



**BOAD**

BANQUE OUEST AFRICAINE  
DE DEVELOPPEMENT

# NEWSLETTER

OCTOBER 2024

# President's Editorial

Dear BOAD investors,

I would like to extend my heartfelt gratitude for your unwavering support and steadfast commitment to BOAD. Your partnerships, investments, and collaborations have been instrumental in driving our progress, enabling us to continue advancing our mission of promoting sustainable development across the WAEMU region. A notable affirmation of the trust placed in our institution is the recent decision by Moody's rating agency to affirm our Baa1 rating, alongside a change in outlook from negative to stable.

One of our most notable achievements during the third quarter of 2024 was the first EUR-denominated green hybrid private placement with Cassa Depositi e Prestiti (CDP) acting as the sole investor on behalf of the Italian Climate Fund. This EUR 100 mn bond is designed to strengthen our capital base and unlock EUR 400 mn in new financing for renewable energy projects, which will provide access to electricity for hundreds of thousands of people across our member countries, reduce CO<sub>2</sub> emissions, and lower energy costs. This transaction follows our successful issuance of the first USD 100 mn hybrid bond in December 2023 through a private placement with BADEA, marking a continued strategy to leverage innovative instruments for sustainable growth.

To further demonstrate our commitment to creating tailor-made solutions for the challenges faced by our member countries, we launched the "Disaster Adapted Loan" program. This innovative initiative offers protection against specific natural and health disasters in our region. The program was developed in partnership with African Risk Capacity Limited (ARC Ltd), Munich RE, KfW, and the Frankfurt School of Finance & Management, highlighting BOAD's leadership in developing adaptive financial instruments, providing our members with the flexibility and resilience needed during times of crisis.

I am also proud to announce that BOAD Securitization successfully finalized a XOF 160 bn transaction, aimed at securitizing a BOAD portfolio of non-sovereign loans. This initiative attracted both regional and international investors, underscoring the broad interest in innovative financing within our region. This transaction aligns perfectly with our Strategic Plan Djoliba, which seeks to optimize asset management and mobilize additional resources for critical projects across key sectors.

Finally, I am pleased to inform you that our operations continue to progress strongly. At the 143<sup>rd</sup> session of our Board's meeting held on 20 September 2024, six new operations were approved, totaling XOF 105.6 bn. This brings BOAD's cumulative financing since the commencement of its operations in 1976 to XOF 8,854.3 bn, reflecting our ongoing commitment to driving impactful development across the region.

In conclusion, I would like to express my deepest appreciation to you, our valued BOAD partners and investors, for your ongoing trust and collaboration. Together, we have achieved remarkable milestones, and I am confident that even greater successes lie ahead as we continue working collectively towards the shared development and prosperity of our region. Your support is fundamental to the impact we generate, and I look forward to building on this momentum in the years to come.

Sincerely,

*Serge Ekué*



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# Key developments (1/2)

September 30<sup>th</sup>

On 30 September 2024, Moody's affirmed BOAD's foreign currency long-term issuer and the foreign currency senior unsecured ratings at Baa1 and upgraded its outlook to stable from negative.



September 20<sup>th</sup>

On 20 September 2024, BOAD's Board of Directors held their 143<sup>rd</sup> ordinary session, under the chairman of Mr. Serge Ekué, Chairman of the Board of Directors and President of BOAD. The Board approved the Bank's interim accounts as at June 30<sup>th</sup>, 2024, approved 6 new operations for a total amount of XOF 105.6 bn, bringing to XOF 8,854.3 bn the total financing to date since BOAD's start of operational activities in 1976.

September 19<sup>th</sup>

**BOAD launched a "Disaster Adapted loan" program targeted at its member countries** Following pilot phase covering Benin, Côte d'Ivoire, Senegal and Togo totaling over USD 350 mn. The innovative and unique nature of this instrument lies in the combination of a subsidized loan offer with a parametric insurance product against the impacts of natural and health disaster. In events such as drought, flooding, epidemic or pandemic, the insurance mechanism will be triggered, temporarily lifting borrowers' repayment obligations therefore providing flexibility and rapid financial relief. The innovative solution is the result of a cooperation between the African Risk Capacity Limited (ARC Ltd), which insures BOAD against losses related to the deferral of annual instalments, Munich RE, which provides reinsurance to ARC Ltd and which has been mandated with Frankfurt School of Finance by KfW to develop and implement this project.

August 30<sup>th</sup>

**BOAD Securitization successfully finalized the transaction "Doli-p 2024-2031" aimed at securitizing a portfolio of non-sovereign loans held by BOAD.** The transaction raised XOF 160 bn, attracting regional and international investors and demonstrating the significant interest in this innovative financing initiative. Doli-P 2024-2031 is fully in line with BOAD's Strategic Plan Djoliba which aims to optimize asset management and mobilize funds to support strategic projects in key sectors.

**BOAD  
TITRISATION**

# Key developments (2/2)

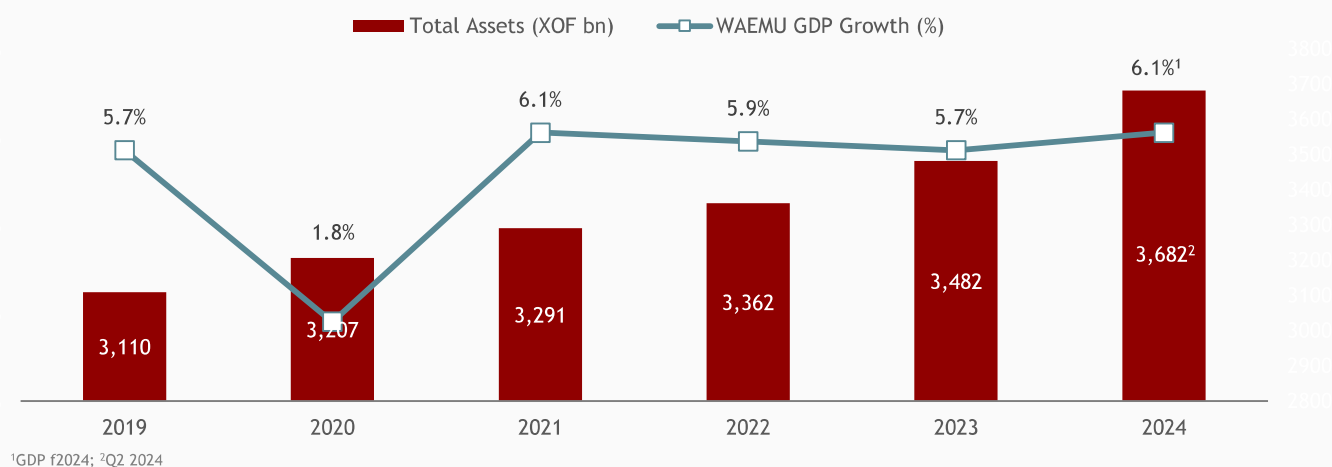
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August 2<sup>nd</sup>

On 2 August 2024, BOAD signed an agreement for the issuance of the first EUR-denominated green hybrid bond with Cassa Depositi e Prestiti (CDP) acting on behalf of the Italian Climate Fund. The EUR 100 mn groundbreaking bond issue, the first of its kind by a Multilateral Development Bank is designed to bolster the bank's capital base, support its credit rating, and thereby safeguard its ability to access international financing at competitive rates. The hybrid structure provides substantial leverage, enabling EUR 400 mn in new financing for our member countries and local economies without compromising the bank's financial ratios, competitiveness, or its ability to offer financing at favorable terms. The funds will be allocated to the construction and rehabilitation of electricity generation infrastructure from renewable sources. This will provide access to electricity for hundreds of thousands of citizens, diversify the energy mix, reduce CO<sub>2</sub> emissions, and lower energy production costs across the WAEMU member countries.



## BOAD Assets vs. WAEMU GDP Growth

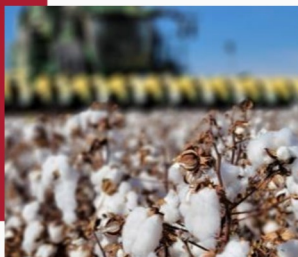


## BOAD Financials

| XOF Million                       | 2020      | 2021      | 2022      | Q2 2023   | 2023      | Q2 2024   |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Loans and Advances to Customers   | 2,166,679 | 2,368,457 | 2,439,926 | 2,379,293 | 2,461,992 | 2,482,254 |
| Total Equity                      | 903,074   | 951,049   | 1,104,641 | 1,158,890 | 1,236,032 | 1,287,530 |
| Total Assets                      | 3,207,265 | 3,291,286 | 3,362,279 | 3,349,979 | 3,482,022 | 3,682,276 |
| Net Interest Income               | 52,131    | 60,160    | 72,627    | 44,138    | 89,274    | 45,376    |
| Net Income                        | 29,302    | 30,824    | 33,682    | 26,034    | 36,453    | 28,627    |
| Return on Average Equity          | 3.38%     | 3.32%     | 3.28%     | 2.30%     | 3.11%     | 2.34%     |
| Return on Average Assets          | 0.93%     | 0.95%     | 1.01%     | 0.78%     | 1.07%     | 0.81%     |
| Capital Adequacy Ratio (Basel II) | 23.90%    | 23.40%    | 26.50%    | 27.35%    | 27.46%    | 27.42%    |
| Net Interest Margin               | 2.41%     | 2.54%     | 2.98%     | 1.86%     | 3.63%     | 1.83%     |
| NPLs/Gross Outstanding Loans      | 2.71%     | 2.90%     | 2.92%     | 2.58%     | 2.64%     | 2.26%     |

- Loans and Advances to Customers increased by 0.8% in Q2 2024 to XOF 2,482.3 bn from XOF 2,461.9 bn in 2023.
- BOAD recorded a Net Income of XOF 28.6 bn in Q2 2024 i.e. a 9.7% increase compared to Q2 2023 (XOF 26.0 bn).
- BOAD continues to benefit from a good capitalization and has currently one of the strongest capital ratios (Basel II) among its peers in the region. As at 30th June 2024, the Capital Adequacy ratio is at to 27.43%, well above internal target of 15%.
- NPL ratio has decreased down to 2.26%, its lowest level since 2020.

# Recent projects and achievements (1/2)



BOAD has approved a XOF 10 bn loan for the partial refinancing of the Sociétés Coopératives Simplifiées Producteurs de Coton (SCOOPS-PC) of the SOFITEX zone for the 2024-2025 cotton season in Burkina Faso. The project aims to strengthen Ecobank Burkina's short-term financial resources and facilitate access to financing for around 23,000 farmers, including 400 women to purchase the inputs they need to grow cotton.

 XOF 10 bn



BOAD has approved a XOF 15 bn short-term loan to Ivory Cocoa Product (ICP) SA for the 2024-2025 cocoa season in Côte d'Ivoire. The loan will be used to finance the purchase of around 7,500 tonnes of cocoa beans, benefiting more than 6 million farmers, contributing to the creation of 5,000 direct and induced jobs, and safeguarding nearly 170 permanent ICP jobs.

 XOF 15 bn



BOAD has approved a XOF 28.638 bn loan for the upgrading of the Fresco-Sassandra-San Pédro-Grand Béréby crossroads section in Côte d'Ivoire. The works will contribute to the economic development of the regions by facilitating access to important agricultural, tourist and mining production areas, improving trade between the regions of San Pédro, Gboklè and the District of Abidjan, and creating around 2,650 jobs.

 XOF 29 bn



BOAD has approved a XOF 30 bn loan for the extension of the Komsilga phase 4 power plant by Société Nationale d'Electricité du Burkina (SONABEL). The aim is to boost the production capacity of the national interconnected network by installing and commissioning an additional 50 KW of capacity. The expected impact is 350 GWh of electricity produced per year, improved access to electricity for 217,000 inhabitants and creation of 250 jobs.

 XOF 30 bn

## Recent projects and achievements (2/2)



BOAD has approved a XOF 6 bn loan for the rural electrification of 172 localities through the expansion of medium and low voltage electricity distribution grids in Togo. This initiative aims to support the country's goal of achieving universal access to electricity, particularly in rural areas, as part of broader efforts to reduce poverty and mitigate rural-to-urban migration. The project is expected to improve access to electricity for an additional 35,890 residents, distributing 9.3 GWh of electricity in the first year while also creating 625 jobs.

 XOF 6 bn



BOAD has approved a XOF 16 bn loan for the construction of a public drinking water distribution network in the communes of Abobo and Yopougon in the autonomous district of Abidjan, in Côte d'Ivoire. The project will provide a sustainable increase in water supply to areas with water shortages, using the drinking water resources of Mé drinking water resource. The project is expected to lead to a 50% reduction in water-borne diseases, an increase of 100,000 m<sup>3</sup> of drinking water per day, more than 1.2 million additional people with access to an improved water source, more than 250 jobs generated during implementation and more than 850 Indirect and induced jobs.

 XOF 16 bn



# Strategy focus: Building Key Partnerships

Financing Development Differently

**Taking part in the International Development Finance Club (IDFC) Steering Group meeting hosted by Türkiye Sınai Kalkınma Bankası (TSKB)**



Serge Ekué, in his quality of co-chair of the International Development Finance Club (IDFC) Steering Group, attended a meeting hosted by Türkiye Sınai Kalkınma Bankası (TSKB) in Istanbul on 17-18 July 2024. The meeting marked an important milestone for the Club, confirming its unwavering commitment to advancing the SDGs. It focused on gender equality as a central theme, while also addressing other crucial topics such as climate finance, aligning with the SDGs, biodiversity and

development cooperation under the Paris Climate Agreement. The IDFC brings a development bank perspective to address the common goals of its member institutions.



## **BOAD pledged continued support for the Sahel region**

On 16 July 2024, more than 150 representatives from 30 countries and international organizations met in Berlin for the 5<sup>th</sup> General Assembly of the Sahel Alliance. This international coordination platform, which brings together 27 organizations and countries, aims to better support development initiatives in the Sahel region. The members of the Alliance have financed development projects totaling almost EUR 23 bn, with education, employment and youth as key areas of intervention. Participants also welcomed the creation of the Trust Fund for the Sahel and Coastal West Africa, which will serve as a new funding vehicle to support joint initiatives and coordinated approaches.

## **BOAD and the Regroupement des Organisations Professionnelles des TIC de l'UEMOA (ROP-TIC) signed an agreement to promote digitalization in the WAEMU zone**

On 8 July 2024, BOAD and ROP-TIC have signed a framework agreement with the aim of promoting the balanced development of member states and their economic integration, through digital transformation initiatives. The Agreement aims to foster a dynamic and sustainable partnership between the digital private sector in the WAEMU zone and BOAD, targeting high-impact issues of common interest. It will strengthen the digital ecosystem and promote start-ups and innovation in West Africa, responding to the persistent challenges in the region, which are limited access to connectivity, lack of investment and the digital inequality.



# Trading Eurobonds Perform

Financing Development Differently

## BOAD bonds performance on the secondary market

### BOAD USD-denominated bonds



Source: Bloomberg, as of 03 October 2024

### BOAD EUR-denominated bond



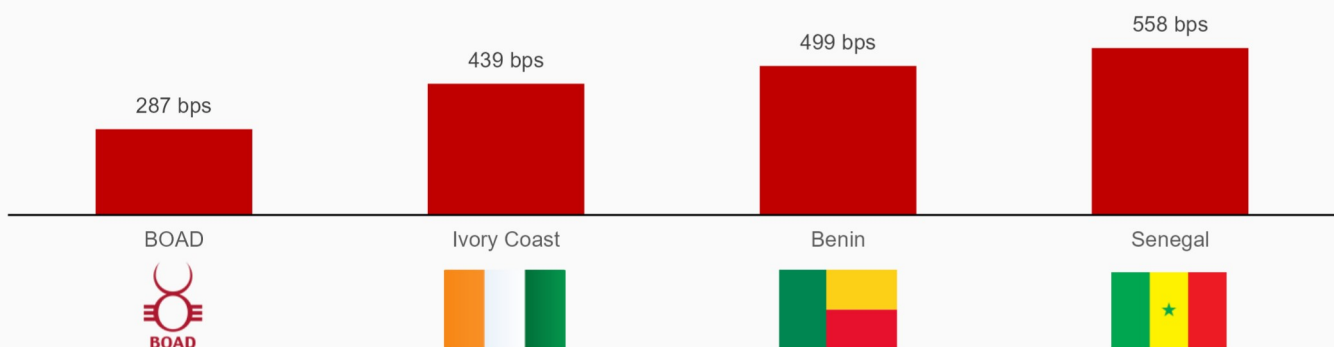
Source: Bloomberg, as of 03 October 2024

| Issuer | Issue Date | M's  | S&P | Fitch | Amount | Curr | Maturity   | Coupon (%) | Tenor (y) | Price (%) | Yield (%) | Spread (bps) | Δ 1m | Δ 3m | Δ YTD |
|--------|------------|------|-----|-------|--------|------|------------|------------|-----------|-----------|-----------|--------------|------|------|-------|
| BOAD   | 27/07/2017 | Baa1 | -   | BBB   | 850    | USD  | 27/07/2027 | 5          | 2.8       | 98.13     | 5.73      | 242          | -4   | -2   | -101  |
| BOAD   | 22/10/2019 | Baa1 | -   | BBB   | 830    | USD  | 22/10/2031 | 4.7        | 7.0       | 91.48     | 6.21      | 296          | -16  | -2   | -69   |
| BOAD   | 22/01/2021 | Baa1 | -   | BBB   | 750    | EUR  | 22/01/2033 | 2.75       | 8.3       | 83.41     | 5.27      | 295          | 5    | 5    | -80   |

Source: Bloomberg, as of 03 October 2024

## BOAD and WAEMU issuers performance on the secondary market

### Weighted Average(1) Bond Spread



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

Source: Bloomberg, as of 03 October 2024

# BOAD Rating

## Moody's affirmed BOAD's Baa1 Rating and changed its Outlook to Stable from Negative

On 30 September 2024, Moody's affirmed BOAD's foreign currency long-term issuer and the foreign currency senior unsecured ratings at Baa1 and upgraded its outlook to stable from negative. The affirmation of the Baa1 reflects BOAD's strong capital support from its shareholders, its strong liquidity and funding profile, as well as its strong commitment from sovereign borrowers for repayment. The change in outlook reflects the strengthening of BOAD's balance sheet driven by its excellent asset performance, effective use of innovative and proactive financial instruments such as credit insurance, securitization and the issuance of hybrid capital instruments, enabling sound governance and rigorous risk management.

**MOODY'S**

## Ratings of BOAD and its peers in the region

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

Source: Bloomberg, as of 03 October 2024

## WAEMU Sovereigns ratings

| Issuer        | Moody's       | S&P            | Fitch        |
|---------------|---------------|----------------|--------------|
| Benin         | B1 (Stable)   | BB- (Stable)   | B+ (Stable)  |
| Burkina Faso  | -             | CCC+ (Stable)  | -            |
| Ivory Coast   | Ba2 (Stable)  | BB- (Positive) | BB- (Stable) |
| Guinea Bissau | -             | -              | -            |
| Mali          | Caa2 (Stable) | -              | -            |
| Niger         | Caa3 (Stable) | -              | -            |
| Senegal       | B1 (Negative) | B+ (Stable)    | -            |
| Togo          | B3 (Negative) | B (Stable)     | -            |

Source: Bloomberg, as of 03 October 2024