separately according to major categories of gross cash inflows and outflows from investing and financing activities.

Cashflows from foreign currency transactions are recorded under the Bank's functional currency by applying the foreign exchange rate between the functional currency and the foreign currency as at the date of the cashflows.

2.25 Subsequent events

The Bank makes adjustments to its financial statements to reflect events that occurred between the reporting date and the date on which the said financial statements are authorized for issue, provided that these events relate to existing situations as at the reporting date.

If these events relate to events that occurred after the date of closing of the accounts but require disclosure, the balance sheet, income statement, cash flow statement and the statement of changes in equity are not adjusted. The nature and potential impact of these events are captured in note 25 below.

2.26 Approval of accounts

BOAD's individual accounts as at 31 December 2021 were approved by the Board of Directors at its 16 March 2022 meeting.

2.27 Change in estimates

Except as described below, the Bank has applied the accounting policies described in the notes 2.1 to 2.26 in a similar basis for all the previous periods presented.

2.27.1 Changes to the expected credit loss (ECL) estimation parameters from the financial year 2021

During 2021, the Bank initiated a process of continuous improvement of its methodological approach to estimate expected credit losses (ECL). This process led to a review of the credit risk parameters, in particular the probability of default-PD, the loss given default-LGD and the conversion factors into credit equivalent-CCF.

As of the closing date of the accounts on 31 December 2021, the application of the new parameters has resulted in a change in the cumulative expected credit losses from XOF 101,752 M (old parameters) to XOF 95,814 M (new parameters), i.e. a writeback of depreciation of XOF 5,938 M, of which XOF 3,152 M on bucket 1 and XOF 2,786 M on bucket 2.

2.27.2 Changes to the member States rating's method in the year 2021

In order to reflect the current and future macroeconomic and socio-political events that occurred in its area of operations in its member States rating system, the Bank has evolved its rating evaluation method by adjusting its member States ratings to those published by the international rating agencies. This change in method has resulted in a change in expected credit losses from XOF 75,286 M (old method) to XOF 95,814 M (new method), i.e. a depreciation of XOF 19,928 M i.e. a writeback of depreciation of XOF 646 M on bucket 1 and a depreciation of XOF 20,574 M on bucket 2.

The variations that occurred are recorded as a change in estimate having an impact on the individual financial statements for the year ended 31 December 2021.

NOTE 3. IMPACT OF NEW OR REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The standards and interpretations contained in the Bank's financial statements as at 31 December 2020 were supplemented by provisions of the new standards and interpretations for the 2021 financial year. These involve the following standards and amendments:

3.1 New provisions in force and published by IASB

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2021	Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	These amendments complement those published in 2019 (effective from 1 January 2020). They focus on the changes to be made to the financial statements in the event that a company replaces the old reference interest rate with another reference rate as a result of the reform. Three major changes are expected : • the possibility for the company to continue to apply hedge accounting when the hedge accounting criteria are met regardless of the implementation of the changes required by the reform; • the ability for the company to update only the effective interest rate to reflect the change in the alternative reference rate instead of derecognising or adjusting the carrying amount of financial instruments; • disclosure of new risks arising from the reform and how the company is managing the transition to alternative reference rates. **No impact is therefore expected from this amendment.**

3.2 Upcoming provisions

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	This amendment affects only those companies that apply the incremental approach to determining contract performance costs. It implies that provisions are recognised when the lesser of the costs of performing the contract and the costs of termination outweigh the economic benefits. **The Bank still applies the full cost approach to the performance of these contracts. This change will therefore have no impact on the Bank's accounts.**
1st January 2022	Annual Improvements to IFRSs 2018-2020 - Amendments to IFRS 1, IFRS 9, Illustrative Examples of IFRS 16 and IAS 41	**IFRS 1:** This amendment allows a subsidiary that has adopted IFRSs after the parent company to measure cumulative translation differences at the amounts included in the parent company's consolidated financial statements, depending on the parent company's date of transition to IFRSs. **IFRS 9:** The amendment clarifies that fees paid net of fees received shall be included in performing the 10% test for derecognition of financial liabilities. **IFRS 16:** The objective of this amendment is to eliminate confusion in the identification of lease incentives by removing the example of lessor payments for leasehold improvements. **IAS 41:** This amendment involves aligning the fair value measurement requirements of IAS 41 with those of IFRS 13 « Fair Value Measurement ». **No impact is expected from these annual improvements.**
1st January 2022	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	The amendments prohibit an entity from deducting revenue generated by an asset during its transfer to site or during its rehabilitation from the cost of the asset. Instead, the entity shall recognise such revenue and related costs in profit or loss. **The BOAD business is banking and there will be no impact on its accounts.**
1st January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)	**This amendment is not applicable in the context of the Bank's financial statements.**

Date of entry into force	New standards or amendments	Impact on the Bank's financial statements
1st January 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	This amendment affects only those companies that apply the incremental approach to determining contract performance costs. It implies that provisions are recognised when the lesser of the costs of performing the contract and the costs of termination outweigh the economic benefits. **The Bank still applies the full cost approach to the performance of these contracts. This change will therefore have no impact on the Bank's accounts.**
1st January 2022	Annual Improvements to IFRSs 2018-2020 - Amendments to IFRS 1, IFRS 9, Illustrative Examples of IFRS 16 and IAS 41	**IFRS 1:** This amendment allows a subsidiary that has adopted IFRSs after the parent company to measure cumulative translation differences at the amounts included in the parent company's consolidated financial statements, depending on the parent company's date of transition to IFRSs. **IFRS 9:** The amendment clarifies that fees paid net of fees received shall be included in performing the 10% test for derecognition of financial liabilities. **IFRS 16:** The objective of this amendment is to eliminate confusion in the identification of lease incentives by removing the example of lessor payments for leasehold improvements. **IAS 41:** This amendment involves aligning the fair value measurement requirements of IAS 41 with those of IFRS 13 « Fair Value Measurement ». **No impact is expected from these annual improvements.**
1st january 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	The purpose of these amendments is to clarify the criteria for classifying liabilities, namely debt and other liabilities as current or non-current. **The application of these amendments has no material impact on BOAD accounts.**
1st january 2023	IFRS 17 "Insurance contracts"	The Bank's activity is mainly banking and does not fall within the scope of IFRS 17 which replaces IFRS 4. **There will therefore be no impact on BOAD accounts.**
1st january 2023	Definition of Accounting Estimates (Amendments to IAS 8)	These amendments aim to facilitate the distinction between accounting policies and accounting estimates. **The anticipated impact of these amendments is not material.**
1st January 2023	Amendments to IAS 1 and the Practice Statement on Disclosure of Accounting Policies	The purpose of these amendments is to improve the definition of "material" to make it easier for entities to exercise judgment regarding materiality for the information to be included in the financial statements. **The application of this new definition does not have a significant impact on BOAD financial statements.**

NOTE 4. CASH AND CASH EQUIVALENTS

Analysis of the "Cash and cash equivalents" item (*see Note 2.7 on Summary of key accounting principles and policies*) comprises the following:

Cash and cash equivalents	Note	31 December 2021	31 December 2020
Cash accounts		79	69
BOAD HQ Current Account		3	239
Deposit Accounts for Resident Missions at BCEAO	4.1	174,968	145,323
Japan Eximbank Special Account		15	15
Kingdom of Belgium Special Account	4.2	0	4,267
FDE Contribution Account	4.3	1,985	1,985
BOAD Settlement Account Lomé		22,247	269,200
Operating Account for Resident Missions		1,491	958
Bank and correspondent bank accounts		7,547	11,096
Short-term bank deposits (a)	4.4	22,006	34,006
Deposits/ Margin calls		33	2,194
TOTAL		**230,373**	**469,350**

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

Resident missions deposit accounts	31 December 2021	31 December 2020
Deposit Accounts BCEAO Abidjan	4,549	2,748
Deposit Accounts BCEAO Bamako	12,058	10,478
Deposit Accounts BCEAO Bissau	16,959	87
Deposit Accounts BCEAO Cotonou	9,748	2,828
Deposit Accounts BCEAO Dakar	6,462	5,096
Deposit Accounts BCEAO Lomé	114,736	114,876
Deposit Accounts BCEAO Niamey	5,717	5,158
Deposit Accounts BCEAO Ouagadougou	4,739	4,053
Total	**174,968**	**145,323**

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

4.3. This account records the resources of the Energy Development Fund (FDE) used to finance energy projects in the WAEMU region. The Bank is the fund manager.

4.4. Short-term bank deposits include the following:

Short-term bank deposits	31 December 2021	31 December 2020
BOA-CI, special liquidity account	996	996
BOA-BN liqiuidity account	1,010	1,010
Term deposit with BOA Group	15,000	0
Term deposit with ORABANK Group	0	10,000
Term deposit with BSIC Group	5,000	0
Term deposit with Coris Bank Group	0	4,000
Term deposit with UTB	0	10,000
Term deposit with IB Bank	0	5,000
Term deposit with UBA	0	2,000
Term deposit with Banque Outarde	0	1,000
Total	**22,006**	**34,006**

NOTE 5. LOANS AND RECEIVABLES AT AMORTIZED COST

The item « loans and receivables at amortized cost » (*see note 2.9 of summary of accounting principles and practices)* breaks down as follows:

Loans and receivables at amortized cost	Note	31 December 2021	31 December 2020
Loans and advances to banks	5.1	10,412	34,802
Loans and advances to customers	5.2	2,368,457	2,166,679
Loans and advances to staff		15,514	11,701
Securities portfolio	5.3	396,047	342,544
Receivables from shareholders		6,585	6,882
TOTAL		**2,797,015**	**2,562,608**

5.1 Loans and advances to banks

Loans and advances to banks include interbank loans and related interests. Loans and advances to banks per counterparty is detailed as at 31 December 2020 and 31 December 2019 as follows:

Counterparties	31 December 2021	31 December 2020
BCEAO- Interests on ordinary accounts	39	25
ORAGROUP	0	20,000
BRM	10,000	12,500
Interests receivable	373	2,277
TOTAL	**10,412**	**34,802**

5.2 Loans and advances to customers

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

5.2.1 Break down per type, sector of activity and per country

A detailed analysis of receivables from customers per type of loans, sector of activity and per country is presented in Note 19.1 on credit risk.

5.2.2 Schedule of receivables from customers

The schedule of receivables from customers is presented as follows as at 31 December 2021 and 31 December 2020:

Items	31 December 2021	31 December 2020
Gross outstanding receivables from customers	**2,478,065**	**2,264,640**
of which gross outstanding loans	2,417,284	2,206,285
At most six months	158,253	122,444
More than six months and less than one year	132,355	113,863
More than one year and less than two years	273,001	227,572
More than two years and less than three years	274,303	227,009
More than three years and less than five years	495,989	418,384
More than five years	1,083,384	1,097,014
of which advance for financing studies	14,741	14,698
of which related receivable to loans	46,040	43,657
Total depreciation on loans and related receivables	**-100,607**	**-88,521**
of which depreciation of non-performing loans (*)	-65,410	-58,250
of which depreciation on buckets 1 and 2	-35,196	-30,271
Deferred income from fees	**-8,013**	**-8,603**
Value adjustement on advances to customers	**-988**	**-837**
Receivables from customers	***2,368,457***	***2,166,679***

(*) The total amount of depreciation of non-performing loans includes XOF 58,832 M for depreciation on the principal and XOF 6,578 M for interests and

commissions on non-performing loans.

5.2.3 Variation table for non-performing loans

Gross outstanding loans also include non-performing loans that have evolved as follows:

	Balance as at	Changes of the period			Balance as at
	31 december 2020 (a)	Increase (b)	Decrease (c)	Balance of the period (d) = (b) + (c)	31 december 2021 (e) = (a) + (d)
1. Gross outstanding of non-performing loans	59,739	11,696	-734	10,962	70,701
2. Depreciation	-50,904	-8,391	462	-7,928	-58,832
3. Net outstanding of non performing loans = (1) + (2)	**8,835**	**3,306**	**-272**	**3,034**	**11,869**

5.3 Securities portfolio

5.3.1 Variation table for securities

The variation table of securities as at 31 December 2020 is as follows:

	Balance as at	Variations of the period			Balance as at
	31 december 2020 (a)	Increase (d)	Decrease (e)	Balance of the period (f) = (d) + (e)	31 december 2021 (e) = (a) + (d)
1. Gross outstanding of securities portfolio (premiums bonds included)	334,833	159,951	-105,992	53,959	388,792
2. Interest receivables of securities portfolio	8,741	22,816	-21,600	1,216	9,957
3. Depreciation	-1,030	-2,250	578	-1,672	-2,702
4. Net outstanding of securities portfolio = (1) + (2) + (3)	**342,544**	**180,517**	**-127,014**	**53,503**	**396,047**

5.3.2 Details of securities portfolio

The breakdown of the securities portfolio is as follows:

Securities portfolio	31 December 2021	31 December 2020
Treasury bonds Senegal	53,000	40,750
Treasury bonds Côte d'ivoire	54,571	46,286
Treasury bonds Benin	19,000	46,500
Treasury bonds Burkina Faso	43,750	47,625
Coris Bank Holdings bonds	13,000	15,000
Treasury bonds Mali	43,448	49,448
Treasury bonds Niger	18,000	5,400
Treasury bonds Togo	54,931	39,942
CRRH Bonds	8,617	9,917
EBID Bonds	1,667	2,000
SONATEL Bonds	10,000	10,000
Treasury bills Burkina Faso	15,000	11,099
Treasury bills Mali	8,989	10,556
Treasury bills Niger	30,000	0
Treasury bills Côte d'ivoire	5,000	0
Treasury bills Senegal	9,000	0
Deposit Certificate BRM	800	400
Sub-total 1. Gross outstandings	***388,773***	***334,923***
Bonds premiums and discounts	20	-90
Sub-total 2. Gross outstandings with premiums included	***388,792***	***334,833***
Interests receivable	9,957	8,741
Depreciation	-2,702	-1,030
TOTAL	**396,047**	**342,544**

5.3.3 Schedule of securities portfolio

The contractual schedule of securities investments in XOF' M as at 31 December 2021 and 31 December 2020 is as follows:

Maturity	31 December 2021	31 December 2020
At most six months	59,666	43,042
More than six months and less than one year	80,827	15,060
More than one year and less than two years	66,953	75,297
More than two years and less than three years	75,030	70,346
More than three years and less than five years	76,663	83,366
More than five years	29,633	47,812
Sub-total 1. Gross outstandings	**388,773**	**334,923**
Bonds premiums and discounts	20	-90
Sub-total 2. Gross outstandings with premiums included	***388,792***	***334,833***
Interests receivable	9,957	8,741
Depreciation	-2,702	-1,030
TOTAL	**396,047**	**342,544**

5.4 Receivables from shareholders to be paid up

The item on « receivables from shareholders to be paid up » includes the following:

Receivables from shareholders	31 December 2021	31 December 2020
Endowment from member states receivable	5,029	5,029
Admission fee Guinea Bissau	1,556	1,852
TOTAL	**6,585**	**6,882**

NOTE 6. EQUITY INVESTMENTS

6.1. The Bank's equity investments strategy

Equity investment activity is consistent with the Articles of Association of the Bank, which, inter alia, provide: **(i)** in article 2, that "... The Bank shall provide financing particularly through equity participation, granting of loans..." and **(ii)** in article 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 share capital of several companies. Many companies in the financial sector (banks, financial institutions) and non-financial sector businesses (energy, telecommunications, hotel, airline, etc.) have benefited from such financial support.

The Bank's equity investment strategy is as follows:

- **Objective**: fulfilling the Bank's development agenda while ensuring that it stays financially viable in accordance with the strategic orientations of the Bank.
- **Areas of intervention**: all sectors eligible for financing by the Bank.
- **Modes of intervention**: when entering into a transaction, the Bank must have sufficient visibility of the terms and conditions of exit, when the time comes. The transfer of equity shares will be traded for listed shares and at the best conventional conditions for unlisted shares.
- **Positioning in the governing bodies**: each of the Bank's equity participations is conditioned by the allocation of a seat on the company's governing body (board of directors, supervisory board, credit or investment committee, etc.).

In addition to the equity investment strategy, BOAD has taken measures to (i) adapt to the evolution and the requirements of WAEMU's financial sector (increase of minimum capital of banks and financial institutions) and (ii) take into account the special nature of the agricultural sector with regard to its importance in the economies of WAEMU countries.

6.2. Intervention limits for equity investments

The Bank's threshold for intervention is defined in relation to its risk capital, which corresponds to the paid-up capital plus net reserves and similar funds, less unproductive assets.

Operations	Limit per company and per transaction	Level of engagement per borrower (all transactions combined)	Maximum overall volume of equity investments
Projects from National Financial institutions (NFI) and SME promoting agencies, privatization projects, regional projects and projects from the mining and energy sectors	5% of risk capital	15% of the company's share capital within the temporary limit of 100% for entities in which BOAD plays a role of major promoter. This level must be reduced to 51% with a clear exit strategy within reasonable deadlines	20% of risk capital
All projects other than those from National Financial institutions (NFI) and agencies promoting SME, privatization projects, regional projects and projects from the mining and energy sectors	2.5% of risk capital		

6.3. Change in equity investments

6.3.1 Equity investments variation table

Changes in gross equity investments (*see note 2.12 of summary of accounting principles and practices)* are as follows:

Changes in equity investments	2021	2020
Gross outstanding of equity investments as at 1st January	93,888	92,991
Increases	4,025	3,973
Decreases	-1,374	-3,076
Gross outstanding of equity investments as at 31 December	**96,539**	**93,888**
Gains /losses of equity investments designated at fair value through OCI non-recyclable	39,662	34,225
Gains /losses of sold equity investments designated at fair value through OCI non-recyclable	1,960	1,847
Net outstanding of equity investments as at 31 December	**138,161**	**129,960**

6.3.2 Breakdown of equity securities per counterparty

Equity investments recognized in the balance sheet between the 31 December 2021 and 31 December 2020 are detailed per counterparty in the tables below:

a) Instruments recognized at fair value through profit or loss

N°	Country	Equity investments	Percentage of interest (%)	31 December 2021				31 December 2020			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)	Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)
1	BN	FOAI - Sikav ABDOU DIOUF	14.5%	2,500	1,063	176	3,740	2,500	1,126	-62	3,563
2	h-uemoa	FEFISOL	8.2%	1,312	52	-21	1,343	1,312	60	-9	1,363
3	SN	FCP/FC BOAD	100.0%	5,000	733	-44	5,689	5,000	438	295	5,733
		TOTAL		8,812	1,848	112	10,771	8,812	1,624	224	10,659

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

N°	Country	Equity investments	Percentage of interest (%)	31 December 2021				31 December 2020			
				Gross outstanding (a)	Gains /losses of equity investments designated at fair value through P&L (b)	Gains/ Losses recognised in P&L (c)	Balance sheet value (d) = (a) + (b) + (c)	Gross outstanding (e)	Gains/ Losses recognised in OCI (f)	Gains/ Losses of equity instruments designated at fair value through OCI non-recyclable (g)	Balance sheet value (d) = (e) + (f)
1	BN	SOAGA	19.3%	103	11	116	218	103	15	105	208
2	TG	CAURIS CROISSANCE	0.0%	-	0	-	0	0	0	0	0
3	SN	BNDE	9.1%	1,000	182	2,229	3,229	1,000	82	2,047	3,047
4	h-uemoa	CAURIS CROISSANCE II	17.7%	4,250	0	1,841	2,410	4,221	-1,174	-1,841	2,380
5	TG	GARI S. A	11.6%	1,500	-71	1,095	2,595	1,500	-125	1,165	2,865
6	MA	BDM Mali	16.0%	600	1,266	18,244	18,844	600	983	16,976	17,579
7	BN	BOA Bénin	2.3%	98	362	2,420	2,518	98	41	1,657	1,794
8	NG	SONIBANK Niger	9.5%	1,082	119	2,504	3,586	1,082	257	2,385	3,467
9	CI	BHCI Côte d'Ivoire	2.2%	150	92	150	0	150	-261	-242	-93
10	NG	BOA Niger	5.7%	137	1,192	3,661	3,798	137	86	2,469	2,607
11	TG	BIA Togo	5.2%	392	42	252	644	392	72	210	602
12	h-uemoa	Afreximbank	0.3%	2,500	543	2,146	4,646	2,500	224	1,603	4,103
13	IN	Banque Régionale de Marché (BRM)	4.0%	400	0	400	0	400	-80	-400	0
14	BF	Banque de l'Habitat du BF	0.9%	200	92	19	219	200	22	-74	126
15	CI	BRVM	9.2%	56	20	531	587	56	-46	511	567
16	CI	DC/BR (BRVM)	9.1%	140	29	235	375	140	16	206	346
17	TG	CICA RE	2.0%	999	75	469	1,468	999	51	394	1,393
18	MA	MANDE Hotel	16.7%	50	4	235	289	50	-11	241	291
19	CI	CIPREL	2.0%	584	74	1,686	2,270	584	-99	1,612	2,196
20	TG	ASKY (LX SPCAR)	16.8%	5,990	-675	5,990	0	5,990	675	-5,315	675
21	CI	RASCOM	7.1%	1,600	0	1,600	0	1,600	0	-1,600	0
22	h-uemoa	PROPARCO	0.7%	4,347	-80	817	5,184	4,347	-257	897	5,244
23	TG	BOAD-Titrisation	100.0%	500	-86	315	186	500	0	-229	271
24	TG	CRRH-UEMOA	15.3%	1,543	179	1,148	2,691	1,543	177	970	2,513
25	h-uemoa	Fonds Agricole pour l'Afrique (FAA)	2.8%	2,246	91	1,180	1,066	2,254	-1,386	-1,271	983
26	TG	ORAGROUP	2.1%	1,642	57	4,329	5,930	1,642	0	4,272	5,913
27	BF	Burkina Bail	14.3%	689	18	320	1,009	689	-12	301	990
28	SN	CNCAS	10.5%	1,573	-709	897	2,470	1,573	3	1,606	3,179
29	BF	ORIS BANK	0.0%	-	0	-	0	0	-9,019	0	0
30	CI	Nouvelle BRS CIORA Bank CI	28.6%	16,995	101	16,098	33,093	16,995	1,276	15,981	32,952
31	CI	Banque de l'Union Côte d'Ivoire (BIU-CI)	9.6%	1,100	260	561	1,661	1,100	248	301	1,401
32	BF	Banque de l'Union Burkina Faso (BDU-BF)	10.1%	1,100	321	878	1,978	1,100	224	557	1,657
33	Kenya	FAER	4.9%	5 789	766	1,147	6,936	5,789	-250	381	6,170
34	W	AMETHIS WEST AFRICAN (AWA)	11.1%	1,445	321	964	481	2,514	118	-1,294	1,220
35	CI	Air Côte d'Ivoire	7.9%	10,320	-2,177	9,004	1,315	10,320	-63	-6,877	3,443
36	h-uemoa	Investisseurs & Partenaires/ Développement (IPDEV2)	11.0%	781	-67	286	494	781	-81	-219	562
37	Bn	Société Immobilière d'Aménagement Urbain SImAU	10.0%	500	64	52	448	500	-23	-117	384
38	SN	Banque Ouarde	13.7%	2,000	-196	663	1,337	2,000	-110	-466	1,535
39	h-uemoa	fonds I&P Afrique Entrepreneurs 2 (PAE2)	3.3%	711	-86	283	428	489	-67	-196	292
40	NG	Banque de l'Habitat du Niger	8.2%	825	-63	178	647	825	-115	-115	710
41	h-uemoa	fonds d'investissements dédié au développement des services financiers dans l'UEMOA	49.9%	4,521	-161	998	3,529	4,357	-64	800	3,567
42	h-uemoa	ECP Africa Fund IV	1.8%	3,000	2,401	1,447	4,447	2,609	-540	-956	1,651
43	CI	MANSA BANK	7.6%	1,200	225	323	877	1,700	-548	-548	652
44	h-uemoa	ADIWALE Fund I	7.5%	334	-80	154	180	118	-81	-81	49
45	h-uemoa	AFIC Fund	4.0%	2,730	562	562	3,292				
		TOTAL		87,737	8,439	39,663	127,390	91,076	-9,816	34,235	115,381

NOTE 7. ADJUSTMENTS ACCOUNTS AND OTHER ASSETS

Adjustment accounts and other assets include the following:

Adjustement accounts and other assets	Note	31 December 2021	31 December 2020
Derivative assets	7.1	88,067	20,001
Accruals assets	7.2	16,596	3,718
Other adjustement accounts	7.3	10,844	11,744
TOTAL		**115,507**	**35,463**

7.1 Derivative assets

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

Derivative assets	31 December 2021	31 December 2020
Derivative assets-fair value hedge	1,437	0
Derivative assets-cash flow hedge	86,630	20,001
TOTAL	**88,067**	**20,001**

The item on "Derivative assets-currency risk hedging instruments" recorded a value of XOF 86,630 M as at 31 December 2021 against XOF 20,001 M as at 31 December 2020. These amounts correspond to the quota of the derivatives set up by the Bank to hedge against foreign exchange fluctuations on interest cashflows on loans denominated in foreign currencies.

7.2 Accruals assets

Accruals assets	31 December 2021	31 December 2020
Deferred expenses	14,968	1,329
Accruals and prepaid expenses	1,284	433
Accrued receivables	61	1,419
Other accruals	284	537
TOTAL	**16,596**	**3,718**

7.3 Other adjustments accounts

Other adjustement accounts	31 December 2021	31 December 2020
Sundry debtors	228	3,068
Prefinancing of studies	3,564	1,371
Deposits paid	70	71
Advances on mission expenses	1	1
Advances and prepayments made	115	240
Other endowments and subsidies to be received	6,866	6,994
TOTAL	**10,844**	**11,744**

NOTE 8. TANGIBLE AND INTANGIBLE ASSETS

8.1 Tangible assets

The net book value of tangible assets as at 31 December 2021 and 31 December 2020 is as follows:

Tangible assets	31 December 2021	31 December 2020
Cost of acquisition	24,391	23,690
Allocations and reversal of depreciations	-18,214	-17,467
Net outstanding of tangible assets	**6,177**	**6,223**

The breakdown by category of tangible assets is shown in the table below (in XOF' M):

Items	Lands	Buildings	Properties under construction	Fittings and fixtures	Equipment held under finance lease	Total
Cost of acquisition						
Balance as at 1st January 2020	**190**	**13,389**	**395**	**12,328**	**0**	**26,302**
Acquisitions	0	0	1,183	643	0	**1,826**
Transfers	0	0	-406	0	0	**-406**
Disposals	0	0	0	-4,033	0	**-4,033**
Revaluation acquisitions	0	0	0	0	0	**0**
Other revaluations	0	0	0	0	0	**0**
Balance as at 1st January 2021	**190**	**13,389**	**1,171**	**8,939**	**0**	**23,690**
Acquisitions	225	306	477	1,268	0	**2,276**
Transfers	0	0	-1,231	0	0	**-1,231**
Transfers to investment properties	0	0	0	0	0	**0**
Sales	0	0	0	-344	0	**-344**
Balance as at 31 December 2021	**415**	**13,695**	**418**	**9,863**	**0**	**24,391**
Cumulative amortizations and disposals						
Balance as at 1st January 2020	**0**	**10,044**	**0**	**10,361**	**0**	**20,405**
Amortization charges	0	329	0	723	0	**1,052**
Reversals of depreciation (disposals)	0	0	0	0	0	**0**
Impairment losses recognized during the period	0	0	0	-3,990	0	**-3,990**
Reversals of depreciation	0	0	0	0	0	**0**
Balance as at 1st January 2021	**0**	**10,373**	**0**	**7,094**	**0**	**17,467**
Amortization charges	0	345	0	731	0	**1,076**
Reversals of amortization (disposals)	0	0	0	0	0	**0**
Transfers to investment properties	0	0	0	-329	0	**-329**
Impairment losses recognized during the period	0	0	0	0	0	**0**
Balance as at 31 December 2021	**0**	**10,718**	**0**	**7,496**	**0**	**18,214**
Net value of tangible assets as at 31 December 2021						**6,177**

8.2 Investment properties

The investment properties consist solely of the leisure center of the staff city. The contract provides for an initial non-cancellable rental period of two years. Rents are payable in advance quarterly. Subsequent renewals are negotiated by mutual agreement between the parties. No conditional rent is charged.

The net book values of investment properties are presented below:

Investment properties	2021	2020
Cost of acquisition	770	770
Allocations and reversal of depreciations	-117	-80
Net outstanding of intangible assets	**654**	**691**

The evolution of the net book value of investment properties between 31 December 2020 and 31 December 2021 is as follows:

Acquisitions of investment properties (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2021	**770**	**Balance as at 1st January 2021**	**80**
Acquisitions	0	Amortization charges	37
Disposals	0	Write-back of amortization	0
Classified as assets held for sale	0	Classified as assets held for sale	0
Balance as at 31 december 2021	**770**	**Balance as at 31 december 2021**	**117**
Net value on balance sheet as at 31 december 2021			**654**

8.3 Intangible assets

The net book values of intangible assets are as follows:

Intangible assets	31 December 2021	31 December 2020
Cost of acquisition	2,694	2,149
Allocations and reversal of depreciations	-1,539	-1,424
Net outstanding of intangible assets	**1,154**	**725**

The net book value of intangible assets between 31 December 2021 and 31 December 2020 is as follows:

Acquisitions of intangible assets (in XOF'M)		Allocations and reversal of depreciations (in XOF'M)	
Balance as at 1st January 2021	**2,149**	**Balance as at 1st January 2021**	**1,424**
Acquisitions	546	Amortization charges	117
Disposals	-1	Write-back of amortization	-1
Balance as at 31 december 2021	**2,694**	**Balance as at 31 december 2021**	**1,539**
Net value on balance sheet as at 31 december 2021			**1,154**

8.4 Non-current assets held for sale

In December 2020, the Bank was declared co-owner of a property complex jointly with other co-lessors. This property complex is presented as a non-current asset held for sale. The active buyer research program initiated has been slowed by the health crisis context due to the COVID-19.

The assets held for sale has been recorded at the lowest amount between the book value of the receivables owed by the loan's beneficiaries (***which amounts to 2,245 MFCFA***) and the amount of fair value less costs of sale. Any gain or loss from the sale and the cost of the sale will be recognized in profit or loss. There is no accumulated income or expense included in other comprehensive income related to the assets held for sale.

NOTE 9. LIABILITIES AT AMORTIZED COST

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

9.1 Breakdown of item "liabilities at amortized cost"

Details of this item as at 31 December 2021 and 31 December 2020 is as follows (in XOF' M)

Liabilities at amortized cost	31 December 2021	31 December 2020
I-Debts represented by a security		
BOAD bond issues (*)	1,451,289	890,206
BOAD bills	19,557	57,082
Maturities of less than one year/debts repr. by securities	37,524	478,999
Sub-total I	***1,508,371***	***1,426,288***
	0	
II- Other loans from foreign partners	0	
Loans for funding long-term projects	545,188	599,665
Loans for funding long-term project studies	482	482
Maturities of less than one year/loans	94,271	71,677
Sub-total II	***639,941***	***671,824***
Total I+II	**2,148,312**	**2,098,112**
III- Debts attached to loans and & debts repr.		
Accrued interests on debts represented by a security	30,937	22,731
Deferred expenses on bills and bonds	-30	-112
Interests and fees accrued on other loans	2,824	2,928
Deferred expenses on other loans	-913	-264
Sub-total III	***32,817***	***25,283***
IV- Interbank debts (Cauris ROPPA, AFD...)	**7,571**	**2,369**
Total I+II+III+IV	**2,188,700**	**2,125,764**

(*) The total outstanding of bonds includes XOF 1,451,289 M in eurobonds issued in 2017, 2019 and 2021 on the international financial market.

9.2 Table of changes in borrowings

The borrowings variation per counterparty between 31 December 2020 and 31 December 2021 is as follows:

Changes in deposits from banks

Debts	Balance as at 31 december 2020	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2021
Deposits from Banks	2,369	7,100	-1,898	0		7,571
						0
TOTAL	**2,369**	**7,100**	**-1,898**	**0**	**0**	**7,571**

Changes in debt securities issued

Debts	Balance as at 31 december 2020	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2021
Debentures	1,312,148	486,475	-456,536	74,240	34,963	1,451,289
Bonds	114,140	0	-57,059	0	0	57,081
TOTAL	**1,426,288**	**486,475**	**-513,595**	**74,240**	**34,963**	**1,508,371**

Changes in other debts by counterparties

Debts	Balance as at 31 december 2020	Increases	Decreases	Exchange risk	Capitalisation interests differential by effective interest rate	Balance as at 31 december 2021
IDA	89,243	53,372	-2,092	2,513	0	143,036
KfW	174,389	0	-14,068	0	0	160,321
AFD	179,331	0	-17,404	0	0	161,927
BEI	7,289	0	-3,538	0	0	3,751
BAD	49,197	0	-49,197	0	0	0
ICD	19,679	0	-13,119	0	0	6,560
BDC	15,299	28,951	-4,898	875	0	40,226
BADEA	5,659	0	-547	0	0	5,112
BNP Fortis	49,197	0	-49,197	0	0	0
JP MORGAN	0	19,679	0	0	0	19,679
OPEC	0	32,798	0	0	0	32,798
TOTAL BY COUNTERPARTIES	**671,824**	**134,799**	**-170,071**	**3,389**	**0**	**639,941**
TOTAL DEBTS	**2,100,481**	**628,374**	**-685,564**	**77,629**	**34,963**	**2,155,883**

9.3 Maturity of liabilities at amortized cost

Maturity	31 December 2021	31 December 2020
At most six months	78,671	592,249
More than six months and less than one year	60,695	54,577
More than one year and less than two years	114,853	106,475
More than two years and less than three years	59,920	78,938
More than three years and less than five years	124,514	108,457
More than five years	1,717,230	1,159,785
Sub-total outstanding	**2,155,883**	**2,100,481**
Debts attached to loans and & debts repr.	**32,817**	**25,283**
TOTAL	**2,188,700**	**2,125,764**

9.4 The Bank's debt-equity ratio

Under Article 37 of the Article of Association, the WAMU Council of Ministers decided to limit the Bank's total outstanding borrowings, at any time, to three times its equity. As at 31 December 2021, the Bank's outstanding borrowings represented 233% of its equity capital out of the regulatory threshold of 300%.

NOTE 10. EARMARKED FUNDS

Other liabilities are made up of the following:

Earmarked funds	31 December 2021	31 December 2020
Belgian Technical Assistance Fund	201	195
Dutch Fund	34	34
IDA Counterpart Fund	727	565
AFD Research Fund	310	310
AFD Counterpart Fund	26	26
Environmental Partnership Fund	4	4
KfW Counterpart Fund	5,497	5,744
China Cooperation Fund	139	139
AFD IV Capacity Improvement Fund	30	30
Energy Development Fund	1,985	1,985
Crop Insurance Fund	2,836	2,836
Regional Collaboration Centre (RCC)	365	320
New subsidy mechanism fund	87,649	69,979
CMS Fund for Interest Subsidy	1,000	1,000
Global Environment Facility	1,152	1,152
Climate change fund	4,852	5,045
Regional initiatives supports fund	383	473
Belgian Fund for capital release	0	4,200
PACAN KFW Funds	6,232	3,214
Climate green fund	662	0
TOTAL	**114,083**	**97,250**

NOTE 11. ADJUSTMENT ACCOUNTS AND OTHER LIABILITIES

As at 31 December 2021, the adjustment accounts and other liabilities were as follows:

Adjusment accounts and liabilities	Note	31 December 2021	31 December 2020
Derivatives liabilities	11.1	0	63,902
Accruals liabilities	11.2	24,533	7,638
Other adjustement accounts	11.3	3,739	1,853
TOTAL		**28,271**	**73,393**

11.1 Derivatives liabilities

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

Derivatives liabilities	31 December 2021	31 December 2020
Derivatives liabilities-fair value hedge	0	1,290
Derivatives liabilities-cash flow hedge	0	62,612
TOTAL	**0**	**63,902**

Derivative liabilities amount to nil as at 31 December 2021. This level of financial liabilities results from the rise of the dollar and SDR exchange rates, which stand at a higher level than the guaranteed rates obtained by BOAD during the implementation of hedging contracts. Consequently, there is a gain on derivative instruments which offsets the foreign exchange loss recorded in borrowings at amortized cost at the end of the 2021 financial year.

11.2 Accruals liabilities

Details of accruals liabilities are as follows:

Accruals liabilities	31 December 2021	31 December 2020
Deferred income	18,826	4,648
Accrued liabilities	4,723	2,953
Advanced payments	984	36
TOTAL	**24,533**	**7,638**

11.3 Other adjustment accounts

Details of other adjustments accounts are as follows:

Other adjustment accounts	31 December 2021	31 December 2020
Sundry creditors	1,491	1,074
Suppliers payables	2,248	779
TOTAL	**3,739**	**1,853**

NOTE 12. PROVISIONS

This item covers the amount of liabilities under benefit plans for severance payments upon retirement benefits. The table below compares the opening balance with the closing balance of the net liabilities for defined benefit plans.

12. Provision for retirement benefits	2021	2020
	KFCFA	kFCFA
Present value of the obligation		
Opening balance	7,783,887	8,230,674
Cost of services rendered during the period	568,371	559,037
Contributions made by participants	0	0
Financial cost	497,815	504,672
Actuarial difference due to		
a) Changes in demographic assumptions	0	0
b) Changes in financial assumptions	0	0
c) Experience adjustments	934,669	198,005
d) Total	934,669	198,005
Benefit payment	-602,641	-1,708,501
Cost of past services		0
Payments		**0**
Closing balance	**9,182,100**	**7,783,887**
Completely unfinanced schemes	*9,182,100*	*7,783,887*
Partly or fully financed schemes	*0*	*0*
Fair value of assets of the scheme	n.a.	n.a.
Opening balance	0	0
Expected returns	0	0
Actuarial difference	0	0
Contributions made by the employer	0	0
Contributions made by the participants	0	0
Benefits payment	0	0
Payments	0	0
Closing balance	**0**	**0**
Net assets/liabilities recognized in the balance sheet		
Present value of the benefit plan liability	9,182,100	7,783,887
Fair value of assets of the scheme		0
Surplus/deficit	9,182,100	7,783,887
Amount not recognized as an asset because of the limit 58(b)		**0**
Net assets/liabilities recognized in the balance sheet	**9,182,100**	**7,783,887**
Total cost		
Cost of services rendered during the period	568,371	559,037
Cost of past services	0	0
Effect of all payments	0	0
Cost of services provided in net income	**568,371**	**559,037**
Financial cost	497,815	504,672
Interests	0	0
Net interest on net income	**497,815**	**504,672**
Actuarial difference	934,669	198,005
Additional returns on assets of the scheme	0	0

12. Provision for retirement benefits	2021	2020
Effect of the limit of paragraph 58(b)	0	0
Revaluation of net pension liab. under fixed benefit scheme	**934,669**	**198,005**
Total cost	**2,000,855**	**1,261,714**
The cumulative actuarial difference recorded		
in profit and loss	**4,472,467**	**3,537,798**
The principal actuarial assumptions at the reporting date are following (expressed as weighted averages) :		
Principal actuarial assumptions		
Discount rate	6.18%	6.18%
Future salary growth	6.00%	6.00%
Future mortality rate	**TH / TF 2002 multiplied by 200%**	
The duration of the defined benefit obligation is	9.7	10.6
Sensitivity analysis		
At the reporting date, the reasonable possible changes of one of the relevant acturial assumptions would have impacted the defined benefit obligation by the following amounts (any other assumption remains constant):		
	Changes of assumptions	
Discount rate	9.70%	8.60%
Future salary growth	9.60%	8.50%
Future mortality rate	-0.20%	-0.10%
Reconciliation of net liabilities recognized		
Opening balance	7,783,887	8,230,674
Total charge in net income	1,066,186	1,063,709
Benefits payment	-602,641	-1,708,501
Remeasurements of defined benefit liability recognised in OCI	934,669	198,005
Closing balance	**9,182,100**	**7,783,887**

The total forecasted charge for contributions to the defined benefit plan for 2022 amounts to XOF 1,249 M. Also, the Bank plans to provide services amounting to XOF 367 M in 2022.

NOTE 13. EQUITY

13.1 Details of equity

The equity as at 31 December 2021 and 31 december 2020 is as follows:

Capitaux propres	31/12/2021	31/12/2020
Capital souscrit	1,103,650	1,103,650
Capital sujet à appel	-826,230	-826,230
Capital à libérer	-29,009	-42,063
Coût lié à la libération différée du capital	-510	-1,012
Capital (A)	**247,902**	**234,346**
Primes d'émission (B)	**2,622**	**2,622**
Réserves affectées aux activités de développement	76,050	76,050
Autres réserves	26	26
Résultats non distribués	531,745	505,443
Réserves et résultats non distribuables (C)	**607,821**	**581,519**
Résultat de l'exercice (D)	**30,824**	**29,302**
Réserves de juste valeur sur les instruments de capitaux propres classés en JVOCI non recyclables (IFRS 9)	39,664	34,225
Réserves de couverture des flux de trésorerie	22,514	20,424
Réévaluation du passif au titre des régimes de retraite	-298	636
Autres éléments du résultat global (E)	**61,880**	**55,285**
CAPITAUX PROPRES (A+B+C+D+E)	**951,049**	**903,074**

13.2 BOAD capital structure

a) The table below outlines the Bank's capital structure as at 31 December 2021 in nominal value and share distribution. Each share confers the same rights and duties to its holder.

ACTIONNAIRES	CAPITAL SOUSCRIT	%	nb d'action	CAPITAL APPELE	CAPITAL LIBERE	CAPITAL A LIBERER	CAPITAL SUJET A APPEL
	(1)=(2)+(5)			(2)=(3)+(4)	(3)	(4)	(5)
CATEGORIE A							
BENIN	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
BURKINA	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
COTE D'IVOIRE	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
GUINEE BISSAU	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
MALI	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
NIGER	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
SENEGAL	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
TOGO	64,650	5.86%	1,293	16,163	14,398	1,765	48,487
BCEAO	517,200	46.86%	10,344	129,304	115,184	14,120	387,896
	1,034,400	**93.73%**	**20,688**	**258,608**	**230,368**	**28,240**	**775,792**
CATEGORIE B							
France	38,400	3.48%	768	9,600	8,640	960	28,800
Allemagne	2,000	0.18%	40	2,000	2,000	0	0
Belgique	5,600	0.51%	112	1,400	1,400	0	4,200
BEI	4,000	0.36%	80	1,000	1,000	0	3,000
BAD	6,000	0.54%	120	1,500	1,500	0	4,500
EXIM BANK INDE	750	0.07%	15	188	169	19	563
CHINE POPULAIRE	12,000	1.09%	240	3,000	2,700	300	9,000
MAROC	500	0.05%	10	125	125	0	375
	69,250	**6.27%**	**1,385**	**18,813**	**17,534**	**1,279**	**50,438**
	1,103,650	**100.00%**	**22,073**	**277,421**	**247,902**	**29,519**	**826,230**
CAPITAL NON SOUSCRIT	**51,350**		**1,027**				
CAPITAL AUTORISE	**1,155,000**		**23,100**				

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

	31 December 2021	31 December 2020
Unpaid Capital without cost related to deffered paying-up of capital (a)	29,009	42,063
Cost related to deferred paying-up of capital (b)	510	1,012
Unpaid capital (a+b)	**29,519**	**43,075**

13.3 Effective equity (core tier 1 capital)

The Bank's effective equity is broken down as at 31 December 2021 and 31 December 2020 as follows:

Items	31 December 2021	31 December 2020
A- Tier 1 capital * (=1+2)	**856,685**	**816,239**
1- Capital and other funds	247,902	234,346
2- Reserves and other funds	608,783	581,893
B- Additionnal own funds	**64,968**	**59,529**
Effective equity capital/Core Tier 1 Capital (=A+B)	**921,653**	**875,768**

* Equity requirement for risks

NOTE 14. INTERESTS AND FEES

Details of this item are as follows:

Margin on interests and fees	2021	2020
Interests and related income	145,904	140,161
Interests and related charges	-85,744	-88,030
Sub-total on interests (A)	*60,160*	*52,131*
Fees and commissions (income)	3,101	2,756
Fees and commissions (charges)	-1,111	-1,206
Sub-total on fees (B)	*1,990*	*1,551*
TOTAL (A) + (B)	**62,150**	**53,682**

14.1. Interests

Interests and related income

Interests and related income	2021	2020
Interests and related income/ interbank loans	1,496	8,721
Interest on loans to customers	119,199	107,464
Interest on staff loans	208	296
Interest on securities portfolio	22,929	22,023
Commission on loan commitments	2,072	1,658
TOTAL	**145,904**	**140,161**

Interests and related charges

Interests and related charges	2021	2020
Interest charges on debts represented by a security	-71,106	-73,658
Interest charges on other debts	-13,936	-14,023
Commissions/commitments received	-616	-349
Credit insurance commission	-87	0
TOTAL	**-85,744**	**-88,030**

14.2. Fees

Fees and commissions (income)

Fees and commissions (income)	2021	2020
Commission obtained as processing fees	1,793	1,650
GARI's commission on guarantees	219	61
Other flat commissions	25	125
Commission on financial arrangements and advisory services	483	921
Commssions on FEM and FA	582	0
TOTAL	**3,101**	**2,756**

Fees and commissions (charges)

Fees and commissions (charges)	2021	2020
Other charges/debts represented by securities	-429	-587
Other fees on borrowings	-680	-619
Profit or loss on securities portfolio	-2	0
TOTAL	**-1,111**	**-1,206**

NOTE 15. EXCHANGE RISK AND HEDGING INSTRUMENTS

Foreign exchange gains and losses are due to the Bank's resource mobilization in foreign currencies, excluding euros, from its financial partners and on the international financial market for project financing. These gains and losses have been hedged with forward purchase and swap transactions. The Bank's procedures for exchange risk management are described in Note 19.2.1 on Exchange risk.

As at 31 December 2021, the impact on the income statement from the valuation of the Bank's foreign currency debt (excluding euros) with various financial partners is as follows:

Exchange risk and hedging instruments	2021	2020
Exchange gain consumed	30,047	748
Potential exchange gain	0	123,279
Sub-total forex gains (A)	***30,047***	***124,027***
Foreign exchange loss consumed	-30,194	-396
Potential foreign exchange loss	-77,629	0
Sub-total forex losses (B)	***-107,822***	***-396***
Net forex loss of C = (A) + (B)	***-77,775***	***123,631***
Loss/profit on hedging instruments	***97,761***	***-103,288***
Net profit/loss on currency transactions	**19,986**	**20,342**

NOTE 16. DIVIDENDS RECEIVED

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

Dividends received	2021	2020
Dividends from BRVM	70	56
Dividends from DC BR	70	56
Dividends from BOA Bénin	218	218
Dividends from CIPREL	726	506
Dividends from BOA NG	344	344
Dividends from BDM-SA	1,219	860
Dividends from BNDE	80	115
Dividends from AFREXIM Bank	90	0
Dividends from SONIBANK	114	199
Dividends from CICA-RE	40	36
Dividends from Coris Bank International	0	573
Dividends from ORAGROUP	0	91
Dividends from Fidelis Finance	61	40
Dividends from SOAGA	141	134
Dividends from BDU BF	101	0
Dividends from BDU CI	108	0
Dividends from IB BANK	9	0
TOTAL	**3,390**	**3,228**

NOTE 17. COST OF RISK

The cost of risk as at 31 December 2020 and as at 31 December 2021 is presented as follows:

Cost of risk	2021	2020
Depreciations on receivables from customers	-15,132	-28,134
Write-back of depreciations on receivables from customers	629	710
Depreciations on securities portfolio	-2,234	-591
Write-back of depreciations on securities portfolio	562	27
Losses on receivables covered by depreciations	0	-247
Depreciations on other assets	-13,917	0
Write-back of depreciations on other assets	0	531
TOTAL	**-30,092**	**-27,703**

The increase of the cost of risk is mainly due to the increase of non-performing loans (Bucket 3).

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

Distribution by bucket of the cost of risk	2021	2020
Bucket 1	637	1,186
Bucket 2	-6,319	-13,212
Bucket 3	-24,411	-15,678
TOTAL	**-30,092**	**-27,703**

The change in depreciation on buckets 1 and 2 between the two periods is due to the combined effect of the revision of credit risk parameters initiated by the Bank in a process of continuous improvement of its methodological approach to estimate expected credit

losses (ECL) and the adjustment of member States' ratings to take into account the environment of its area of operation as specified in Note 2.27.

The following table shows the main elements affecting the cost of risk at 31 December 2021.

	Note 2.27.1	Note 2.27.2			
	Changes to parameters [Net Writeback (+)/ Net Depreciation (-)] (b)	Changes to Member States ratings [Net Writeback (+)/ Net Depreciation (-)] (a)	Total Impact Changes in estimates [Net Writeback (+)/ Net Depreciation (-)] (c)=(a)+(b)	Impacts excluding changes in estimates [Net Writeback (+)/ Net Depreciation (-)] (d)	Total variation [Net Writeback (+)/ Net Depreciation (-)] (e)= (c)+ (d)
Bucket 1	3 152	646	**3 798**	- 3 161	**637**
Bucket 2	2 786	- 20 574	**- 17 788**	11 468	**- 6 319**
Bucket 3	-	-		- 24 411	**- 24 411**
TOTAL	5 938	- 19 928	**- 13 990**	- 16 104	**- 30 092**

NOTE 18. OTHER OPERATING INCOME

Other operating income amounts to XOF 24,721 M as at 31 december 2021 against XOF 20,470 M as at 31 december 2020. The breakdown is as follows:

18.1 Endowment of member countries

Endowments of member countries remain unchanged as at 31 December 2021 and amount to XOF 3,200 M.

18.2 Costs related to development activities

This item includes charges related to the development activities of BOAD, including subsidies of non-market projects and preliminary studies for the financing of development activities.

Charges related to development activities	2021	2020
Interest subsidy	-1,370	-2,162
TOTAL	**-1,370**	**-2,162**

18.3 General operating expenditures

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

General operating costs	2021	2020
Staff overheads (*)	-16,935	-14,991
Amortizations and depreciations - Property, equipment and intangible assets	-1,230	-1,172
Other operating costs	-8,795	-5,782
TOTAL	**-26,960**	**-21,944**

(*) The details of staff overheads as at 31 December 2021 and 31 December 2020 are as follows:

Detail of staff overheads	2021	2020
Wages and salaries	-14,666	-13,049
Social security contributions	-762	-693
Other short-term benefits	-887	-606
Long-term construction contribution - Servicing city BOAD	0	-62
Health insurance funds	-72	-66
Defined benefit plan expenses (**)	-549	-515
TOTAL	**-16,935**	**-14,991**

(**) Apart from the amount presented in personnel expenses, the expenses for the financial year for defined benefit plans include a financial cost which stands at XOF 498 M, recorded in financial expenses (*see note 12*).

NOTE 19. 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 its organization and integrated into its internal control framework. The main categories of risks (credit, exchange, interest rate, liquidity and operational risks) are monitored by special committees (Commitments committee, ALM Committee, etc.).

19.1. Credit risk

Credit risk represents the financial loss incurred by the Bank when customers or counterparties of a financial instrument fail to meet their contractual obligations. Credit risk is the main source of risk for the Bank and stems essentially from its lending and cash investment.

The credit risk management relies on standards and procedures, management tools, rating systems, a risk hedging and impairment policy and a close monitoring mechanism. The overall organization of credit risk management is characterized by:

- a well-structured grant process, based on a clear separation between the business lines and the commitment lines (notice of second opinion), which allows for an objective double-check;
- commitment limits fixed in proportion to the tier 1 capital and approved by the Bank's decision-making organs;
- an internal rating system consisting of models specific to each customer portfolio item (sovereign, corporate, bank, project in creation, capital investment at the corporate level, capital investment in banks) based on both quantitative and qualitative variables specific to the customer and its socio-economic environment;
- a depreciation (impairment) policy and a fair value measurement of equity investments based on IAS/IFRS standards.

19.1.1 Analysis of the portfolio's creditworthiness

The Bank has clearly defined limits and procedures to enable it streamline, measure and manage risks, as well as formalize aggregate limits for its commitments per sector and operational limits (counterparties / related counterparties).

The Bank's maximum balance sheet and off-balance sheet exposure (*in terms of gross outstandings*) to credit risk prior to consideration of guarantees received for 2021 and 2020 is as follows:

Maximum exposure of the Bank in terms of credit risk	31 December 2021	%	31 December 2020	%
Loans and advances to banks	10,412	0%	34,802	1%
Loans and advances to customers (gross outstandings)	2,417,284	83%	2,206,285	84%
Loans and advances to staff	15,514	1%	11,701	0%
Debt securities portfolio (gross outstandings)	388,773	13%	334,923	13%
Receivables from shareholders	6,585	0%	6,882	0%
Derivatives assets*	88,067	3%	20,001	1%
TOTAL	**2,926,634**	**100%**	**2,614,593**	**100%**

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

19.1.2 Intervention limits for credit risks

The Bank's intervention limits are defined in relation to its risk capital which corresponds to the paid-up capital plus net reserves and similar funds less non value items.

19.1.2.1 Loans

For non-commercial (member Countries) and commercial (public companies) public sector

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined)	Internal limits management
Member States	5% of risk capital	55% of risk capital	444 943
Public companies	5% of risk capital	25% of risk capital	100 000

For the private sector

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined and cumulated)	Maximum overall volume of individual risks	Internal limits management
Category 1 **Regional projects and those in the mining and energy sectors or projects for National Financial Institutions (NFI), NFI Holdings, organizations that support SMEs, information and Communication technologies**	5% for a maximum of 50% of the project's pre-tax total cost	7% of risk capital	Overall volume of risks reaching individually 12.5% of risk capital is limited to 5 times the risk capital	20 000
Category 2 **Indirect financing through national financial institutions (NFI), NFI holdings or organizations that promote SMEs and for financing direct loans to regional projects,**	7% for a maximum of 50% of the project's pre-tax total cost	10% of risk capital		15 000

Counterparties	Limit per transaction	Level of commitment per borrower (all operations combined and cumulated)	Maximum overall volume of individual risks	Internal limits management
projects in the mining and energy sectors and in Information, Communication technologies				

19.1.2.2 Equity investments (public sector or private sector)

Limits relating to equity investments are presented in Note 7 on Equity investments.

19.1.2.3 Financing operations per signature and short-term financing

Operations	Limit per borrower and per operation
Bonds and short term operation's guarantee	5% of risk capital
Short term financing operations	5% of risk capital
Commitment level per borrower all operations combined (loan guarantee, short-term operation guarantee, short-term cashflow financing)	25% of risk capital

19.1.2.4 Dominant sectors of activity

The total level of commitments (all countries of intervention included) must not at any time exceed fifty percent (50%) of the Bank's tier 1 capital in any one of the following dominant sectors: Industries (agro-industry, chemical and pharmaceutical and other manufacturing industries, ...); telecommunications (telephony, Internet, call center); Extractive Industries (cement and mining); Hospitality and other services.
However, for National Financial Institutions (NFIs) and their holdings, water and energy sectors, transport infrastructure (port, airport, railway and bus stations), this limit is set at seventy-five percent (75%) of the Bank's tier 1 capital.
The outstanding loan for the commercial sector (private and commercial public) is broken down per sector of activity as at 31 December 2021:

Sectorial breakdown of commercial portfolio	31 December 2021	%	31 December 2020	%
Agriculture and rural development	0	0	0	0%
Industries	87,781	13%	70,465	12%
Finance and Insurance	252,862	37%	214,654	35%
Energy, Water and Information and Communication technologies	216,581	31%	196,329	32%
Hospitality and other services	39,641	6%	36,899	6%
Transport, town planning, environment	92,287	13%	90,648	15%
TOTAL	**689,152**	**100%**	**608,996**	**100%**

19.1.2.5 Limit per country

With regard to intervention limits per country, BOAD cannot commit in a member country more than 100% of its core tier 1 capital (all operations combined and cumulated).

The outstanding loans per country is broken down as at 31 December 2021 and 31

December 2020 as follows:

COUNTRIES	31/12/2021			Total 2021	31 December 2020			Total 2020
	FDC	FDE	Bank		FDC	FDE	Bank	
BENIN	130,122	12,970	78,047	**221,139**	124,323	13,588	76,351	**214,263**
BURKINA FASO	139,273	16,190	135,145	**290,608**	121,753	17,143	77,001	**215,896**
CÔTE D'IVOIRE	95,884	27,650	305,164	**428,697**	90,423	28,516	293,967	**412,906**
GUINEE BISSAU	108,915	12,813	10,999	**132,727**	85,430	11,359	41,796	**138,585**
MALI	142,954	12,332	127,261	**282,547**	132,915	12,178	104,982	**250,074**
NIGER	144,170	28,071	156,222	**328,463**	142,127	28,273	154,338	**324,738**
SENEGAL	129,509	26,470	250,957	**406,936**	129,839	24,255	239,069	**393,163**
TOGO	153,454	1,982	170,730	**326,167**	148,371	2,935	104,388	**255,694**
OUTSIDE WAEMU	-	-	-	**0**	-	-	965	**965**
TOTAL	**1,044,281**	**138,478**	**1,234,525**	**2,417,284**	**975,181**	**138,247**	**1,092,858**	**2,206,285**

19.1.3 Description of the Bank's internal portfolio rating system

All counterparties financed by the Bank are rated at least once a year. To this end, the Bank provides six (6) models: "Sovereign" (member countries), "Corporates" (businesses in portfolio), "Bank" (banks in portfolio), "Project finance" (financing of start-up projects), "Bank private equity" (equity investments in banks) and "Corporate private equity" (equity investments in businesses).

19.1.3.1 BOAD's internal master scale

The Bank's internal rating grid includes 21 scale ratings, supplemented by risk assessment. Each scale corresponds to default probability. The Bank's internal master scale with a mapping to external ratings is as follows:

	One year PD(in %)	GEMsPD Rating scale	Moody's	S&P	Fitch	Rating appreciation	Risk Class
1	0.00%	GI1	Aa3	AA-	AA-	High Level	Risk very low
2	0.00%	GI2	A2	A	A	Upper medium grade	
3	0.00%	GI3	A3	A-	A-		
4	0.00%	GI4	A3	A-	A-		
5	0.01%	GI5	Baa1	BBB+	BBB+	Lower medium grade	
6	0.01%	GI6	Baa1	BBB+	BBB+		
7	0.04%	GI7	Baa2	BBB	BBB		
8	0.09%	GI8	Baa3	BBB-	BBB-		
9	0.17%	GI9	Ba1	BB+	BB+	Speculative	Risk low
10	0.42%	GI10	Ba1	BB+	BB+		
11	1.28%	Gs1	Ba2	BB	BB		
12	1.96%	Gs2	Ba2	BB	BB		
13	3.16%	Gs3	Ba3	BB-	BB-		
14	3.75%	Gs4	B1	B+	B+	Highly speculative	Moderate risk
15	3.98%	Gs5	B2	B	B		
16	4.74%	Gs6	B3	B-	B-	Increasing risk	
17	8.28%	Gs7	Caa1	CCC+	CCC+	Ultra speculative	Risk high
18	17.64%	Gs8	Caa2	CCC	CCC		
19	28.40%	Gs9	Caa2	CCC	CCC		Risk very high
20	46.21%	Gs10	Caa3	CCC-	CCC-		
21	100%	D	D	D	D	Default	

19.1.3.2 Qualitative and quantitative factors considered in rating

For each scoring model, qualitative and quantitative elements with specific weighting have been retained. Weighting is based on statistical methods, expert opinion and

outcomes of a benchmarking with other multilateral development banks. The scores are statistically transformed into default probabilities under the constraint of the central trend and a rating cap defined for each model.

19.1.4 The Bank's depreciation policy

Depending on its activities, the Bank manages two types of credit risk, namely sovereign credit risk and non-sovereign credit risk.

19.1.4.1 Sovereign risk and non-sovereign risk

Sovereign risk
Sovereign or non commercial credit risk is related to loans granted to member States of the Union. The Bank manages this risk by suspending all disbursements and presentation of any project requests to a country in default.

Non-sovereign risk
The non-sovereign or market credit risk refers to loans granted by the Bank to borrowers in the private sector or commercial public entities.
The management of this risk results in the anticipated recognition (buckets 1 and 2) and in real time (bucket 3) of the expected credit losses.

Distribution of loan outstandings per risk category and per rating
The table below presents the breakdown of the Bank's loans and investment securities portfolio (assessed at amortized cost) in terms of outstandings per rating scale:

Portfolio exposure in terms of outstanding amounts by rating		Sovereign risk		Non sovereign risk		Total	
Appreciation	Rating	Outstanding	%	Outstanding	%	Outstanding	%
Speculative	GI9	0	0%	0	0%	0	0%
	GI10	0	0%	0	0%	0	0%
	Gs1	0	0%	0	0%	0	0%
	GS2	0	0%	0	0%	0	0%
	Gs3	501,965	29%	259,035	38%	761,001	31%
Highly speculative	Gs4	187,571	11%	73,627	11%	261,198	11%
	Gs5	242,651	14%	154,983	22%	397,635	16%
Increasing risk	Gs6	600,329	35%	82,611	12%	682,940	28%
Ultra speculative	Gs7	195,615	11%	32,001	5%	227,616	9%
	Gs8	0	0%	16,194	2%	16,194	1%
	Gs9	0	0%	0	0%	0	0%
	Gs10	0	0%	0	0%	0	0%
Default	D	0	0%	70,701	10%	70,701	3%
Receivables from customers		***1,728,132***	***100%***	***689,152***	***100%***	***2,417,284***	***100%***
Speculative	GI9	0	0%	0	0%	0	0%
	GI10	0	0%	0	0%	0	0%
	Gs1	0	0%	0	0%	0	0%
	GS2	0	0%	0	0%	0	0%
	Gs3	107,571	38%	31,617	93%	139,188	43%
Highly speculative	Gs4	19,000	7%	0	0%	19,000	6%
	Gs5	43,750	15%	1,667	5%	45,417	14%
Increasing risk	Gs6	72,931	25%	0	0%	72,931	23%
Ultra speculative	Gs7	43,448	15%	800	2%	44,248	14%
Securities portfolio (*)		***286,700***	***100%***	***34,083***	***100%***	***320,783***	***100%***
Total		***2,014,832***	***100%***	***723,235***	***100%***	***2,738,067***	***100%***

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

19.1.4.2 Determination of impairments on loans and receivables

a) General principles

Adequacy of the impairment level of risk based on IFRS 9 applicable since 1 January 2018 is reviewed at each reporting date.

Regardless of the risk category, all concerned counterparties are classified in Bucket 1 at inception. They are further reclassified in Bucket 2 or Bucket 3 depending on the evolution of their rating in terms of significant impairment. The recognition of the credit risk significant impairment is based on quantitative and qualitative criteria. For example, the quantitative criteria retained consists of reducing by at least two notches between the first rating date and the rating at the reporting date.

The credit risk's significant impairment's assessment integrates forward-looking information.

All new entities are subject to a rigorous approval process and require a minimum initial or ex-post credit rating. The rating of each of the Bank's commercial counterparty is updated in order to protect the Bank to a certain extent against possible risks of insolvency of its entities for either environmental deterioration or lack of good governance that would affect the financial situation of the companies concerned.

Especially for Bucket 3, the Bank has adopted a mechanism that makes it possible to analyze its portfolio and apply rules enabling a quality portfolio.

The amount of impairment is equal to the difference between the asset's book value (exposure) and the value of expected future cashflows discounted at the effective interest rate of the asset at the initial accounting.

b) Breakdown of ECL per bucket and per category of counterparty

Counterparty categories	2021								2020	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Montants	%
Sovereign	1,020	20%	21,888	73%	-	0%	22,908	24%	3,919	5%
Bank	1,615	32%	1,734	6%	1,583	3%	4,932	5%		
Public	296	6%	1,687	6%	-	0%	1,983	2%	7,667	9%
Private	2,132	42%	4,823	16%	57,249	97%	64,204	68%	69,589	86%
TOTAL LOANS (A)	**5,063**	**100%**	**30,132**	**100%**	**58,832**	**100%**	**94,028**	**100%**	**81,175**	***100%***
Sovereign	59	37%	1,454	89%			1,514	85%	189	18%
Bank	86	53%	171	11%			256	14%		
Public	17	10%	-	0%			17	1%		
Private	-	0%	-	0%			0	0%	841	82%
TOTAL SECURITIES (B)	**161**	**100%**	**1,625**	**100%**	**-**	**-**	**1,787**	**100%**	**1,030**	***100%***
TOTAL ECL (A+B)							**95,814**		**82,205**	

c) Distribution of ECL per bucket and per sector

Sectorial breakdown	2021								2020	
	Bucket 1		Bucket 2		Bucket 3		Total		Amounts	%
Agriculture and rural Development	274	5%	8,718	27%	0		8,993	9%	1,630	2%
Industries	687	13%	1,976	6%	7246	12%	9,909	10%	12,818	16%
Energy, Water and Information and Communication Technologies	1,193	23%	5,889	19%	34370	58%	41,452	43%	36,489	44%
Transport, Town planning and Environment	1,118	21%	10,564	33%	0	0%	11,682	12%	5,720	7%
Finance and Insurance	1,663	32%	1,828	6%	2488	4%	5,979	6%	6,380	8%
Hospitality and other services	129	2%	1,157	4%	14728	25%	16,014	17%	18,139	22%
TOTAL LOANS (A)	**5,064**	**97%**	**30,132**	**95%**	**58,832**	**100%**	**94,028**	**98%**	**81,175**	***99%***
Finance and Insurance	145	3%	1,625	5%			1,770	2%	1,030	1%
Energy, Water and Information and Communication Technologies	17	0%					17	0%		
TOTAL SECURITIES (B)	**161**	**3%**	**1625**	**5%**			**1,787**	**2%**	**1,030**	**1%**
TOTAL ECL (A+B)	**5,225**	**100%**	**31,758**	**100%**	**58,832**	**100%**	**95,814**	**100%**	**82,205**	**100%**

d) Distribution of ECL per bucket and per country

Country	2021								2020	
	Bucket 1	%	Bucket 2	%	Bucket 3	%	Total	%	Amounts	%
BENIN	231	5%	1,937	6%	3,478	6%	5,645	6%	5,703	7%
BURKINA FASO	514	10%	1,828	6%	905	2%	3,246	3%	1,958	2%
CÔTE D'IVOIRE	1,616	32%	2,649	9%	1,296	2%	5,562	6%	10,516	13%
GUINEE BISSAU	11	0%	2,769	9%		0%	2,780	3%	2,363	3%
MALI	245	5%	8,702	29%	8,391	14%	17,338	18%	6,013	7%
NIGER	42	1%	6,326	21%	1,583	3%	7,951	8%	5,366	7%
SENEGAL	1,015	20%	1,478	5%	30,772	52%	33,265	35%	34,039	42%
TOGO	1,390	27%	4,443	15%	12,407	21%	18,240	19%	15,217	19%
HORS-UEMOA									0	0%
TOTAL PRETS (A)	**5,064**	**100%**	**30,132**	**100%**	**58,832**	**100%**	**94,028**	**100%**	**81,175**	**100%**
BENIN	27	17%	25	2%			52	0%	14	1%
BURKINA FASO	31	19%	422	26%			453		561	54%
CÔTE D'IVOIRE	14	8%	111	7%			125		6	1%
MALI		0%	389	24%			389		70	7%
NIGER		0%	209	13%			209		15	1%
SENEGAL	35	22%	70	4%			105		176	17%
TOGO	54	34%	399	25%			454		188	18%
TOTAL TITRES (B)	**161**	**100%**	**1,625**	**100%**	**58,832**	**0%**	**1,787**	**0%**	**1,030**	**100%**
					TOTAL ECL (A+B)			**95,814**	**82,205**	

19.2. Market risk

19.2.1. Exchange risk- operations in foreign currencies

Exchange risk is the possibility of recording losses due to an unfavorable evolution of exchange rate on the market. At BOAD, the exchange risk arises out of the fact that a part of the loans is issued in foreign currencies, while the balance sheet assets is quoted in XOF. The Bank can therefore record losses in profitability, due to adverse changes in the price of currencies against the Euro. Parity between Euro and XOF is fixed.

19.2.1.1 Hedge accounting

To hedge the fluctuations in these currencies price, the Bank signed hedging agreements (forward-looking contracts and cross currency swap) on its borrowings in SDR and dollars. Through these agreements, the Bank has hedged 100% of its foreign currency risk excluding euros. As at the closing date, most agreements signed have a maturity of less than a year renewable at each maturity. The Bank's policy is to align the essential conditions of hedging agreements with hedged items'ones.

Economic link determination

The Bank determines the existence of an economic link between the hedging instrument and the hedged item depending on the currency, amount and schedule of their respective cashflows.

The essential conditions (such as nominal value, maturity and underlying) of the hedging instrument and the hedged item are in perfect agreement. The characteristics of the loans and their hedging instruments are identical. As a result, the two vary in opposite directions at the instigation of the same risk. In accordance with IFRS 9-B6.4.14, there is an economic link between the loans denominated in currencies other than euros of the Bank and the hedging instruments put in place.

Coverage ratio

The Bank covers all of its exposure to currency exchange risk (excluding euros). The amounts covered are the same as the notional amounts of the cover. As a result, the coverage ratio is 100%.

Sources of ineffectiveness

For all of the hedging instruments, the ineffectiveness could arise from certain decision-making affecting the maturities and timelines of the hedged items such as the early repayments of certain loans questionning the concordance between the characteristics of the hedged items and the instruments cover.

As of December 31, 2021, hedge ineffectiveness is considered not significant

Notional schedule

As of December 31, 2021, the schedule for the notional hedges is the same as that for the hedged loans.

The following table presents the fair value and notional amounts of derivative financial assets and liabilities as at 31 December 2021 and 2020 respectively:

		31 December 2021			31 December 2020		
Financial instruments	Notes	Assets	Liabilities	Notional/ Outstanding	Assets	Liabilities	Notional/ Outstanding
Derivative assets-fair value hedge	7	1,437		63,802	0		0
Derivative assets-cash flow hedge		86,630		1,136,624	20,001		563,774
Derivatives liabilities-fair value hedge	11		0			1,290	60,923
Derivatives liabilities-cash flow hedge			0			62,612	1,060,084
Total		**88,067**	**0**	**1,200,425**	**20,001**	**63,902**	**1,684,781**

The derivative assets come from the positive variation of the value of all the derivatives instruments (on the dollar and SDR credit lines and on 2027 and 2031 Eurobonds at 31 December 2021).

19.2.1.2 Debt structure as at 31 December 2021

The debt structure of the principal of the other borrowings from external partners and debts represented by securities are presented as at 31 December 2021 as follows:

Debt structure as at 31 December 2021							
Currencies	Currency amount	Exchange rate as at 31/12/2021	Present outstanding amount (millions of XOF)		% of total borrowings (D)	excluding Euro (A)	borrowings (B)
JPY	-	-	0		0.00%	0.00%	0.00%
USD	1,736,015	579.16	1,005,430		46.80%	94.89%	48.08%
DTS	66,799	810.61	54,148		2.52%	5.11%	2.59%
CHF	0	-	0		0.00%	0.00%	0.00%
TOTAL EXCLUDING Euros (A)			1,059,578	51%	49.32%	100%	
Euro	1,572,743	655.96	1,031,652	49%	48.02%		49.33%
TOTAL EXCLUDING F CFA (B)			2,091,230	100%			
F CFA for domestic bond issues ('C)			57,081		2.66%		
TOTAL BORROWINGS D= (B)+('C)			2,148,312		100%		

19.2.1.3 Analysis of sensitivity to exchange risk

Exchange rate sensitivity is measured in terms of impact of exchange rate variations on loan repayments. A positive impact is equivalent to a savings made on the repayment amount (gain) while a negative impact means an increased cost on repayment (loss). The market value as at closing of the accounts (31/12/2021) is the real value as at that date

and +/-10% variations are anticipated value in the quarter following the date of reporting. It should be noted that all loans are granted in XOF and repaid in XOF.
The balance sheet impact of the analysis of sensitivity to exchange risk is nil due to the hedges put in place.

19.2.2. Interest rate risk

It is the risk for the Bank to see its profitability negatively affected by adverse changes in interest rates. Interest rate risk occurs when assets of a given rate and period are backed by liabilities of a period and/or a different type of rate.

19.2.2.1 Sources of exposure to interest rate risk and mitigating strategy of the Bank

The Bank's exposure to interest rate risk is caused by (i) sensitivity to interest rate associated with the margin between the rate that the Bank applies to its assets and the rate at which it contracted borrowings that finance its assets (ii) sensitivity to interest rate associated with the margin the Bank earns on its assets funded on equity capital and (iii) rate of interest associated with the margin that the Bank earns on its assets funded both on equity and loans.

The Bank's financial policy seeks to optimize profitability by ensuring a correct affiliation between the characteristics of each asset category and those of the corresponding liability. It is worth noting that the Bank's assets and liabilities are at fixed rates. Thus, the Bank does not apply any hedging accounting to hedge against the interest rate risk

19.2.2.2 Interest rate risk sensitivity analysis

The Bank's balance sheet may be analyzed based on several parameters including: (i) balance sheet and off-balance sheet, (ii) Banking activity only, or (iii) FDC and FDE activities only. Then, based on the yield curve, there is a +/-1% variation of different market rates. The results of the analysis are summarized in the table below:

Scope (without off balance sheets)	31/12/2021		31/12/2020	
	Variation	Impact on income for 2022	Variation	Impact on income for 2021
Bank activity only	+ 100 basis points	+ 8 541	+ 100 basis points	+ 6 689
Bank activity only	- 100 basis points	- 8 541	- 100 basis points	- 6 689
FDC activity only	+ 100 basis points	- 2 114	+ 100 basis points	- 2 509
FDC activity only	- 100 basis points	+ 2 114	- 100 basis points	+2 509

It appears from the sensitivity test that the Bank's balance sheet profile presents a gap of resources on FDC and FDE activities. It should be noted that the Bank does not borrow at variable rates according to its interest rate management policy.

The impact of the interest rate sensitivity analysis on equity capital is nil.

19.3. Liquidity risk

Liquidity risk is the institution's risk of not meeting its financial commitments on time and at reasonable cost. This is addressed by measuring the degree of processing and adequacy between resources and its use. The Asset-Liability management (ALM) committee, by analyzing the gaps and durations, sees to the adequacy, in terms of amount and duration, uses and resources, thereby contributing to liquidity risk management.
Details of maturities of assets and liabilities on an undiscounted basis is presented as at 31 December 2022 as follows:

	DURING 2022			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	210,373	0	0	0	0	210,373
Term deposits	0	20,000	0	0	0	20,000
Non-current assets held for sale	0	0	2,245	0	0	
Loans and advances to banks	0	0	10,412	0	0	10,412
Loans and advances to customers	25,626	132,627	193,136	1,043,292	973,776	2,368,457
Loans and advances to staff	296	1,447	1,993	7,092	4,685	15,514
Securities portfolio	2,425	57,241	88,101	218,646	29,633	396,047
Equity investments	0	0	0	0	138,161	138,161
Shareholders receivables	0	0	6,585	0	0	6,585
Derivatives assets	0	0	0	0	88,067	88,067
Accrual assets	0	0	16,596	0	0	16,596
Other assets	0	0	0	0	10,844	10,844
TOTAL ASSETS (A)	**238,719**	**211,315**	**319,069**	**1,269,031**	**1,245,167**	**3,283,301**
Deposits from banks (CAURIS, ROPPA, AFD)	7,571	0	0	0	0	7,571
Debts securities issued	0	37,524	30,906	19,558	1,451,289	1,539,277
Other debts	273	33,303	62,606	279,729	265,940	641,852
Funds	0	0	0	0	114,083	114,083
Provisions		0	0	0	9,182	9,182
Derivatives liabilities		0	0	0	0	0
Accruals liabilities		0	24,533	0	0	24,533
Other liabilities		0	0	0	3,739	3,739
TOTAL LIABILITIES (excluding equity) (B)	**7,845**	**70,826**	**118,045**	**299,287**	**1,844,234**	**2,340,237**

Details on maturities of assets and liabilities as at 31 December 2021 are presented as follows:

	DURING 2021			BEYOND		
	]0 month; 1 month]	]1month;6 months]	]6 months; 12 months]	]1 year; 5 years]	>5 years	Total
Cash + Bank - opening balance	437,350	0	0	0	0	437,350
Term deposits	4,000	28,000	0	0	0	32,000
Non-current assets held for sale	0	0	2,245	0	0	2,245
Loans and advances to banks	0	0	34,802	0	0	34,802
Loans and advances to customers	19,423	103,020	172,218	872,964	999,053	2,166,679
Loans and advances to staff	223	1,092	1,503	5,349	3,534	11,701
Securities portfolio	24,417	18,624	22,682	229,008	47,812	342,544
Equity investments	0	0	0	0	129,960	129,960
Shareholders receivables	0	0	6,882	0	0	6,882
Derivatives assets	0	884	0	0	19,116	
Accrual assets	0	0	3,718	0	0	3,718
Other assets	0	0	0	0	11,744	11,744
TOTAL ASSETS (A)	**485,414**	**151,621**	**244,050**	**1,107,322**	**1,211,220**	**3,199,627**
Deposits from banks (CAURIS, ROPPA, AFD)	2,369	0	0	0	0	2,369
Debts securities issued	0	457,288	45,002	57,081	889,536	1,448,907
Other debts	273	132,318	34,858	236,789	270,249	674,488
Funds	0	0	0	0	97,250	97,250
Provisions	0	0	0	0	7,784	7,784
Derivatives liabilities	0	30,978	0	1,290	31,634	63,902
Accruals liabilities	0	0	7,638	0	0	7,638
Other liabilities	0	0	0	0	1,853	1,853
TOTAL LIABILITIES (excluding equity) (B)	**2,643**	**620,584**	**87,498**	**295,160**	**1,298,306**	**2,304,191**

Furthermore, the Bank has a liquidity policy, which ensures that, at any time, the Bank has a liquidity reserve to make disbursements on its banking and administrative operations, as well as for debt servicing. The standard practice is to hold liquid assets of at least nine (9) to twelve (12) months of net disbursements on loans (*disbursements on loans minus repayments obtained and repayment of debt incurred*).

19.4. Operational risk

The implementation of operational risk is based on the Basel standards for compliance with international best practices.
The approach aims at achieving the following objectives: (i) increase risk control by developing a risk culture at the Bank, (ii) understand upstream risks caused by the development of activities, (iii) keep top management informed about major risks and their monitoring mechanisms and (iv) improve internal controls.
This will help in directing efforts based on the priority nature of the risks and taking measures to improve the internal control system.
The operational risk management approach is based on the establishment and annual updating of the risk map. The methodology used has the following characteristics:

- the approach per business with the creation and updating of a process mapping;
- the identification of risks using the Basel risk categories help in refining the risk types;
- the rating of the risks identified;
- the rating of net risks from a grid defining the levels of probability and severity (impact);
- the identification of action plans to reduce such risks;
- the appointment of a risk owner for each identified risk.

The incidents database is developed and updated with incidents collected through the Operational Risk Correspondents, an automated tool and gradually consolidated to obtain the sufficient depth losses for their analysis.

NOTE 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below presents the classification of the Bank's assets and liabilities as well as their fair value as at 31 December 2021.

20.1 Classification of financial instruments

As at 31 december 2021, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities			Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
	through profit and loss	through OCI recyclable	through OCI non recyclable			
- Cash and cash equivalents				230,373	230,373	230,373
- Loans and advances to banks				10,412	10,412	10,412
- Debt Securities portfolio				396,047	396,047	396,047
- Loans and advances to customers				2,368,457	2,368,457	2,368,457
- Loans and advances to staff				15,514	15,514	15,514
- Shareholders receivables				6,585	6,585	6,585
- Equity investments	10,771		127,390	0	138,161	138,161
- Derivative assets	88,067			0	88,067	88,067
Total amount of financial assets	**98,838**	**0**	**127,390**	**3,027,388**	**3,253,615**	**3,253,615**
Borrowings				2,188,700	2,188,700	2,188,700
Derivative liabilities	0				0	0
Total amount of financial liabilities	**0**	**0**	**0**	**2,188,700**	**2,188,700**	**2,188,700**

As at 31 december 2020, the classification of financial assets and liabilities is as follows:

Financial instruments	Financial assets and liabilities			Financial assets and liabilities at amortized cost	Total amount of book value	Total amount of fair value
	through profit and loss	through OCI recyclable	through OCI non recyclable			
- Cash and cash equivalents				469,350	469,350	469,350
- Loans and advances to banks				34,802	34,802	34,802
- Debt Securities portfolio				342,544	342,544	342,544
- Loans and advances to customers				2,166,679	2,166,679	2,166,679
- Loans and advances to staff				11,701	11,701	11,701
- Shareholders receivables				6,882	6,882	6,882
- Equity investments	10,659		119,301	0	129,961	129,961
- Derivative assets	20,001			0	20,001	20,001
Total amount of financial assets	**30,660**	**0**	**119,301**	**3,031,958**	**3,181,919**	**3,181,919**
Borrowings				2,125,764	2,125,764	2,125,764
Derivative liabilities	63,902				63,902	63,902
Total amount of financial liabilities	**63,902**	**0**	**0**	**2,125,764**	**2,189,666**	**2,189,666**

20.2 Levels of fair values

The table below classifies the financial instruments measured at fair value per level of fair value:

	Active market prices (level 1)		Evaluation techniques, of which all critical data are based on observable market data (level 2)		Evaluation techniques, of which all critical data are not based on observable market data (level 3)		Total amount	
	2021	2020	2021	2020	2021	2020	2021	2020
Derivative assets			88,067	20,001			88,067	20,001
Equity investments designated at fair value through P&L			10,771	10,659			10,771	10,659
Equity investments designated at fair value through OCI non-recyclable	12,286	10,275			115,104	109,025	127,390	119,301
Total amount of financial assets	**12,286**	**10,275**	**98,838**	**30,660**	**115,104**	**109,025**	**226,229**	**149,961**
Derivative liabilities				63,902				63,902
Total amount of financial liabilities				**63,902**			-	**63,902**

20.3 Valuation techniques of fair values

The table below records the valuation techniques of fair values at level 2 and 3 for financial instruments recognized at fair value in the balance sheet and key non-observable data used.

Type of financial instrument	Valuation technique	Significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Forward foreign currency contracts	Futures price fixing Fair value is calculated using quoted forward exchange rates at the reporting date and commuted value measurements based on high-quality contract yield curve / yield curves.	Non applicable	Non applicable
Currency swaps	Swaps models Fair value is the present value of the estimated cash flows. Floating rate future cash flow estimates are based on quoted swap rates, futures contract prices and interbank lending rates. The estimated cash flows are discounted using a yield curve developed from similar sources that reflects the benchmark interbank rate used by market participants in setting foreign exchange swap prices.	Non applicable	Non applicable
Equity investments	Sales comparison approach/ Discounted Cash Flow/ Net book value The fair value is estimated based (i) on the last market prices of comparable assets (normally up to 12 months), entered into under normal market conditions or a firm bid on more than 15% of the existing stock or (ii) the net present value is calculated using a discount rate of equity investments with similar risk/yield couple adjusted to take account of finance structure (provided that the entity has generated positive cashflow from operating activities during at least the two previous years), or (iii) the mathematical value based on the last financial statements available.	Non applicable	Non applicable

NOTE 21. LEASES

21.1. As a lessor

The Bank leases part of its offices for professional uses as well as the leisure centre based in the staff residential estate. Beneficiaries include AGF West AFRICA (Ex GARI Fund), CAURIS SA, AfDB, CRRH-UEMOA, KFW, BIA Togo and DYTOUI Consulting.

Most contracts are signed for a 2 years' period with tacit renewal. The tacit non-renewal of the lease should be notified by one of the Parties at least three months prior to the expected end date of the contract. The Bank controls and manages risks of the leased offices since any substantial modification to the leased offices or any willingness of tenants to sublet one or several parts of the leased offices must be done with its prior authorization. Furthermore, the Bank has put in place all required security mechanisms and any amendments must be approved by both parties.

The contracts include a clause on amendment of the rent at each renewal in order to take into account the price trend on the lease market, but the rate cannot exceed 10%.

21.1.1. Future minimal payments

As at 31 décember 2021, the amount of future minimum payments for non-cancellable lease contracts is as follows:

In millions of F CFA	2021	2020
Less than one year	100	110
Between one and five years	439	486
More than five years	677	749

21.1.2. Amounts recognized as net income

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

Items	2021	2020
Office rental income	105	107
Income from investment properties	7	3
TOTAL	**112**	**110**

21.2. As a lessee

The Bank has rented villas, which serve as residences for the Vice-President and Chiefs of Resident missions. Signed for several years, these contracts cover villas on a set of real estate made up of plain lands and buildings.

Some contracts do not anticipate an end period but include a clause which stipulates that they can only be cancelled upon prior notice by one of the parties within an interval of six months before the expected date of cancellation. Other contracts plan for a two-year lease period with a clause on tacit renewal. Based on historical relations with the lessors, contracts have always been renewed tacitly since their signing.

To take into account the trend of the lease markets, the rent amount is renegotiated every two years. Under such lease contracts, the Bank cannot sign a sublease contract.

The Bank has determined that these contracts are simple lease contracts. The rent to be paid to the property owner is adjusted regularly depending on the trend on the lease market and the Bank does not bear any risk related to the residual value of the land or building. Therefore, the owner holds quasi-totality of risks and benefits related to the lands and buildings.

21.2.1 Future minimal payments

As at 31 December 2021, future minimum payments for non-cancellable simple lease contracts are as follows:

In millions of F CFA	2021	2020
Less than one year	172	166
Between one and five years	797	769
More than five years	1,242	1,198

21.2.2 Amounts recognized as net income

Items	2021	2020
Conditional rent payments	192	175
TOTAL	**192**	**175**

NOTE 22. TRANSACTIONS WITH RELATED PARTIES

22.1. Loans to member countries

The outstanding loans to member countries is broken down as at 31 December 2020 as follows:

Items	Number of loans	Amount disbursed on signed loans					% Outstanding amounts	Undisbursed amounts
		FDC (1)	FDE (2)	PSCM (3)	PSPUM (4)	TOTAL(4) = (1+2+3)		
BENIN	57	130,122	12,970	43,207	1,272	187,571	10.9%	258,442
BURKINA	52	139,273	16,190	70,437	16,751	242,651	14.0%	173,790
IVORY COAST	48	95,884	27,650	57,387	31,513	212,433	12.3%	229,779
GUINEE BISSAU	36	108,915	12,813	10,999	0	132,727	7.7%	107,688
MALI	51	142,954	12,332	39,460	869	195,615	11.3%	188,652
NIGER	53	144,170	28,071	125,025	0	297,267	17.2%	112,663
SENEGAL	64	129,509	26,470	96,094	37,459	289,532	16.8%	215,647
TOGO	49	153,454	1,982	14,899	0	170,336	9.9%	130,230
TOTAL	**410**	**1,044,281**	**138,478**	**457,509**	**87,864**	**1,728,132**	**100.0%**	**1,416,892**

Loans granted to member countries are subject to intervention limits presented in Note 19.1.1. They are granted for a maximum period of eighteen (18) years (duration of FDC loans) with a five (5) years' grace period.

22.2. Loans guaranteed by AGF West Africa (Ex GARI Fund)

The Bank holds shares in the capital of the AGF West Africa Funds (Ex-GARI Fund). Outstanding loans guaranteed by AGF West Africa Funds (Ex-GARI Fund) amounts to XOF27,223 M as at 31 december 2021 for a guaranteed amount of XOF12,043 M.
Details of these outstandings and their guarantees are as follows:

Items	Outstanding amounts as at 31 December 2021	Guaranteed part	Guarantee ratio
NIGERLAIT	0	0	30.0%
USINE PHARMAC. DO-PHARMA	3,428	1,150	33.6%
MODERN. USINE PHARMAQUICK	612	306	50.0%
IMPLANT. UNITE TRANSF.EXTRACT. MARBRE	3,828	2,297	60.0%
IMPLANT. USINE PRODUC. CAOUT. C.I.H.	1,350	338	25.0%
CONSTRUCT. & EXPLOIT. GAZ S.T.S.G.	407	204	50.0%
(SOBEMAP)	1,644	575	35.0%
PHARMIVOIRE RCI	2,719	1,250	46.0%
Société Lacoste & Compagnie (Sénégal)	5,760	2,000	34.7%
MDS BURKINA	1,819	1,092	60.0%
SCS CARTONNERIE	2,751	1,380	50.2%
PARENTERUS	2,905	1,453	50.0%
TOTAL	**27,223**	**12,043**	**44%**

22.3. Remunerations of senior executives

Items	2,021	2,020
Salaries and gratuities	6,291	6,010
Pension contributions	345	298
Financial costs and services/pension		513
Financial costs/pension	291	
Costs of past services/pension	265	
Compensation to Board of Directors	29	30
Sub-total 1	**7,221**	**6,852**
Pension benefit obligations	4,606	4,077
Sub-total 2	**4,606**	**4,077**

The remuneration of the President and Vice-Presidents are fixed by the governing bodies (*Council of Ministers and Board of Directors*) while remunerations of Managers are based on the Bank's salary scale. Retirement commitments correspond to benefits granted to senior executives upon their final departure from the Bank.

NOTE 23. OFF-BALANCE SHEET COMMITMENTS

23.1 Commitments received

These commitments are funding agreements given to the Bank by foreign lenders and the guarantees received from regional funds for customers. These commitments are as follows:

Commitments received	31 December 2021	31 December 2020
Loan commitments to be drawn (a)	185,880	258,858
Guarantees received from Regional Funds (b)	27,651	30,955
Total	**213,531**	**289,813**

a) Commitments to be drawn are the remainder of loans yet to be mobilized on loans obtained from donors.
b) The Bank receives for its loans guarantees that are not financial (mortgage, pledge, collateral, etc.).

23.2 Commitments given

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

Commitments given	31 December 2021	31 December 2020
Loan commitments given (a)	1,764,044	1,756,631
Advances for the financing of studies	20,955	18,074
Equity investment commitments (b)	55,264	58,989
Sureties and other guarantees	10,000	10,000
Credit insurance premiums to be paid (c)	5,903	
Total	**1,856,165**	**1,843,694**

(a) Loan commitments given correspond to financing agreements whose execution depends on the compliance with suspensive conditions or whose actual disbursement depends on drawing requests from the borrower.

(b) Commitments for equity investments relate to BOAD's unpaid subscriptions to the capital of the following companies. The detail is presented as follows:

COMMITMENTS FOR EQUITY INVESTMENTS (in XOF 'M)	31 December 2021	31 December 2020
Cauris Croissance II Fund	1,808	1,839
African Renewable Energy Funds	17	17
Amethis West Africa (AWA)	282	282
Investors and Partners for Development Fund 2	719	719
Investment fund dedicated to the development of financial services in WAEMU	5,473	5,603
I&P Afrique Entrepreneurs 2 (IPAE2) Fund	1,289	1,511
Cauris Croissance IV fund	5,000	5,000
ECP Africa Fund IV	0	392
AFIG Fund II	270	3,000
ADIWALE FUND I	2,166	2,390
Seed Funds	12,000	12,000
Infrastructure Funds	26,238	26,238
TOTAL	**55,264**	**58,989**

(c) During the 2021 financial year, the Bank concluded credit insurance policies with insurers having a better international rating (A, A+, etc.). The purpose of this transaction is to reduce the Bank's exposure risk and to benefit from the effect of the better rating of these insurers which should enable the Bank, in time, to improve its own rating. The cost of committing to future payments under these policies amounts to XOF 5 903 M as at 31 December 2021.

NOTE 24. EFFECTS OF THE COVID-19 ON THE FINANCIAL STATEMENTS OF THE BANK

As of the date of closing of the 2021 financial statements by the Board of Directors and given the evolution of the pandemic, the known and estimated effects of COVID-19 have been recorded in the Bank's financial statements.

In addition to the measures taken by the Bank in 2020 and 2021, including the triggering of its Business Continuity Plan (BCP), the significant downgrading of the ratings of counterparties operating in sectors heavily impacted by the pandemic, the Bank has reviewed the ratings of member States to better take into account the effect of the health crisis of COVID-19 and the macro-economic impacts in the West African Monetary and Economic Union area (*see note 17. Cost of risk*).

Furthermore, the Bank will continue to anticipate and report other financial effects of COVID-19 in its financial statements as and when they become known and estimable.

NOTE 25. SUBSEQUENT EVENTS

The socio-political situation in the Bank's area of operation is marked by the economic sanctions taken by the Economic Community of West African States (ECOWAS) on Mali (ECOWAS) against Mali with effect from 9 January 2022.

BOAD's exposure (loans and securities) to Mali amounts to XOF 334,984 M. This exposure represents 11.9% of the Bank's total exposure and 10.2% of its total balance sheet.

In a forward-looking approach, BOAD has carried out initial assessments of the possible impact of these sanctions on its activities and put in place a contingency plan to mitigate any possible risks.

As of the date of the closing of the 2021 financial statements by the Board of Directors, the Bank's management has not noted any subsequent event likely to call into question the Bank's continuity of operations.

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