

2021 ANNUAL REPORT OF THE WAMU BANKING COMMISSION

(Translated from the original French)



The President,

In 2021, the member countries of the West African Monetary Union (WAMU) experienced robust economic growth, after the slowdown recorded in 2020 due to the 2019 coronavirus disease (COVID-19). As a result, the gross domestic product (GDP) of the WAMU Member States increased by 5.8% in 2021, compared with 1.8% in 2020.

This resurgence is the result of the stimulus policies implemented by governments and the accommodating monetary policy pursued by the BCEAO to support economic recovery and bolster the financial intermediation role of the banking sector.

In the wake of previous measures taken to mitigate the effects of the health crisis, the WAMU Central Bank has initiated a special 6-month window dedicated to the refinancing of so-called stimulus bonds (ODR) issued by the States of the Union to finance their recovery plans. Additionally, a 12-month refinancing window known as the Support and Resilience Window, was established to optimize financial conditions for the issuance of treasury bills by the States of the Union to finance urgent cash requirements during the health crisis.

Over the course of 2021, a comprehensive and in-depth review of the banking and financial sector within the region took place under the Financial Sector Assessment Program (FSAP). This review was conducted by a joint fact-finding team from the International Monetary Fund and the World Bank. The team's assessment of WAMU's compliance with the Basel Committee's twenty-nine core principles for effective banking supervision revealed significant progress since the last FSAP review conducted in 2007. This assessment was based on the ambitious reforms conducted over the past five years by the WAMU Central Bank and Banking Commission to align the regulatory, supervisory and resolution frameworks with international standards. Implementing the main recommendations arising from this assessment should further strengthen financial stability and increase development opportunities for the WAMU financial sector.

In 2021, the Supervisory Authority stepped up its document-based and on-site inspections, especially as they related to anti-money laundering and terrorist financing efforts. The 2021 audit program for regulated institutions was fully implemented, and disciplinary and pecuniary sanctions were imposed on several regulated institutions for the breaches observed.

The Banking Commission also began to exercise its prerogatives with regard to the publication, through newspapers or digital media channels, of disciplinary and financial penalties imposed on institutions and their managers.

In addition, in 2021, the Supervisory College validated the first preventive recovery plans for several Systemically Important Banking Institutions, which are subject to the banking crisis resolution regime in WAMU. Subsequently, the Resolution College drew up resolution plans for these institutions.

From a prudential perspective, the resilience of the banking system and large decentralized financial systems (MFIs) was strengthened, with solvency ratios exceeding the minimum standards in force in 2021.

In 2022, the Banking Commission will have its own website to enhance public access to information on the supervisory landscape and the status of regulated institutions. In addition, the consolidation of banking supervision tools and resources was anticipated to continue through the implementation of various projects, including the operationalization of competence centers, the development of a rating system for MFIs, and the reinforcement of anti-money laundering and counter-terrorist financing control mechanisms. Efforts will also continue to increase the number and strengthen the skills of banking supervisors.

I remain convinced that, as demonstrated in the past, the players involved will continue to rise to the challenges and demonstrate their commitment, with a view to consolidating the substantial strides achieved in fortifying the resilience of the Union's banking system.

Tiémoko Meyliet Koné









Governor of the Central Bank of West
African States and
President of the Banking Commission

SUPERVISORY COLLEGE (December 31, 2021)

President : Mr. Tiémoko Meyliet Koné

Governor of the BCEAO



MEMBERS REPRESENTING THE STATES		MEMBERS APPOINTED BY THE COUNCIL OF MINISTERS	
BENIN	 <p>Mr. Clément Yaovi Aziagnikouda (Confirmed)</p> <p><i>Treasury Director at the General Directorate of the Treasury and Public Accounts at the Ministry of the Economy and Finance of Benin</i></p>	 <p>Mr. Epiphane Adjovi (Confirmed)</p> <p><i>Economist</i></p>	
BURKINA FASO	 <p>Mr. Célestin Santéré Sanon (Confirmed)</p> <p><i>Director of the Treasury and Public Accounts at the Ministry of the Economy, Finance and Development of Burkina Faso</i></p>	 <p>Mr. Moussa Jean Christophe Milogo (Confirmed)</p> <p><i>Jurist</i></p>	
COTE D'IVOIRE	 <p>Mr. Konan Jacques Assahoré</p> <p><i>Director General of the Treasury and Public Accounts at the Ministry of the Economy and Finance of Côte d'Ivoire</i></p>	 <p>Mr. Tiépori N'Golo Coulibaly</p> <p><i>Economist</i></p>	
GUINEA-BISSAU	 <p>Ms. Maria Bona GANÓ SÓ</p> <p><i>Director General, Supervision of Financial and Insurance Activities, Ministry of Economy and Finance of Guinea-Bissau</i></p>	 <p>Mr. Numna Gorky Mendes De Medina (Confirmed)</p> <p><i>Jurist</i></p>	

MEMBERS REPRESENTING THE STATES

MEMBERS APPOINTED BY THE COUNCIL OF MINISTERS

MALI	 <p>Mr. Boubacar Ben Bouillé National Director of Treasury and Public Accounting at the Ministry of the Economy and Finance of Mali</p>	 <p>Mr. Boubacar Touré Financial and Accounting Auditor</p>
NIGER	 <p>Mr. Ibrahim Sofo Magagi (Confirmed) Director of Currency, Credit and Savings at the Ministry of Finance of Niger</p>	 <p>Mr. Zouladaïni Malam Gata Public Financial Inspector</p>
SENEGAL	 <p>Mr. Moussa Touré Director of Currency and Credit at the Ministry of Economy, Finance and Planning of Senegal</p>	 <p>Mr. Amadou Sadickh Diop (Confirmed) Economist</p>
TOGO	<p>(Vacant position)</p>	 <p>Mr. Afanou Kodjo Théophile Locoh Corporate Director</p>

SECRETARY GENERAL



President : Mr. Tiémoko Meyliet Koné
Governor of the BCEAO



Representative of the State holding the Chairmanship of the WAMU Council of Ministers in the Supervisory College

(Vacant position)

Director of the West African Monetary Union Deposit Guarantee and Resolution Fund (FGDR- UMOA)



Mr. Habib Soumana
Director, FGDR-UMOA

Member appointed by the WAMU Council of Ministers



Mr. Akuété Santos
Associate Professor of Law

SECRETARY GENERAL



Mr. Antoine Traoré
Secretary General of the Banking Commission

N.B. : When a regulated institution is subject to a resolution procedure, the Representative of the Supervisory College of the State where it is located is invited to participate in the proceedings as a non-permanent voting member.

MAIN HIGHLIGHTS OF 2021

January 21-28

IMF-World Bank Financial Sector Assessment Program (FSAP) scoping mission in WAMU

January 28 and 29

16th BCBS-FSI high-level meeting on banking supervision for Africa

February 2-11

38th Meeting of the College of Supervisors of the West African Monetary Zone (WAMZ)

February 16

Experience-sharing meeting for the General Secretariat of the WAMU Banking Commission (SGCB) and the General Secretariat of the Regional Council for Public Savings and Financial Markets (CREPMF)

March 16

Meeting of the Anti-Money Laundering Liaison Committee of the Franc Zone (CLAB)

March 17

123rd Meeting of the WAMU Banking Commission Supervisory College

March 22

Ordinary session of the West African Monetary Union Council of Ministers

March 30

Spring Meeting of the International Monetary Fund (IMF), the World Bank and Africa Group II

May 16-21

35th Technical Commission and Plenary Meeting of the Intergovernmental Action Group against Money Laundering in West Africa (GIABA)

May 18

Concertation between the SGCB and key officials in charge of the MFI Ministerial Monitoring Structures (MMSs)

May 21

First meeting of the SGCB with the heads of large Decentralized Financial Systems (MFIs)

May 26-27

Meeting of the FSC-WAMU Group of Experts

June 28

Ordinary session of the West African Monetary Union Council of Ministers

June 30

124th Meeting of the WAMU Banking Commission Supervisory College

August 9-13

39th Meeting of the WAMZ College of Supervisors

August 16-20

2nd extraordinary meeting of GIABA

September 7-28

Main mission of the WAMU Financial Sector Assessment Program

September 13 and 14

High-level conference of banking supervisors organized by the Basel Committee on Banking Supervision and the Basel Consultative Group

September 20

125th meeting of the WAMU Banking Commission Supervisory College

October 11-17

Annual meetings of the IMF and the World Bank in Washington

October 14

7th meeting of the Oragroup College of Supervisors

October 27 and 28

7th meeting of Ecobank Group's College of Supervisors

November 2

Regional consultations pursuant to Article IV of the IMF Articles of Agreement

November 4

9th annual meeting of the WAMU SGCB and the Secretariat General of the Central African Banking Commission

November 11 and 12

6th meetings between the SGCB and the General Managers and Statutory Auditors of WAMU credit institutions

November 30 to December 1

40th Meeting of the WAMZ College of Supervisors

June 29

19th Ordinary session of the WAMU Financial Stability Committee

December 13

5th Meeting of the Resolution College of the WAMU Banking Commission

December 13**December 7**

20th Ordinary Session of the WAMU Financial Stability Committee
126th Session of the WAMU Banking Commission Supervisory College

December 14

Meeting of the Francophone Banking Supervisors Group (GSBF)

KEY FIGURES IN 2021

A. BANKING SYSTEM

A.1. Changes in the banking landscape in WAMU between 2019 and 2021

WAMU	2019	2020	2021	Relative change 2021/2020
Licensed credit institutions	153	152	155	2.0%
Banks	132	131	132	0.8%
<i>including branches</i>	21	21	22	4.8%
Bank-like financial institutions	21	21	23	9.5%
<i>including branches</i>	4	4	4	0%
Credit institutions in operation (*)	148	149	154	3.4%
Majority state-owned banks	17	19	20	5.3%
National SIBIs	-	22	26	18.2%
BANKING NETWORK				
Windows (branch offices and outlets)	3,649	3,762	3,930	4.5%
Automated teller machines (ATMs)	3,517	3,676	3,801	3.4%
Number of employees in the banking system	31,939	32,664	34,142	4.5%
Number of customer accounts	13,613,849	15,414,253	17,420,485	13.0%
BANKING GROUPS AND FINANCIAL HOLDING COMPANIES				
Banking groups operating in WAMU	29	32	34	6.3%
Financial holding companies operating in WAMU	16	17	19	11.8%
<i>including head office financial companies</i>	12	13	15	15.4%
<i>Intermediate financial holding companies</i>	4	4	4	0%
Regional SIBIs	-	6	6	0%

(*) Including branch offices

Source : General Secretariat of the WAMU Banking Commission

A.2. Activity indicators of credit institutions on an unconsolidated basis

Amounts in millions of CFA F

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Balance sheet total	41,559.2	47,718.5	55,356.0	16.0%
Credit	23,069.2	24,981.1	27,622.0	10.6%
Other banking assets	13,016.8	16,479.5	19,458.7	18.1%
Deposits and borrowings	28,204.1	33,007.3	39,088.8	18.4%
Equity and similar resources	3,672.6	4,147.0	4,823.1	16.3%
Other resources	1,536.4	1,537.4	1,719.6	11.9%
Net banking income	2,174.8	2,347.7	2,557.6	8.9%
Gross operating income	815.4	939.1	1,118.7	19.1%
Net result	460.6	551.8	799.4	44.9%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.3. Key ratios of credit institutions on an unconsolidated basis

Amounts in millions of CFA F

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Gross portfolio deterioration rate	11.8%	11.6%	10.3%	-1.3
Net portfolio deterioration rate	4.7%	4.3%	3.9%	-0.4
Ratio of coverage of overdue loans	62.8%	66.1%	65.1%	-0.9
Aggregate margin	5.2%	5.2%	4.7%	-0.5
Net cost-to-income ratio	66.7%	65.1%	61.0%	-4.1

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.4. Main prudential solvency indicators of the banking system

Amounts in millions of CFA F

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Actual shareholders' equity (ASE)	2,873.4	3,284.0	3,697.4	13%
Risk-weighted assets (RWA)	24,865.1	26,473.5	29,361.8	11%
Total solvency ratio (%)	11.6%	12.4%	12.6%	0.2
Risk concentration limit (%)	67.9%	60.5%	51.4%	-9.1
Leverage ratio (%)	6.2%	6.4%	6.4%	0.0

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.5. Financial company activity indicators

Amounts in millions of CFA F

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Balance sheet total	29,692.0	32,621.8	41,776.4	28.1%
Loans and advances to customers	13,848.3	14,394.1	18,421.1	28.0%
Customer deposits	19,671.8	21,894.8	28,997.9	32.4%
Equity	2,415.8	2,491.8	3,356.9	34.7%
Net banking income	1,759.9	1,884.2	2,238.7	18.8%
Net result	311.6	197.2	556.5	182.2%
including the share of the Group	218.8	93.4	403.3	332.0%
Minority interests	92.8	103.8	153.1	47.5%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.6. Main prudential solvency indicators of financial holding companies

Amounts in millions of CFA F

WAMU	2019	2020	2021	Relative change 2021/2020
Actual shareholders' equity	2,395.4	2,395.4	2,859.0	19.4%
Risk-weighted assets (RWA)	18,287.5	18,287.5	22,256.3	21.7%
Solvency ratio	13.1%	13.1%	12.8%	-0.3
Risk concentration limit	32.0%	32.0%	23.5%	-8.5
Leverage ratio (%)	7.0%	7.0%	6.4%	-0.6

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

B. MFIs SUBJECT TO ARTICLE 44

B.1. Trends in the landscape of MFIs subject to Article 44 between 2019 and 2021

WAMU	2019	2020	2021	Relative change 2021/2020
MFIs supervised by the Banking Commission	174	188	208	10.6%
• Networks and individual institutions	75	84	90	7.1%
- Companies	25	27	30	11.1%
- Associations	8	8	10	25.0%
- Networks	24	24	24	0.0%
- Non-affiliated Mutual or Cooperative Savings and Credit Institutions (IMCEC)	18	25	26	4.0%
• Basic banks affiliated with a network	99	104	118	13.5%

Source : General Secretariat of the WAMU Banking Commission

B.2. Financial activity indicators of MFIs subject to Article 44

Amounts in millions of CFA F

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Balance sheet total	2,347.9	2,564.1	2,879.9	12.3%
Loans to customers	1,371.1	1,342.0	1,562.5	16.4%
Other banking assets	308.0	358.5	423.3	18.1%
Deposits and borrowings	1,117.8	1,247.7	1,455.3	16.6%
Net equity	530.0	440.0	516.5	17.4%
Other resources	130.8	170.9	218.2	27.7%
Net financial income	255.8	247.5	287.0	16.0%
Net result	30.3	8.0	38.3	381.0%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

B.3. Financial activity indicators of MFIs subject to Article 44

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Gross portfolio deterioration rate	3.9%	12.0%	7.0%	-5.0
Net portfolio deterioration rate	3.1%	10.4%	4.9%	-5.5
Ratio of coverage of overdue loans	20.4%	14.6%	31.7%	17.1
Profit margin	7.7%	0.0%	8.2%	8.2
Cost-to-income ratio	76.5%	83.5%	76.9%	-6.6

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

B.4. Main prudential indicators of MFIs subject to Article 44

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Equity capital	416	389	448	15.0%
Risks borne	1,794	1,771	2,117	19.5%
Capitalization ratio (%)	19.9%	19.6%	15.5%	-4.0
Liquidity ratio (%)	107.2%	100.0%	107.1%	7.1

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

C. ELECTRONIC MONEY INSTITUTIONS (EMIs)

C.1. Changes in the EMI landscape in WAMU between 2019 and 2021

WAMU	2019	2020	2021	Relative change 2021/2020
Licensed electronic money institutions (EMIs)	10	12	13	8.3%

Source : General Secretariat of the WAMU Banking Commission

C.2. Indicators of EMI activities

WAMU	2019	2020	2021 (*)	Relative change 2021/2020
Number of accounts opened	51,009,424	74,573,261	85,745,951	15.0%
Number of active accounts	24,284,589	31,228,843	34,265,868	9.7%
Number of dormant accounts (**)	26,724,835	43,344,418	51,480,083	18.8%
Number of transactions	2,201,664,002	3,368,390,898	3,965,258,082	17.7%
Value of transactions (in billions of CFA F)	25,908	28,917	35,241	21.9%
Number of service points (ATM, POS, etc.)	439,585	693,197	787,814	13.6%
Number of service points in operation	276,840	463,301	413,477	-10.8%

(*) Preliminary figures

(**) Accounts with no transactions over the past 90 days

Source : General Secretariat of the WAMU Banking Commission

C.3. Main prudential indicators of EMIs

WAMU	2019	2020	2021	Relative change 2021/2020
Coverage ratio	26.1%	23.8%	6.5%	-17.3
Hedge ratio	84.5%	82.8%	82.5%	-0.3
Electronic money investment ratio	15.0%	16.9%	45.4%	28.5

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

ABBREVIATIONS AND ACRONYMS

AML/CTF :	Anti-Money Laundering and Counter-Terrorist financing
ASE :	Actual shareholders' equity
ATM :	Automated Teller Machine
BCEAO :	Central Bank of West African States
CABS :	Community of African Banking Supervisors
CC :	Tier one capital
CEMAC :	Central African Economic and Monetary Community
CFA F :	African Financial Community Franc
CLAB :	Anti-Money Laundering Liaison Committee of the Franc Zone
COBAC :	Central African Banking Commission
COVID-19 :	Coronavirus disease 2019
MFI :	Microfinance institution (or decentralized financial system)
EMI :	Electronic money institution
FGDR-UMOA :	WAMU deposit guarantee and resolution fund
FSAP :	Financial Sector Assessment Program
GDP :	Gross domestic product
GIABA :	Inter-Governmental Action Group against Money Laundering
IMCEC :	Mutual or cooperative savings and credit institutions
IMF :	International Monetary Fund
NBI :	Net banking income
NFI :	Net financial income
OdR :	Stimulus Bonds
PCB :	WAMU banking chart of accounts
POS :	Point-of-sale machine
RCDFSs :	Specific accounting standards for WAMU MFIs
ROW :	Rest of the world
SA :	Statutory auditor
SADC :	Southern African Development Community
SGCB :	General Secretariat of the WAMU Banking Commission
SIBI :	Systemically Important Banking Institution
TLAC :	Total Loss-Absorbing Capacity
WAEMU :	West African Economic and Monetary Union
WAMU :	West African Monetary Union
WAMU-FSC :	West African Monetary Union Financial Stability Committee
WAMZ :	West African Monetary Zone

REPORT SUMMARY

In 2021, the WAMU banking system operated against a backdrop of economic recovery, characterized by a marked upturn in economic activity following a slowdown in 2020 due to the COVID-19 pandemic. The real gross domestic product (GDP) of the Union grew by 5.8% in 2021, up from 1.8% in 2020.

The number of licensed credit institutions in WAMU increased by 3 to stand at 155 at the end of 2021. The number of banking groups reached 34 during the period under review, compared with 32 a year earlier. The number of financial holding companies stood at 19 in 2021, compared with 17 in 2020.

The Union's banking network continued to expand. The banking system boasted 3,801 automatic teller machines, up 130 units (+3.5%) compared with 2020. A similar trend was observed in the number of customer accounts, staff numbers and the number of branches, offices and points of sale, which increased by 20.0%, 7.2% and 7.4% respectively.

The balance sheet total of operating credit institutions amounted to 55,356.0 billion,¹ representing 17.1% growth over 2019.

Net uses² increased by 14.5% to 47,080.7 billion, including 58.7% in loans to customers and 26.5% in investment securities, compared with 59.7% and 25.7% in 2020. Gross and net portfolio deterioration rates contracted to 10.3% and 3.9% respectively in 2021, versus 11.6% and 4.3% in 2020.

Resources mobilized by the banking sector increased by 19.2% to stand at 45,631.5 billion. Customer deposits and borrowings accounted for 85.7% of this total, up 19.6%. Equity capital and similar resources, which account for 10.6% of total resources, increased by 720.0 billion, or 17.5%.

Net banking income (NBI) rose by 8.8% to 2,557.6 billion in 2021. Gross operating income stood at 1,118.7 billion, up 21.0% compared to 2020. At 799.4 billion, provisional net income was 67.5% higher than in 2020. The net cost/income ratio contracted from 65.1% in 2020 to 61.0% in 2021.

The average overall solvency ratio of the Union's credit institutions stood at 12.6% in 2021, above the minimum standard of 10.375% set for the end of 2021, compared with 12.4% in 2020, when the threshold was 9.5%.

The 19 financial holding companies in WAMU on the list published by the Banking Commission in 2021 recorded total assets of 41,776.4 billion, up 28.1% year over year.

Loans and receivables as well as customer deposits with financial holding companies increased by 28.4% and 30.1% respectively in 2021, as compared with 2020, reaching 14,282.0 billion and 23,557.8 billion.

The average overall solvency ratio for the Union's financial holding companies was 12.8% in 2021, compared with 12.2% in 2020, up 0.6 percentage point.

In the microfinance sector, the number of microfinance institutions (MFIs) subject to Article 44 of the Law on the regulation of MFIs (networks and individual institutions, as well as basic banks affiliated with networks) supervised by the Banking Commission stood at two hundred and eight (208) at the end of 2020, compared with one hundred and eighty-eight (188) the previous year.

These institutions posted a balance sheet total of 2,879.9 billion, representing an increase of 12.3% compared to the end of 2020. Their net uses increased by 16.8%, reaching 1,985.8 billion at the end of 2021. Their resources increased by 17.8% to 2,190.1 billion. The gross and net NPL ratios stood at 7.0% and 4.9%, respectively, at the end of 2021, up 5.0 and 5.5 percentage points compared with 2020.

¹ The currency used throughout this report is the CFA franc, except where otherwise indicated.

² Net of provisions.

The average capitalization ratio of these MFIs was 17.9% in 2021, compared with 17.2% in 2020, compared to a minimum standard of 15%.

The number of electronic money institutions stood at 13 in 2021, compared with 12 the previous year. The number of accounts opened stood at 85,745,951, of which 40.0% were active accounts, compared to 74,573,261 at the end of 2020, with 41.9% active accounts. Transactions carried out via cell phones increased by 21.9% during the period under review, reaching 35,241.5 billion at the end of 2021, compared with 28,916.9 billion a year earlier. The number of transactions increased by 17.7% year over year, reaching 3,965,258,082 transactions in 2021 versus 3,368,390,898 transactions in 2020.

Coverage, hedge, and investment ratios stood at 6.5%, 82.5% and 45.4% respectively, compared with 11.3%, 82.4% and 44.5% in 2020.

The WAMU Banking Commission held five ordinary sessions in 2021, four for the Supervisory College and one for the Resolution College.

As part of its regular consultations with the banking profession, the Supervisory Authority organized its first meeting with the Managing Directors of large MFIs on May 21, 2021, preceded on May 18, 2021, by a meeting with the senior officials of the Ministerial Monitoring Structures (SMS). It also continued its annual meeting with the General Managers and Statutory Auditors of credit institutions and financial holding companies, now in its sixth year. In addition, the General Secretariat of the Banking Commission (SGCB) granted 48 audiences to senior executives of regulated institutions and banking groups, compared with 27 and 29 respectively in 2020 and 2019.

In terms of cross-border supervision of banking groups established in the Union, the SGCB conducted the seventh series of meetings of the Colleges of Supervisors of Oragroup and the Ecobank group. These annual meetings provided an opportunity to exchange views on the activities and risk profiles of the entities belonging to the said groups and to review the status of the implementation of the recommendations of previous meetings.

The Supervisory Authority also took part in several meetings as part of the Financial Sector Assessment Program (FSAP), between January 21 and November 8, 2021.

In addition, 70 audit missions were carried out by the SGCB in 2021, compared with an initial target of 65, representing a completion rate of 107.7%. These audits involved 47 credit institutions, one electronic money institution and 22 large MFIs.

The SGCB also contributed to the work carried out in preparation for the 19th and 20th ordinary sessions of the WAMU Financial Stability Committee (CSF-UMOA). It focused, among other things, on defining macroprudential surveillance indicators, mapping financial system risks, and identifying and analyzing key vulnerabilities that could affect the resilience of the financial sector.

Chapter I

PRESENTATION OF THE WAMU BANKING COMMISSION

1.1. ROLES AND RESPONSIBILITIES OF THE BANKING COMMISSION

Pursuant to the provisions of Article 2 of the Convention governing the Banking Commission, the Commission is responsible for ensuring the soundness and security of the WAMU banking system, in particular through the supervision of the regulated institutions (credit institutions, financial holding companies, decentralized financial systems and electronic money institutions) and the resolution of banking crises. It ensures the protection of depositors and contributes to maintaining the stability of the regional financial system.

Since January 1, 2018, the Banking Commission has been structured around two decision-making bodies, the Supervisory College and the Resolution College.

❖ The Supervisory College

This body is responsible, in particular, for the prudential supervision of the regulated institutions, both through document-based and on-site controls.

Its key responsibilities include :

- granting its approval to applications submitted to it for licenses and various authorizations and exemptions,
- ensuring, on an ongoing basis, that the regulated institutions are in compliance with the legal and regulatory provisions applicable to their operations,
- monitoring and assessing events that may have negative consequences for the soundness of the Union's banking system,
- ensuring that the regulated institutions comply with their professional obligations arising from any other legislation applicable to them,
- taking, in a timely manner, all administrative measures as well as all disciplinary or financial sanctions aiming to remedy any problems of security or soundness affecting a regulated institution, and
- handling relations with the competent supervisory authorities of the host and home countries of regulated institutions.

Chaired by the Governor of the Central Bank, the Supervisory College is also composed of sixteen other members :

- a representative designated or appointed by each WAMU Member State, namely the Director of the Treasury or the Head of the Directorate in charge of credit institutions, and
- members appointed by the WAMU Council of Ministers, on the recommendation of the Governor of the Central Bank, for their skills in the banking, legal or financial fields or in any other field of expertise deemed to be consistent with the duties involved. Their number is equal to that of the members designated or appointed by the States.

❖ The Resolution College

The College is responsible for :

- helping to preserve financial stability,
- ensuring, in conjunction with the Supervisory College, that crisis prevention measures are implemented,
- ensuring that crisis resolution measures are implemented,
- ensuring the continuity of the business, services and operations of institutions subject to a resolution procedure,
- avoiding or limiting the need for public financial support, and
- protecting the interests of depositors and creditors.

It is chaired by the Governor of the Central Bank and comprises the following three additional members :

- a Representative of the State chairing the WAMU Council of Ministers in the Supervisory College,
- the Director of the WAMU Deposit Guarantee and Resolution Fund (FGDR-UMOA), and
- a member appointed by the WAMU Council of Ministers, on nomination by the Governor of the BCEAO, for their skills in the banking, legal or financial fields or in any other field of expertise deemed to be consistent with the duties involved.

When a regulated institution is subject to a resolution procedure, the Representative of the Supervisory College of the State where it is located is invited to participate in the proceedings as a non-permanent voting member.

The WAMU Banking Commission is chaired by the Governor of the BCEAO. It meets as often as necessary, on the initiative of its President or at the request of one-third of its members, at least twice a year for the Supervisory College and at least once a year for the Resolution College. Decisions are taken by a majority of votes cast. In the event of a tie, the President has the casting vote.

Decisions of the WAMU Banking Commission are enforceable as soon as they are notified to the parties concerned. They may be appealed only before the Union's Council of Ministers.

In addition, the WAMU Council of Ministers is kept regularly informed by the WAMU Banking Commission of the conclusions of its proceedings.

1.2. ORGANIZATION AND RESPONSIBILITIES OF THE GENERAL SECRETARIAT

1.2.1. Organization of the General Secretariat

The Central Bank provides secretarial services and covers the operating expenses of the Banking Commission.

The organization of the General Secretariat of the Banking Commission (SGCB), effective at the end of 2021, revolved around the following bodies :

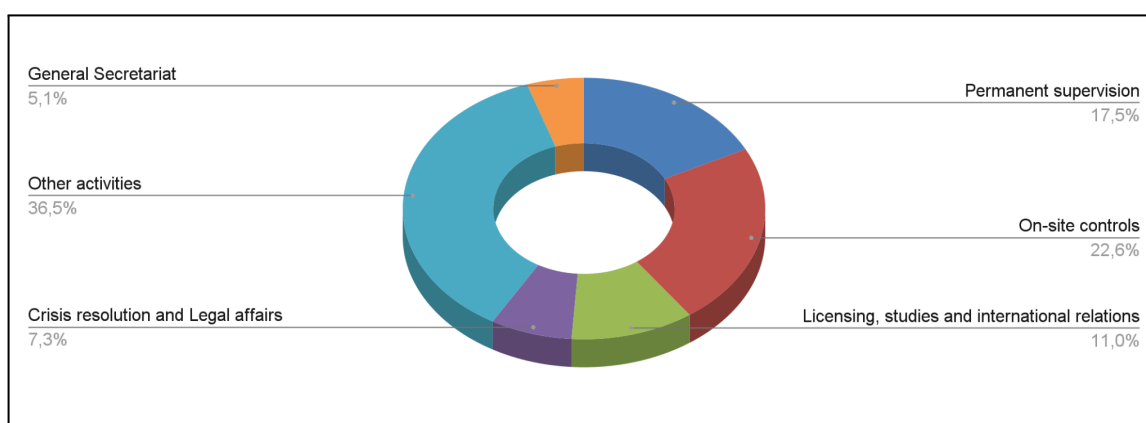
- **Operational Control** : Operational Control, which reports to the Secretary General, is responsible for monitoring the regularity of the operations of the General Secretariat of the WAMU Banking Commission on a daily basis.
- **The Directorate of Crisis Resolution and Legal Affairs (DRCAJ)** : monitors the crisis resolution process and provides legal assistance to all departments of the General Secretariat of the WAMU Banking Commission.
- **The Directorate of International Relations and Studies (DERI)** is responsible for issues relating to regulations and prudential standards applicable to regulated institutions. In this capacity it undertakes research on the stability of the Union's banking system, reviews applications for licenses, declarations of intent, and prior authorization, and oversees interactions with external partners. Collaborating with the relevant departments, the unit also coordinates the preparation and dispatch of dossiers included on the agenda of WAMU Banking Commission sessions.
- **The Directorate of Permanent Supervision (DSP)** is in charge of implementing all document-based controls on the individual situation of regulated institutions, based in particular on an annual program setting out the areas and frequency of controls, investigations and stress tests. It also monitors the implementation of administrative measures and sanctions decided by the Supervisory Authority, in collaboration with the relevant departments.
- **The Directorate of On-Site Inspection of Credit Institutions and Electronic Money Institutions (DCPECEME)** is responsible for implementing the inspection program. Organized along the lines of an audit firm, it is divided into audit teams, each led by a Head of Mission responsible for inspecting credit institutions and electronic money institutions.

- **The Directorate of On-Site Inspection of Decentralized Financial Systems (DCPSFD)** is responsible for implementing the inspection program for decentralized financial systems. Organized along the lines of an audit firm, it is divided into audit teams, each led by a Decentralized Financial Systems Inspection Mission Leader.
- **The Directorate of General Resources (DMG)** is responsible for managing administrative affairs, human resources, IT, accounting and budgeting.

At the end of the 2021 financial year, the number of staff employed by the General Secretariat stood at 137, compared with 131 at the end of 2020. In addition to the Secretary General and Deputy Secretary General, the staff comprised six Directors, ten Heads of Mission with the rank of Director, eighty-six supervisory staff and thirty-three administrative and technical staff.

Banking supervision activities are carried out by DRCAJ, the DERI, the DSP, the DCPECEME and the DCPDFSS. Together, these Directorates totaled 80 agents in 2021, i.e., 58.4% of the workforce, compared with 56.6% in 2020.

Graph No. 1 : Breakdown of the personnel of the SGCB by type of activity in 2021



Source : General Secretariat of the WAMU Banking Commission

1.2.2. Activities of the General Secretariat

The SGCB's activities are mainly focused on the processing of applications for prior authorizations and exemptions from the nationality requirement, documentary audits, on-site audits, and audits of commercial practices.

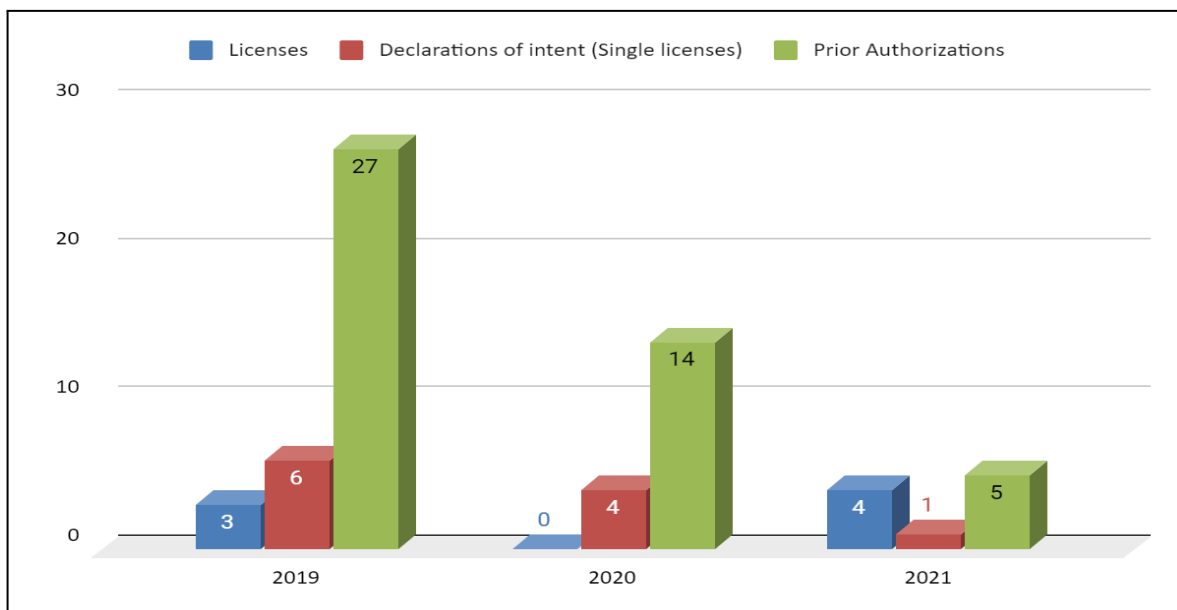
1.2.2.1. Prior authorizations

The operations concerned notably included :

- granting and withdrawal of accreditation,
- declarations of intent to set up branches or subsidiaries,
- acquisition or disposal of equity investments which would result in the interest of any one person, directly or through an intermediary, or of any one group of persons acting jointly, rising above the blocking minority and above the majority of the voting rights in the credit institution, or in the said interest falling below those thresholds,
- modification of the legal form, corporate name or trade name,
- transfer of a registered office to another WAMU Member State,
- merger by absorption or creation of a new company, or demerger,
- early dissolution,
- transfer of more than 20% of assets,
- placing in stewardship or discontinuation of business,
- extension of the activities of bank-like financial institutions, and
- opening of an Islamic branch.

In 2021, 11 applications were processed in relation to this activity, including 4 license applications, 6 applications for prior authorization and one declaration of intent to set up a branch under a single license.

Graph No. 2 : Breakdown of applications processed from 2019 to 2021



Source : General Secretariat of the WAMU Banking Commission

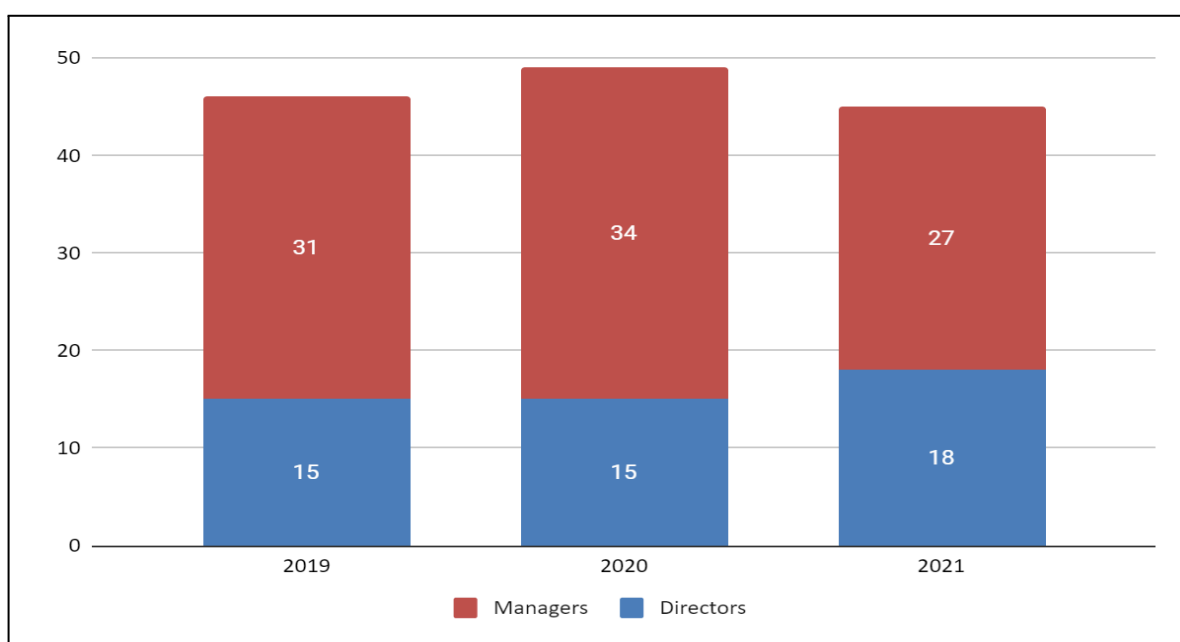
1.2.2.2. Exemptions from the nationality requirement

An exemption is an exceptional authorization granted to a non-WAMU national by the Minister of Finance, upon approval by the Banking Commission, to allow him/her to exercise the functions of director or manager, for which the legislation in force requires that the applicant possess the nationality of a WAMU Member State.

Exemptions from the nationality requirement are also required in cases where there is no agreement on the residence of nationals of a non-member country, between that country and the country in the Union in which the credit institution where foreign nationals are to work is located. Once obtained, such exemptions allow their beneficiaries, by virtue of the principle of general recognition, to carry out functions of the same category, in the same institution or outside it, and even in a credit institution in another Member State.

By December 31, 2021, 46 exemptions from the nationality requirement had been granted to concerned parties, compared with 53 in 2020, down 11.3% year on year.

Graph No. 3 : Changes in exemptions from the nationality requirement from 2019 to 2021



Source : General Secretariat of the WAMU Banking Commission

1.2.2.3. Document-based audits

Documentary audit or permanent supervision includes individual monitoring of regulated institutions (keeping of individual files, audit and analysis of accounting and financial statements, verification of compliance with prudential regulations, ratings, etc.).

It is based on an analysis of all the reporting statements and reports produced by the regulated institutions. These include periodic reports as well as prudential statements, accounting and financial data submitted on magnetic media or on the BCEAO reporting platform by the regulated institutions, in accordance with the requirements of the revised WAMU Banking Chart of Accounts (PCB) and the Specific Accounting Standards for MFIs (RCSFD).

Once processed and analyzed, the data gathered from the regulated institutions can be used to assess trends in the individual situations of the regulated institutions.

It also forms the foundation for general or specific studies on general trends in the banking system as well as in microfinance and electronic money issuing institutions in the WAMU Union.

Document-based audits also reveal evidence of vulnerability in an institution and may form a basis for appropriate decisions to be made. In this sense, they act as a preventive and early-warning system and can be used to guide on-site audits to improve targeting of investigations.

1.2.2.4. On-site audits

On-site audits are conducted on the basis of a schedule approved by the President of the Banking Commission. This schedule is developed using an approach based on identified risks, with a view to creating a list of the regulated institutions to be audited. The main criteria for selecting the entities to be included in the control program are :

- their degree of vulnerability to the primary risks in their business segment, based on the rating system,
- their systemic importance,
- the difficulties identified in the monitoring of the implementation of Banking Commission recommendations and decisions, and
- the length of time since the last audit by the Banking Commission.

On-site audits, conducted on the basis of targeted investigations, are used to supplement documentary audits. In addition to their main purpose of identifying and assessing the risks incurred by the regulated institutions, they also aim to assess the accuracy of the financial and accounting information provided to the financial and supervisory authorities, compliance with prudential regulations, the quality of management and the outlook for the regulated institutions.

These audits cover corporate governance, internal and external controls, compliance with prudential standards and strategic choices. They also cover anti-money laundering and anti-terrorist financing (AML/CFT) measures, the performance of information systems, the effectiveness of risk management and the implementation of the Banking Commission's recommendations.

On-site inspections may be extended to include affiliated companies. They may be general, specific or thematic in nature.

General audits are designed to assess the start-up conditions of newly licensed entities, aiming to assess all areas of a regulated entity's activities and management. Specific or targeted audits cover a more limited field and focus on a particular risk involving the management or situation of a regulated institution or group of institutions. Thematic audits deal with a cross-cutting issue common to several institutions.

The audit schedule for 2021 was based on a target of 65 regulated institutions, including 44 credit institutions and electronic money institutions and 21 large MFIs.

In 2021, 70 institutions were audited, including 47 credit institutions, one electronic money institution and 22 large MFIs. The audits carried out can be broken down as follows :

- ten general audits of credit institutions and financial holding companies,
- twenty-seven specific audits of credit institutions, including two remote audits of credit institutions using the General Secretariat's on-site control software and a joint mission with the Central Bank of Nigeria to a subsidiary of a Nigerian group established in WAMU,
- one theme on anti-money laundering and counter-terrorist financing (AML/CFT) efforts for ten credit institutions,
- one global audit with an electronic money institution,
- sixteen general audits of MFIs, and
- six specific audits of MFI.

The overall implementation rate for the 2021 audit program was 107.7%. This performance was mainly due to the higher number of institutions undergoing thematic AML/CFT missions, reflecting the importance of addressing this risk within the Union.

1.2.2.5. Banking crisis resolution

In 2021, efforts to address banking crises were marked by the adoption, by the Resolution College, of resolution plans designed for one regional systemically important banking institution (SIBI) based in Togo and four national SIBIs located in Côte d'Ivoire (1), Mali (1), Niger (1), and Togo (1).

It is important to emphasize that a resolution plan outlines the steps the Resolution Authority can take if it deems an entity non-viable without foreseeable prospects of a return to viability.

In accordance with current regulatory provisions, the Resolution College develops resolution plans for SIBIs, considering factors including preventive recovery plans and the Supervisor's judgment.

The five SIBIs concerned were those whose preventive recovery plans were validated by the Supervisory College at its session of September 20, 2021.

Resolution plans were devised, considering the unique circumstances of each bank, to identify the measures that could be implemented effectively in the event of resolution.

Additionally, the General Secretariat of the Banking Commission conducted virtual working sessions with the institutions concerned to discuss the resolution strategies envisioned for them.

1.2.2.6. Other activities

In 2021, other SGCB activities included participating in the proceedings of the WAMU Financial Stability Committee (CSF-UMOA) and holding meetings with the banking and microfinance professions, as well as with international and sub-regional financial institutions.

In the run-up to the 19th and 20th ordinary sessions of the CSF-UMOA, the SGCB took part in the work of the Group of Experts, which focused in particular on defining macroprudential supervision indicators, mapping financial system risks, and identifying and analyzing the main vulnerability factors likely to affect the resilience of the financial sector.

As part of its ongoing dialogue with the banking industry and external partners, the General Secretariat granted 48 audiences to senior executives of regulated institutions and banking groups, compared with 27 in 2020 and 29 in 2019. The main aim of these meetings is to assess the risks to which regulated institutions are exposed, as well as their business environment and outlook.

On May 21, 2021, the General Secretariat of the Banking Commission convened its first meeting with the general managers of decentralized financial systems, preceded on May 18, 2021, by a meeting with the main managers of the Ministerial Monitoring Structures (SMS).

In addition, on November 11 and 12, 2021, the Supervisory Authority organized the sixth edition of the annual meetings with, firstly, the General Managers and, secondly, the Statutory Auditors of credit institutions and financial holding companies.

In its role as the primary supervisory authority, the Banking Commission facilitated the seventh gatherings of the Colleges of Supervisors for Oragroup and the Ecobank Group on October 14 and October 27-28, 2021, respectively. These sessions, conducted via videoconference, were integral to implementing the Basel Committee's recommendations for the effective supervision of cross-border banking groups.

Additionally, the supervisory authority participated in several meetings as part of the Financial Sector Assessment Program (FSAP) between January 21 and November 8, 2021. These discussions encompassed the following topics :

- Scoping mission (January 21 to 28, 2021),
- Working session on the scope of the financial system assessment (March 8, 2021),
- Meeting on the systemic liquidity and safety net questionnaire as part of the self-assessment (March 31, 2021),
- Update on the self-assessment pertaining to core principles for effective banking supervision (April 7, 2021),
- Follow-up meeting on the financial stability questionnaire (June 10, 2021),
- Follow-up meeting on the banking resolution questionnaire (June 14, 2021),
- Follow-up meeting on the systemic liquidity management and safety net questionnaire (June 16, 2021),
- Preliminary mission - WAMU financial sector evaluation program (July 19 to 23, 2021, August 24 and 25, 2021), and
- Launch of the World Bank's work on competition in the banking sector (November 8, 2021).

Chapter II

REGULATORY FRAMEWORK GOVERNING THE ACTIVITIES OF INSTITUTIONS REGULATED BY THE WAMU BANKING COMMISSION

2.1. MAIN INSTRUMENTS GOVERNING THE ACTIVITIES OF REGULATED INSTITUTIONS

In addition to the common law applicable to commercial companies, the following main instruments regulate the activities of credit institutions, financial holding companies, decentralized financial systems and electronic money institutions :

- the WAMU Treaty of January 20, 2007,
- the Convention of April 6, 2007, governing the Banking Commission, including its appendix,
- the Uniform Act on banking regulations and its implementing instructions,
- the Uniform Act regulating decentralized financial systems, and its implementing decree and instructions,
- the Uniform Act regarding the definition and suppression of usury,
- the Uniform Act on Money Laundering and Terrorist Financing and its implementing instructions,
- the Uniform Act regulating credit information bureaus in the WAMU Member States and its implementing instructions,
- Regulation No. 09/2010/CM/UEMOA of October 1, 2010, on the external financial relations of WAEMU Member States and its implementing instructions,
- Regulation No. 015/2002/CM/UEMOA of September 19, 2002, on payment systems in the WAEMU Member States and its implementing instructions,
- the revised WAMU Banking Chart of Accounts (PCB) and its implementing instructions,
- the Specific Accounting Standards for MFIs (SRSFD) in WAMU,
- the prudential requirements applicable to WAMU credit institutions and financial holding companies in the Union,
- Decision No. 014/24/06/2016/CM/UMOA on the supervision on a consolidated basis of parent credit institutions and financial holding companies in WAMU,
- Banking Commission Circulars,
- the Instruction governing the terms and conditions of the activities of issuers of electronic money in the WAEMU Member States, and
- the Instruction on the accounting treatment of electronic money transactions by issuing institutions.

2.2. NEW INSTRUMENTS THAT CAME INTO FORCE IN 2021

2.2.1. Banking sector

On the regulatory front, 2021 was marked by the entry into force of the following instruments :

- Instruction No. 001-03-2021 of March 12, 2021, setting the terms and conditions for the supervision of financial market infrastructures and payment means and services in WAMU member states, and
- Notice No. 003-08-2021 of August 12, 2021, relating to the opening of a special 12-month window to refinance support and resilience bonds issued by WAEMU Member States.

2.2.2. Microfinance sector

No regulatory measures were taken in 2021 with regard to the activities of microfinance institutions.

2.2.3. Electronic money sector

No new regulatory provisions were made for the e-money business in 2021.

Box 1 : Stress tests as a tool for supervising the WAMU banking sector

The Basel Committee's work to strengthen the stability of the international banking sector has, among other themes, addressed the issue of modernizing the supervisory approach. To this end, the Basel Committee has defined four (4) essential principles of prudential supervision, which complement the work previously carried out and published as the "Core Principles for Effective Banking Supervision".

As part of the transposition of Pillar 2 provisions, the implementation of the prudential supervision process in WAMU is also encapsulated in four (4) principles that collectively aim at achieving one main objective, that of overall capital adequacy. To this end, the new regulatory guidelines recommend, among other measures, a forward-looking approach involving stress tests. Under the new prudential requirements, stress tests are considered to be both macroprudential and microprudential management tools.

On the macroprudential front, the Regulating Authority is responsible for periodically conducting stress tests to assess the banking sector's level of resilience. In the WAMU region, the latest stress test exercises carried out by the BCEAO for the year 2021 have introduced an innovative approach, featuring a more dynamic model that considers scenarios with multiple factors, including :

- the banking sector's sensitivity to credit risks,
- vulnerability to concentration risks,
- the impact of a banking panic on liquidity,
- the impact of sovereign risks,
- the potential impact of a socio-political and security crisis, and
- the repercussions of a climate shock.

On the microprudential level, regulatory requirements concerning the performance of stress tests by regulated institutions serve as a control mechanism for the Supervisory Authority. In accordance with Principle 2 of the Basel Committee's Prudential Supervisory Procedure, which has been incorporated into the prudential requirements applicable to credit institutions and financial holding companies in WAMU, the Supervisor examines the adequacy of the capital of regulated institutions in relation to the risks incurred, considering the results of the stress tests conducted. Against this backdrop, the BCEAO has started drafting a Circular on stress testing in WAMU credit institutions and financial holding companies. This instrument should make it possible to specify the regulatory requirements in this area.

Chapter III

ACTIONS AND MEASURES

In 2021, the WAMU Banking Commission held four ordinary sessions of the Supervisory College and one meeting of the Resolution College, by videoconference, on the following dates :

- **Ordinary sessions of the Supervisory College :**

- March 17, 2021,
- June 30, 2021,
- September 20, 2021, and
- December 13, 2021.

- **Concerning the meeting of the Resolution College :** December 13, 2021

The members of the Supervisory Board representing the States include Mr. Sidi Almoctar Oumar, representing the State of Mali, who was replaced by Mr. Boubacar Ben Bouillé.

With regard to the members appointed by the Council of Ministers, the WAMU Banking Commission did not record any changes to its Supervisory and Resolution Colleges.

In addition, the term of office of Commissioner Akuété Santos, member of the Resolution College, which expired on March 31, 2021, was extended by the Council of Ministers for a period of 3 years, from April 1, 2021, to March 31, 2024.

3.1. ADMINISTRATIVE MEASURES

Pursuant to the provisions of Article 29 of the Annex to the Agreement governing it, the WAMU Banking Commission issued fourteen injunctions during the 2021 financial year, compared with ten in 2020. These injunctions were issued against twelve credit institutions and two MFIs in Burkina Faso (1), Côte d'Ivoire (4), Guinea-Bissau (2), Niger (3), Senegal (3) and Togo (1). In general terms, the injunctions focused on :

- correcting all deficiencies identified during the audits,
- bringing the decision-making body into line with regulatory requirements relating to the governance of credit institutions, with a view to ensuring its smooth and efficient operation,
- strengthening the internal control system to bring it into line with applicable legislation,
- ensuring the effective and full implementation of risk management requirements,
- ensuring scrupulous compliance with legal and regulatory anti-money laundering and terrorist financing requirements, and
- ensuring full compliance with current prudential standards and that the minimum share capital is represented by tier one capital.

The WAMU Banking Commission also placed a credit institution based in Côte d'Ivoire and an MFI based in Senegal under close supervision. In addition, the supervisory body lifted the ban on dividend distribution for credit institutions based in Benin (1), Côte d'Ivoire (1), Niger (1), Senegal (1), and Togo (1).

3.2. DISCIPLINARY AND FINANCIAL SANCTIONS

Pursuant to the provisions of Articles 31 and 32 of the Annex to the Convention governing the WAMU Banking Commission, the Supervisory Authority, after duly convening and hearing the managers of credit institutions and MFIs established in WAMU, imposed the following disciplinary sanctions :

- ❖ **Reprimands**, against :

- eight credit institutions located in Côte d'Ivoire (3), Guinea-Bissau (2), Niger (2), and Togo (1),
- two MFIs in Côte d'Ivoire (1) and Senegal (1), and
- two directors of a Senegalese MFI.

❖ **Warnings**

No warnings were issued by the Supervisory Authority during the period under review.

❖ **Suspensions and disqualifications**

- Cease-and-desist orders against two directors of one MFI based in Niger.

❖ **Withdrawals of accreditations**

During the period under review, the WAMU Banking Commission did not withdraw any accreditations.

❖ **Financial penalties**

Pursuant to the provisions of Article 31.2 of the Annex to the Convention governing the WAMU Banking Commission and the Implementing Instructions for the Banking Regulation Act, in addition to the disciplinary sanctions issued, the Supervisory Authority imposed ten financial sanctions on :

- eight credit institutions, located respectively in Côte d'Ivoire (3), Guinea-Bissau (2), Niger (2), and Togo (1), and
- two decentralized financial systems from Côte d'Ivoire (1) and Senegal (1).

3.3. NOTICES TO FINANCE MINISTERS

3.3.1. Ordinary notices

❖ **Extension of the terms of office of interim administrators**

The WAMU Banking Commission issued three notices of assent, for the extension of the terms of office of the interim administrators of a bank based in Togo (1), as well as two MFIs based in Burkina Faso (1) and Mali (1).

Specifically, these measures were designed to empower them, in conjunction with the national authorities, to finalize all the due diligence required by the terms of reference of their assignment, in application of the provisions of Articles 60 and 61 of the banking regulation Act as well as Articles 62 and 63 of the law regulating MFIs.

❖ **Extension of the term of office of a liquidator**

The Supervisory Authority issued one approval notice for the extension of the duration of the liquidation and the term of office of the liquidator of a bank established in Côte d'Ivoire, to enable them to complete all the tasks set out in the terms of reference of their mission, contained in Decision No. 051-09-2018/CB/C of September 18, 2018.

3.3.2. Binding notices

❖ **Exemptions from the nationality requirement for directors and officers who are not nationals of Member States**

During the period under review, the WAMU Banking Commission issued the following approvals in response to requests from credit institutions for persons who are not nationals of WAMU Member States to be appointed to management or administrative positions :

- forty-five notices of assent, for twenty-seven directors' positions and eighteen management positions, and
- one unfavorable notice relating to management and director functions.

❖ **Accreditation and licensing**

In financial year 2021, the WAMU Banking Commission issued two notices of assent for applications to operate as a bank-like financial institution in the Republic of Niger.

The Banking Commission also issued two notices of refusal on applications for authorization to operate as a bank-like financial institution in Senegal and as a bank in Côte d'Ivoire.

❖ **Changes in ownership structure**

During the 2021 financial year, pursuant to the provisions of Articles 15, 16, 39 and 41 of the Banking Regulation Act, the WAMU Banking Commission issued four favorable opinions on applications for prior authorization to modify the shareholding structure of credit institutions based in Benin (1), Burkina Faso (1), Senegal (1), and Togo (1).

❖ **Changes of company names**

The Supervisory Authority issued two favorable opinions in response to applications for prior authorization to change the company name or trade name of two banks located in Benin (1) and Togo (1).

❖ **Restrictions on loans to major shareholders, executives, employees, and statutory auditors**

The Banking Commission granted one favorable assent to a request seeking an individual waiver of the ceiling on loans to primary shareholders, managers, staff, and statutory auditors of a financial institution based in Togo, for a three-year period expiring on November 10, 2024

The Control Board also issued one refusal on an application for the same purpose submitted by a bank based in Senegal.

❖ **Preventive settlement procedure initiated**

The WAMU Banking Commission issued one unfavorable opinion on a request filed to open preventive settlement proceedings against an MFI based in Niger.

3.4. OTHER MEASURES

3.4.1. Approval of the appointment or reappointment of statutory auditors

In financial year 2021, the Banking Commission issued decisions approving the appointment or reappointment of statutory auditors in :

- forty-nine credit institutions in Benin (7), Burkina Faso (4), Côte d'Ivoire (13), Mali (9), Niger (3), Senegal (10), and Togo (3),
- six financial holding companies based in Côte d'Ivoire (5) and Senegal (1), and
- fifty-one MFIs in Benin (3), Burkina Faso (2), Côte d'Ivoire (43), Mali (1), and Senegal (2).

3.4.2. Other decisions

The Supervisory College made the following additional decisions during the year under review :

- inclusion of two entities based in Burkina Faso and Togo on the list of financial holding companies,
- granting of a n exemption from the application of the risk-splitting ratio until November 10, 2024, to one financial institution based in Togo,
- refusal to grant a bank based in Senegal a temporary exemption from the application of the risk-splitting ratio,
- refusal to extend the deadline for three banks based in Benin (1), Mali (1), and Niger (1) to hold non-operating fixed assets acquired through guarantees,
- authorization to set up one branch in Guinea-Bissau, following a request from a bank based in Senegal,
- nine managers of credit institutions based in Burkina Faso (1), Côte d'Ivoire (3), Guinea-Bissau (2), Niger (2), and Togo (1), and 3 MFIs in Côte d'Ivoire (1), Niger (1), and Senegal (1) were summoned for disciplinary hearings in respect of breaches of current regulations or shortcomings identified following audit missions,
- summonses of two managers of credit institutions in Burkina Faso and Niger to simple hearings with regard to shortcomings identified following checks on the conditions for starting up their activities,
- validation, for financial year 2021, of preventive recovery plans for five systemically important banking institutions,
- adoption, for financial year 2021, of the list of national and regional systemically important banking institutions in WAMU,
- adoption of the process for publishing disciplinary and financial penalties imposed by the WAMU Banking Commission, and

- validation of resolution plans for five systemically important banks.

The WAMU Banking Commission issued a favorable opinion to the Minister of Finance of a country, approving the bylaws of a professional association of banks and financial institutions

Chapter IV

COOPERATION AND TRAINING ACTIVITIES

4.1. COOPERATION ACTIVITIES

Changes in the WAMU banking landscape in recent years, mainly including the establishment of subsidiaries of cross-border banking groups, have led to fresh challenges in terms of supervision and strengthening cooperation with counterpart supervisors.

In addition, the increased frequency of economic, financial, banking-related, and monetary crises has underscored the need to bolster cooperation to better understand cross-border risks.

4.1.1. Implementation of cooperation agreements

As part of efforts to implement cooperation agreements, the General Secretariat of the WAMU Banking Commission took part in the 9th bilateral meeting with the General Secretariat of the Central African Banking Commission, held by videoconference on November 4, 2021.

The General Secretariat of the WAMU Banking Commission also held an experience-sharing, videoconference with the General Secretariat of the Regional Council for Public Savings and Financial Markets (CREPMF) from February 16 to 17, 2021.

4.1.2. Relations with groups of banking supervisors

The Supervisory Authority continued to strengthen its cooperative relations with foreign supervisors and regulators through several meetings held during the implementation of the Basel Committee's recommendations for effective supervision of cross-border banking groups.

In this respect, the WAMU Banking Commission, in its capacity as home supervisor, organized the following meetings by videoconference :

- the 7th meeting of the College of Supervisors of Oragroup, on October 14, 2021, and
- the 7th meeting of the College of Supervisors of the Ecobank Group, on October 27 and 28, 2021.

In addition, the SGCB also attended six meetings, via videoconference, of the supervisory colleges of foreign banking groups with subsidiaries in the Union. These included :

- the meeting of the College of Supervisors of the Afriland Group subsidiaries on October 6, 2021,
- the meeting of the College of Supervisors of United Bank for Africa subsidiaries, from August 30 to September 1, 2021,
- the meeting of the College of Supervisors of the First Bank of Nigeria Group (FBN) subsidiaries, on September 8 and 9, 2021,
- the meeting of the Universal College of Supervisors of Standard Chartered Bank subsidiaries, from October 5 to 8, 2021,
- the meeting of the College of Supervisors of Attijariwafa bank (AWB) subsidiaries, on November 24, 2021,
- the meeting of the College of Supervisors of the BMCE Bank Of Africa group subsidiaries on December 2, 2021, and
- the meeting of the College of Supervisors of the Banque Centrale Populaire (BCP) group subsidiaries, on December 9, 2021.

The SGCB also took part in the following events :

- the 16th high-level meeting for Africa on capacity building in banking supervision, organized by the Financial Stability Institute and the Basel Committee for Banking Supervision, via videoconference on January 28 and 29, 2021,
- the 6th meeting of the Working Group organized by the Committee of African Banking Supervisors (CABS) on cross-border banking supervision and Basel regulations, in particular Basel Pillars II and III, from December 3 to 8, 2021,
- the plenary meeting of the Francophone Banking Supervisors Group (GSBF), on

December 14, 2021, by videoconference.

4.1.3. Relations with other regional and international organizations and financial institutions

The General Secretariat of the WAMU Banking Commission took part in the following virtual meetings :

- 38th statutory meeting of the College of Supervisors of the West African Monetary Zone (CSZMAO), February 2-11, 2021,
- experience-sharing meeting between the SGCB and the Regional Council for Public Savings and Financial Markets (CREPMF) on February 16, 2021,
- 35th meeting of the Technical Commission and Plenary of the Intergovernmental Action Group against Money Laundering in West Africa (GIABA), on May 16-21, 2021,
- 39th statutory meeting of the WAMZ College of Supervisors, August 9-13, 2021,
- 2nd extraordinary meeting of GIABA, on August 16-20, 2021, and
- 40th meeting of the WAMZ College of Supervisors, November 29 to December 1, 2021.

4.2. TRAINING ACTIVITIES

As was the case in previous years, the General Secretariat of the WAMU Banking Commission focused on capacity building for its staff, through the organization of and participation in training courses.

4.2.1. In-house training and seminars

Internal training seminars on banking supervision were organized in collaboration with partner institutions. They focused on the following themes :

- On-line training on experience sharing regarding the organization of Supervisors' Colleges, from April 08 to 09, 2021,
- On-line training on on-site credit risk audits, from September 6 to 8, 2021,
- Online training on "Total loss-absorbing capacity (TLAC) and treatment of participations held in TLAC Instruments", from September 13 to 17, 2021,
- Webinar on the emerging approach to climate risk management, on October 20, 2021,
- Supervision of Islamic finance institutions, November 22 to 24, 2021,
- Supervision of electronic money institutions, on December 13 to 15, 2021, and
- Specific accounting standards for MFIs, on December 20 to 23, 2021.

4.2.2. External training and seminars

The General Secretariat of the Banking Commission participated in virtual external training sessions and seminars organized by organizations and institutions, including :

- capacity-building in banking supervision, organized by the Institute for Financial Stability, from January 28 to 29, 2021,
- a webinar on the implementation status of Instruction No. 012-09-2015, organized by the WAMU Securities Agency, on March 16, 2021,
- training on the theme “The basics of banking supervision”, organized by Africa Training Institute, from April 12 to 23, 2021,
- Digital transformation and Fintech, organized by the Luxembourg Financial Technology Transfer Agency, from April 13 to 16, 2021,
- Strategic Leadership : Improving Your Personal Effectiveness, organized by the Harvard Kennedy School, April 26-30, 2021,
- online training on cross-border and consolidated banking supervision, organized by the South African Reserve Bank, from May 10 to 14, 2021,
- online training on inclusive green finance, organized by the Alliance for Financial Inclusion, on May 19, 2021,
- Strategic management of regulatory and supervisory agencies, organized by the Harvard Kennedy School, August 06, 2021,
- Digital banking : Reaching the home stretch, organized by the Alliance for Financial Inclusion and the Central Bank of Malaysia, August 19-20, 2021,
- the IFRS 9 implementation and supervision seminar, organized by the South African Reserve Bank, from August 25 to 26, 2021,
- Supervision and regulation for banking supervisors, organized by the Institute for Financial Stability, from September 16, 2021, to January 20, 2022,
- training on information system control and cybersecurity risks, organized by the Prudential Supervision and Resolution Authority from September 23 to 24, 2021,
- financial sector supervision, organized by Africa Training Institute (ATI), from September 27 to October 08, 2021,
- research methodology workshop : Topic 1 : Economic forecasting in times of crisis / Topic 2 : Macroeconomic modeling and economic forecasting, organized by the Banque de France and the Bank of England, October 11-14, 2021,
- risk-based control - AML/CFT, organized by the Financial Action Task Force (FATF), on October 07, 2021,
- Africa Cybersecurity Resource Centre's African Financial Sector Cybersecurity Conference, October 21-22, 2021,
- a training workshop on mutual assessments and the role of regional institutions, organized by Liaison Committee on Money Laundering (CLAB), on November 10, 2021, and
- risk-based supervision, organized by the Community of African Banking Supervisors (CABS), from November 22 to 26, 2021.

Box 2 : WAMU Financial Sector Assessment Program (FSAP)

The Financial Sector Assessment Program (FSAP) is a comprehensive, in-depth analysis of a country's financial sector, from the dual standpoint of financial stability and financial development. In developing and emerging countries, the program is conducted jointly by teams from the International Monetary Fund (IMF) and the World Bank.

In the specific case of WAMU, the FSAP aims to identify the strengths, vulnerabilities, and areas for improvement of the Union's banking and financial system, based on a detailed analysis of the players, infrastructures, and regulatory and supervisory requirements.

This program, which had already been carried out in 2007, was once again requested by the WAMU authorities, following the recent domestication of the Basel II and III standards into the regulatory and prudential architecture.

In this context, experts from the IMF and the World Bank carried out an assessment of the financial sector in 2021, including the compliance of the supervisory requirements with the 29 Core Principles for Effective Banking Supervision (EBS) issued by the Basel Committee.

The areas covered by the FSAP focused mainly on :

- the institutional architecture of WAMU,
- the regulatory and supervisory requirements for the banking sector,
- financial stability and systemic liquidity,
- banking crisis resolution,
- governance of public banks,
- climate risks, and
- anti-money laundering and counter-terrorist financing (AML/CFT) measures.

At the end of the mission, the evaluators noted the significant progress made since the last evaluation, in particular the reforms undertaken in line with changes in the banking and financial landscape.

Recommendations were also made to take account of changes in banking risks and emerging issues. These relate mainly to the consolidation of the institutional requirements for banking supervision and resolution, the improvement of operational procedures and tools, and capacity-building for the staff of the Supervisory Authority.

Chapter V

ACTIVITIES AND MONITORING OF REGULATED ENTITIES

5.1. ECONOMIC AND FINANCIAL ENVIRONMENT

The global economic and financial landscape in 2021 experienced a recovery from the recession observed in 2020 due to the COVID-19 crisis and its profound economic and financial repercussions. According to International Monetary Fund (IMF) estimates, the global economy grew by 5.9% in 2021, rebounding from a 3.1% contraction in 2020.

Reflecting the worldwide context, economic activity in the West African Economic and Monetary Union (WAEMU) regained significant momentum, following a slowdown in 2020 due to the impact of the COVID-19 pandemic. On the domestic front, major economic stimulus programs were implemented, as infrastructure projects previously suspended due to the health crisis resumed. Additionally, the Central Bank maintained its accommodating monetary policy stance. Consequently, the growth rate stood at 5.8% in 2021, compared to 1.8% in 2020.

The Union's annual average inflation rate was 3.6% in 2021, compared with 2.1% in 2020, mainly due to the impact of the health and security crises.

5.2. BANKING SECTOR

5.2.1. Credit institutions

5.2.1.1. The landscape of credit institutions

By the end of 2021, the Union's banking system had 155 licensed credit institutions, compared with 152 in December 2020. This change was due to :

- an authorization to set up a branch of Coris Bank International Senegal in Guinea-Bissau, and
- accreditations granted to "AMANA Transfert d'Argent et Finance" and "ZEYNA", two financial institutions based in Niger.

These credit institutions include 132 banks, with 22 branches, and 23 bank-like financial institutions, with 4 branches.

The breakdown by country is as follows :

Table 1 : Number of licensed credit institutions

Countries	Banks (a)	Including bank branches	Bank-like financial institutions (b)	including branches of banking institutions	TOTAL (a+b)
Benin	14	2	1	-	15
Burkina Faso	15	2	4	1	19
Côte d'Ivoire	28	2	2	1	30
Guinea-Bissau	6	3	-	-	6
Mali	14	1	3	1	17
Niger	14	4	6	-	20
Senegal	27	5	4	1	31
Togo	14	3	3	-	17
Total	132	22	23	4	155

Source : General Secretariat of the WAMU Banking Commission

On December 31, 2021, there were 1,54³ credit institutions in operation, including 131 banks and 23 bank-like financial institutions.

On that same date, 26 banks were included on the national list of systemically important banking institutions (SIBIs)⁴.

Based on data received from 152 credit institutions, the breakdown of active entities is as follows.

Table 2 : Main characteristics of active credit institutions

Countries	Number of institutions			Balance sheet total (billions of CFA F)	Market share (*)	Number			Staff
	Banks	Financial institutions	Total			Windows (**)	ATMs (***)	Bank accounts	
Benin	14	1	15	5,330.8	9.6%	237	331	2,369,529	3,075
Burkina Faso	15	4	19	8,016.9	14.5%	342	508	2,498,791	3,807
Côte d'Ivoire	28	2	30	18,657.0	33.7%	733	1,174	5,490,498	9,695
Guinea-Bissau	5	0	5	381.5	0.7%	41	81	201,254	570
Mali	14	3	17	6,421.4	11.6%	460	538	2,167,393	3,627
Niger	14	6	20	2,258.8	4.1%	1,321	199	925,344	4,176
Senegal	27	4	31	10,343.7	18.7%	532	637	2,435,910	6,487
Togo	14	3	17	3,945.9	7.1%	264	333	1,331,766	2,705
WAMU	131	23	154	55,356.0	100%	3,930	3,801	17,420,485	34,142

(*) According to the balance sheet totals of credit institutions in the Union

(**) Branches, offices and points of sale

(***) Automated Teller Machines

Source : General Secretariat of the WAMU Banking Commission

The balance sheet total of credit institutions in the Union showed an annual increase of 8,087.1 billion (+17.1%), reaching 55,356.0 billion as at December 31, 2021.

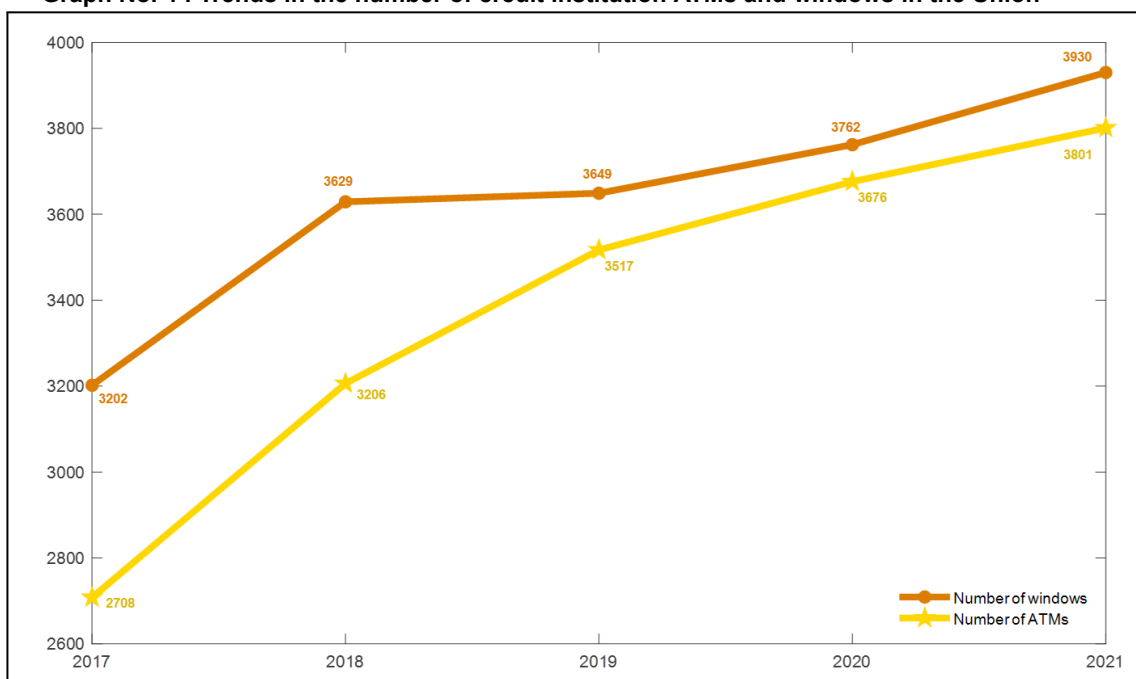
A similar trend was noted in all the banking centers in the Union : Côte d'Ivoire (+2,623 billion; +16.4%), Senegal (+1,423 billion; +16.0%), Burkina Faso (+1,383 billion; +20.9%), Benin (+1,084 billion; +25.5%), Mali (+794 billion; +14.1%), Togo (+492 billion; +14.3%), Niger (+249 billion; +12.4%), and Guinea-Bissau (+39 billion; +11.3%).

The number of branches, offices, and points of sale increased by 270 units in 2021, or +7.4%, to stand at 3,930. The number of ATMs increased by 130 units, or 3.5%, to 3,801.

³ By the end of 2021, Coris Bank International Sénégal, Guinea-Bissau branch had not started operations yet.

⁴ SIBIs (also known as TBTFs, or "too big to fail") are institutions whose failure, owing to their size, complexity, volume of activities or systemic interconnection, could jeopardize the financial system and economy of the Union or a Member State.

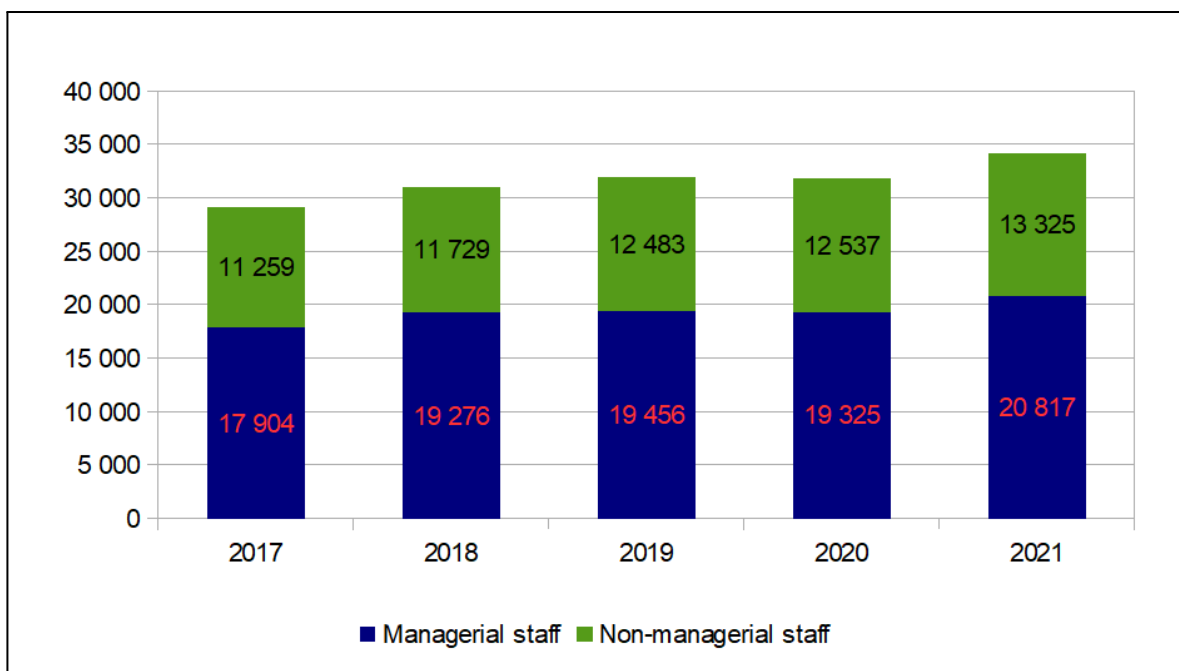
Graph No. 4 : Trends in the number of credit institution ATMs and windows in the Union



Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2021, **the number of staff in the banking sector** had risen by 2,280 (+7.2%) compared with the end of 2020, to total 34,142, reflecting the expansion of the banking network and the start of operations of new entities. Managerial staff accounted for 39.0% of jobs, compared with 40.7% in 2020.

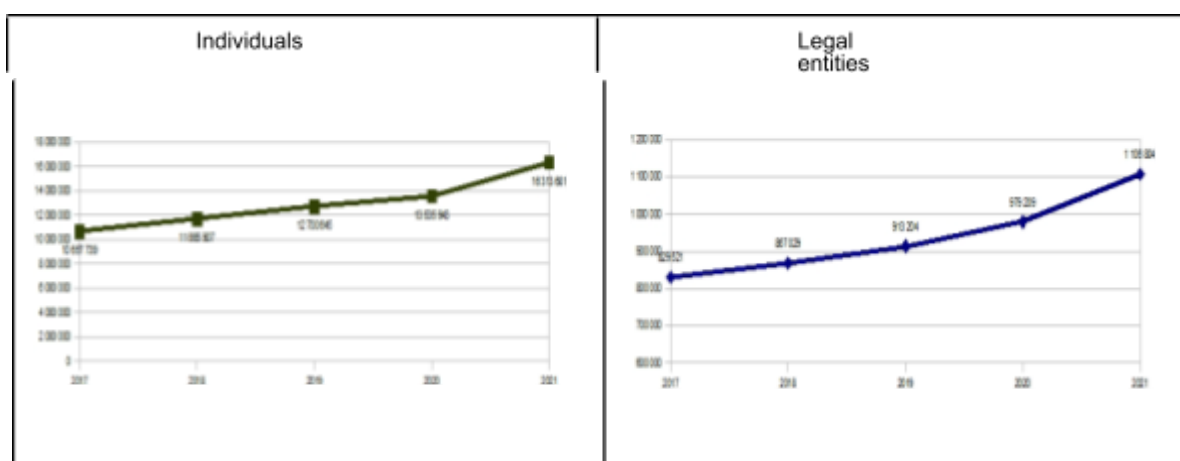
Graph No. 5 : Trends in the number of employees in credit institutions in the Union



Source : General Secretariat of the WAMU Banking Commission

The number of bank accounts held in credit institutions also grew by 20.0% to 17,420,485 at the end of 2021. The number of personal accounts grew by 20.5% to 16,313,681. Accounts held by legal entities rose by 13.0% to 1,106,804.

Graph No. 6 : Trends in the number of bank accounts in credit institutions



Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2021, the banking system included 65 cross-border banks⁵, 66 subregional banks and 23 bank-like financial institutions, 5 of which were cross-border institutions and 18, subregional institutions.

Table 3 : Breakdown of active credit institutions by category

Category	Number of institutions									Market share (%)	Number			Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU		Window S ₇₋₁	ATM (***)	Bank accounts	
Sub-regional banks	5	7	13	4	7	8	14	8	66	51.6%	37.6%	54.8%	47.9%	45.2%
Cross-border banks	9	8	15	1	7	6	13	6	65	47.1%	31.9%	45.2%	52.1%	47.1%
Sub-regional bank-like financial institutions	1	3	1	0	2	6	2	3	18	1.1%	29.2%	0.0%	0.0%	7.2%
Cross-border bank-like financial institutions	0	1	1	0	1	0	2	0	5	0.2%	1.3%	0.0%	0.0%	0.5%
Total	15	19	30	5	17	20	31	17	154	100%	100%	100%	100%	100%

(*) According to the balance sheet totals of credit institutions in the Union

(**) Branches, offices and points of sale

(***) Automated Teller Machines

Source : General Secretariat of the WAMU Banking Commission

Sub-regional banks held 51.6% of the Union's banking assets, as against a percentage of 51.3% in 2020. They represented 37.6% of the branch network, had 54.8% of the Union's ATMs, held 47.9% of its bank accounts and employed 45.2% of its banking staff.

Cross-border banks held a 47.1% market share. This category represented 31.9% of branch offices, 45.2% of ATMs, 52.1% of customer accounts and 47.1% of staff.

⁵ Under the terms of Decision No. 362-11-2016 of November 18, 2016, on the organization of the General Secretariat of the WAMU Banking Commission, cross-border banks are banks whose parent companies are located outside the WAMU zone and/or depend on banks or a group subject to the supervision of a counterpart banking supervisory authority

Sub-regional bank-like financial institutions accounted for 1.1% of assets, 29.2%⁶ of windows and 7.2% of staff.

Cross-border bank-like institutions accounted for 0.2% of assets, 1.3% of windows and 0.5% of staff.

◆ Breakdown of numbers of credit institutions based on size

The breakdown of the number of credit institutions by size was calculated based on total assets, total deposits, and total loans, using quartiles.

Quartiles are the three (3) values of a statistical variable, in this case the balance sheet total, total deposits and total loans, ranked in ascending order, which can be used to divide a statistical population into four (4) equal sub-sets. These internal dividers are identified by the abbreviated letters Q1, Q2 and Q3.

- The 1st quartile (Q1) is the value of the statistical variable (balance sheet total, deposits or loans) that marks the cut-off point for the bottom 25% of the balance sheet total or total deposits.
- The 2nd quartile (Q2) is the value of the statistical variable that marks the cut-off point for the bottom 50% of the balance sheet total or total deposits. It is the midpoint of the data set. It is also called the median.
- The 3rd quartile (Q3) is the value of the statistical variable that marks the cut-off point for the bottom 75% of the balance sheet total or total deposits.

Quartile analysis shows that on December 31, 2021 :

- 25% of the credit institutions had a balance sheet total, total deposits and total loans below 70,647 million, 41,852 million and 29,263 million, respectively.
- 50% of the credit institutions showed a balance sheet total, total deposits and total loans 221,947 million, 154,301 million and 100,569 million, respectively.
- 25% of the credit institutions presented a balance sheet total, total deposits and total loans above 473,404 million, 357,853 million and 225,149 million, respectively.

Table 4 : Quartiles as at December 31, 2021

Quartile	Balance sheet total (in millions of CFA F)	Total deposits (in millions of CFA F)	Total loans (in millions of CFA F)
Q1	70 647 <i>67 740</i>	41 852 <i>39 147</i>	29 263 <i>32 027</i>
Q2	221 947 <i>202 430</i>	154 301 <i>123 937</i>	100 569 <i>88 197</i>
Q3	473 404 <i>415 406</i>	357 853 <i>304 554</i>	225 149 <i>211 450</i>

N.B. : The value for 2020 is shown in italics.

Source : General Secretariat of the Banking Commission

Thirty-nine credit institutions had balance sheet totals below the first quartile (Q1 or 70,647 million), compared with thirty-seven in 2020. They had 1.9% of assets, 23.4% of offices and branches, 0.7% of ATMs and 2.1% of bank accounts. They employed 9.5% of the banking system's workforce.

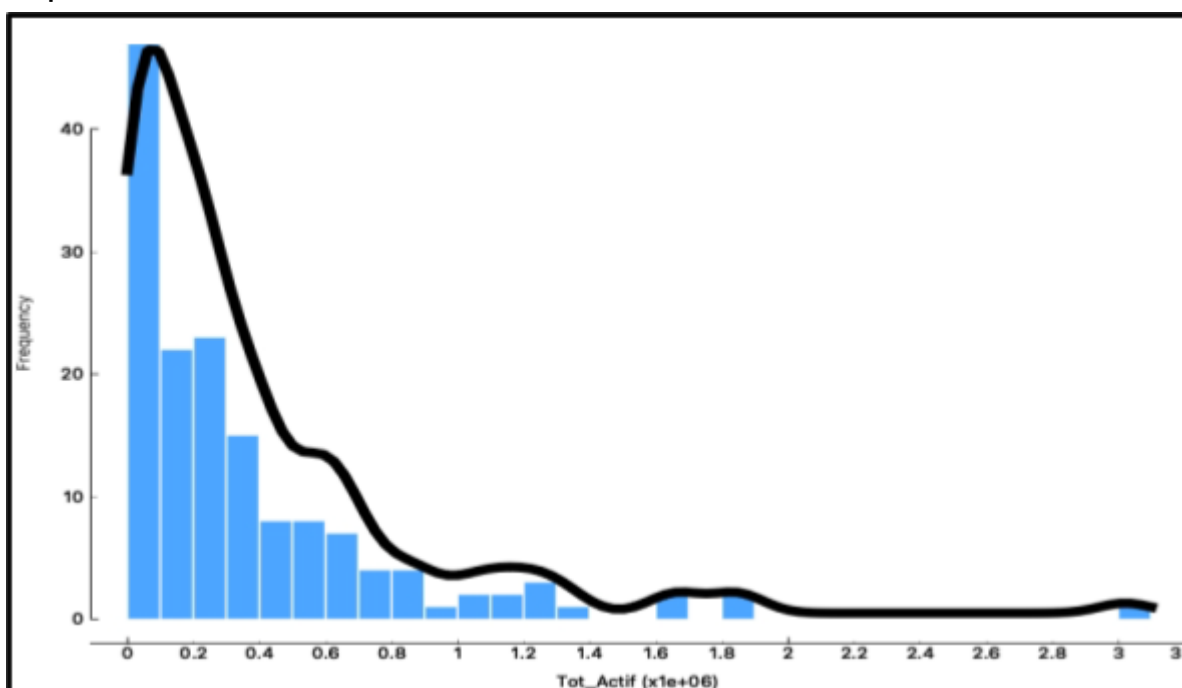
Thirty-nine credit institutions, accounting for 10.0% of assets, versus thirty-seven in 2020, had balance sheet totals between the first quartile (Q1) and second quartile (Q2 or 221,947 million). This category accounted for 11.1% of locations, 13.1% of ATMs, 10.3% of customer accounts and 14.8% of staff.

Thirty-eight credit institutions, accounting for 22.5% of assets versus thirty-seven in 2020, had balance sheet totals between the second quartile (Q2) and third quartile (Q3 or 473,404 million). This category of banks represented 17.0% of locations, 19.8% of ATMs, 17.6% of customer accounts, and 20.8% of staff.

⁶ Two financial payment institutions in Niger alone account for 1,130 of the country's 1,321 offices and branches, or 85.5% of the total. These offices are located in passenger stations.

Thirty-eight credit institutions, compared with thirty-seven in 2020, had balance sheet totals above the third quartile (Q3) and held 65.6% of the banking system's assets. They represented 40.4% of the branch network, had 66.4% of the Union's ATMs, 69.9% of its bank accounts and employed 54.9% of its staff.

Graph No. 7 : Breakdown of the total assets of credit institutions



Source : General Secretariat of the Banking Commission

Table 5 : Breakdown of credit institutions by quartiles according to the balance sheet total

Category	Number of institutions per country								WAMU	Market share	Windows	ATMs	Number of bank accounts	Staff
	Benin	Burkina Faso	Cote d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo						
< Q1	4	4	4	1	3	9	10	4	39	1.9%	31.5%	0.7%	2.1%	9.5%
Between Q1 and Q2	1	5	8	4	4	7	4	6	39	10.0%	11.1%	13.1%	10.3%	14.8%
Between Q2 and Q3	5	5	5	-	5	4	9	5	38	22.5%	17.0%	19.8%	17.6%	20.8%
> Q3	5	5	13	-	5	-	8	2	38	65.6%	40.4%	66.4%	69.9%	54.9%
Total	15	19	30	5	17	20	31	17	154	100%	100%	100%	100%	100%

Source : General Secretariat of the Banking Commission

Thirty-nine credit institutions had total deposits below the first quartile cut-off level (Q1 or 41,852 million), compared with 37 in 2020. They held 2.9% of assets and ATMs, 32.7% of offices and branches and 3.6% of bank accounts. They employed 11.3% of the banking system's workforce.

Thirty-nine credit institutions, accounting for 20.3% of assets, versus thirty-seven in 2020, had total deposits between the first quartile (Q1) and second quartile (Q2 or 154,301 million). This category accounted for 17.6% of locations, 20.3% of ATMs, 14.6% of customer accounts and 23.0% of staff.

Thirty-eight credit institutions, accounting for 28.4% of assets, versus thirty-seven in 2020, had total deposits between the second quartile (Q2) and third quartile (Q3 or 357,853 million). This category represented 20.8% of locations, 28.8% of ATMs, 36.4% of customer accounts and 25.8% of staff members.

Thirty-eight credit institutions, compared with thirty-seven in 2020, had total deposits above the third quartile (Q3) and held 48.4% of the banking system's assets. They represented 28.8% of the branch network, had 48.1% of ATMs and 45.4% of bank accounts and employed 39.8% of staff members.

Table 6 : Breakdown of credit institutions by quartiles according to total deposits

Category	Number of institutions per country									Market share	Windows	ATMs	Number of bank accounts	Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU					
< Q1	4	4	4	2	3	9	9	4	39	2.9%	32.7%	2.9%	3.6%	11.3%
Between Q1 and Q2	1	4	7	3	5	7	6	6	39	20.3%	17.6%	20.3%	14.6%	23.0%
Between Q2 and Q3	7	5	6	-	4	4	8	4	38	28.4%	20.8%	28.8%	36.4%	25.8%
> Q3	3	6	13	-	5	-	8	3	38	48.4%	28.8%	48.1%	45.4%	39.8%
Total	15	19	30	5	17	20	31	17	154	100%	100%	100%	100%	100%

Source : General Secretariat of the Banking Commission

Thirty-nine credit institutions had total loans below the first quartile (Q1), or 29,263 million, compared with thirty-seven in 2020. They held 5.2% of assets, 34.3% of offices and branches, 5.5% of ATMs and 5.6% of bank accounts. They employed 14.2% of the banking system's employees.

Thirty-nine credit institutions, accounting for 30.4% of assets, versus thirty-seven in 2020, had total loans between the first (Q1) and second quartile (Q2 or 100,569 million). This category accounted for 24.3% of branches, 31.5% of ATMs, 32.5% of customer accounts and 30.6% of staff.

Thirty-eight credit institutions, accounting for 29.1% of assets, versus thirty-seven in 2020, had total loans ranging between the second (Q2) and third quartile (Q3 or 225,149 million). This category represented 19.5% of locations, 30.2% of ATMs, 29.6% of customer accounts, and 26.4% of staff.

Thirty-eight credit institutions, compared with thirty-seven in 2020, had total loans above the third quartile (Q3) and accounted for 35.3% of banking system assets. They represented 21.9% of the branch network, had 32.8% of ATMs, 32.3% of bank accounts, and employed 28.8% of staff members.

Table 7 : Breakdown of credit institutions by quartile according to total loans

Category	Number of institutions per country									Market share	Windows	ATMs	Number of bank accounts	Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU					
< Q1	4	3	4	1	4	9	9	5	39	5.2%	34.3%	5.5%	5.6%	14.2%
Between Q1 and Q2	2	5	9	4	2	7	4	6	39	30.4%	24.3%	31.5%	32.5%	30.6%
Between Q2 and Q3	5	6	5	-	7	3	8	4	38	29.1%	19.5%	30.2%	29.6%	26.4%
> Q3	4	5	12	-	4	1	10	2	38	35.3%	21.9%	32.8%	32.3%	28.8%
Total	15	19	30	5	17	20	31	17	154	100%	100%	100%	100%	100%

Source : General Secretariat of the Banking Commission

The breakdown of credit institutions based on their balance sheet totals, total deposits, and total loans showed increasingly wider ranges between 2017 and 2021. In the case of total balance sheet assets, the interquartile range increased from 282.4 billion in 2017 to 402.8 billion in 2021, while the range for total deposits rose from 165.1 billion in 2017 to 316.0 billion in 2021. The interquartile range for total loans rose from 153.0 billion in 2017 to 195.9 billion in 2021.

♦ Analysis of activity by banking group

➡ Institutions affiliated with a banking group

As at December 31, 2021, 111 of the 154 credit institutions operating in the Union, or 72.1%, were affiliated with thirty-four banking groups, compared with thirty-two in 2020, following the listing of Vista Group (Burkina Faso) and IB Holding (Togo). This subset accounted for 85.8% of banking assets, 58.5% of windows, 84.0% of ATMs, 84.3% of customer bank accounts, 77.8% of employees and 91.3% of provisional overall net income.

The number of banking groups operating in WAMU, each holding at least 2% of the assets of the banking system, stood at thirteen, compared with twelve in 2020.

These major groups, which comprised eighty active units, accounted for 75.3% of the balance sheet total and 51.6% of the total number of windows, controlled 76.8% of ATMs, held 77.4% of customer bank accounts and employed 68.0% of banking system staff. These entities accounted for 84.9% of the overall net provisional income of the banking system.

Table 8 : Main banking groups operating in WAMU

Ranking	Main groups (market share of at least 2%)	Parent company country of origin of	Number of subsidiaries /branches	Market share	Windows	ATMs	Number of bank account s	Staff	Share of overall net provision al income
1	Ecobank	Togo	8	10.1%	5.3%	15.7%	15.2%	8.1%	12.4%
2	Société Générale	France	5	9.8%	3.7%	8.6%	9.3%	8.4%	12.7%
3	Coris Bank International (CBI)	Burkina Faso	7	8.6%	3.4%	3.6%	3.4%	4.1%	11.4%
4	Bank Of Africa (BOA)	Morocco	7	8.0%	7.2%	9.1%	14.4%	8.7%	10.6%
5	Atlantic Business International (ABI)	Morocco	9	7.3%	5.5%	5.9%	6.7%	7.0%	5.5%
6	Attijariwafa bank (AWB)	Morocco	9	6.4%	7.5%	7.7%	7.0%	8.2%	10.5%
7	Oragroup	Togo	8	5.9%	3.0%	5.3%	3.5%	4.3%	4.0%
8	NSIA Banque	Côte d'Ivoire	4	5.1%	4.0%	5.6%	4.8%	5.9%	3.1%
9	United Bank for Africa (UBA)	Nigeria	5	3.6%	1.7%	3.2%	7.6%	2.9%	4.8%
10	Banque de Développement du Mali (BDM)	Mali	6	3.5%	5.2%	3.3%	1.7%	2.5%	3.8%
11	BNP Paribas	France	2	2.5%	1.8%	3.6%	1.8%	3.3%	2.3%
12	Banque Sahélo-saharienne pour l'Industrie et le Commerce (BSIC)	Libya	7	2.4%	2.7%	3.9%	1.9%	3.6%	1.7%
13	BGFIBank	Gabon	3	2.1%	0.5%	1.3%	0.2%	1.0%	2.0%
TOTAL			80	75.3%	51.6%	76.8%	77.4%	68.0%	84.9%

Source : General Secretariat of the WAMU Banking Commission

The 21 other smaller groups, each holding less than 2% of assets, are, by order of magnitude :

- Bridge Bank Group (2 banks; 1.3%)
- Tamweel Africa Holding (2 banks; 1.3%)
- Libyan Foreign Bank (4 banks; 1.2%)
- Groupe BDK (2 banks; 1.0%)
- IB Holding (2 banks; 0.9%)
- Citigroup (2 sites; 0.9%)
- Banque pour le Commerce et l'Industrie (2 banks; 0.6%)
- Standard Chartered Bank (1 bank; 0.5%)
- Vista Group (1 bank; 0.4%)
- Atlantic Financial Group (1 bank; 0.4%)
- Mansa Financial Group (1 bank; 0.4%)
- Standard Bank (1 bank; 0.3%)
- Afriland First Group (2 banks; 0.3%)
- SUNU Investment Holding (1 bank; 0.3%)
- First Bank of Nigeria (1 bank; 0.2%)
- Guaranty Trust Bank (1 bank; 0.2%)

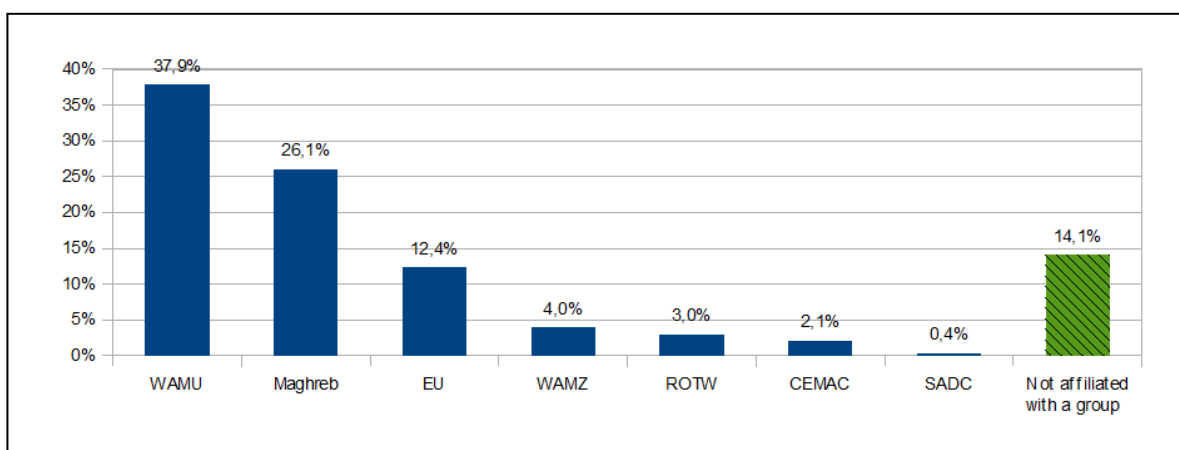
- TLG Finance (4 banks; 0.2%)
- Orange Abidjan Participations (1 bank; 0.1%)
- Crédit Libanais (1 bank; 0.1%)
- African Lease Group (1 bank; 0.1%)
- African Guarantee Fund (1 bank; 0.1%).

These 21 groups controlled 34 credit institutions in the Union, and accounted for 10.6% of assets, 6.9% of locations and 7.2% of ATMs. They held 6.9% of customer bank accounts and employed 9.8% of staff members. Their contribution to the overall net income of the Union's banking system stood at 6.4% as at December 31, 2021.

➡ **Banking groups by geographical area**

The 34 banking groups operating in WAMU as at December 31, 2020, came from WAMU, the Maghreb, the European Union (EU), the West African Monetary Zone (WAMZ), the Economic Community of Central African States (CEMAC), the Southern African Development Community (SADC) and the rest of the world (ROTW).

Graph No. 8 : Market share of banking groups by geographic area of origin



Source : General Secretariat of the WAMU Banking Commission

There were thirteen **WAMU banking groups**,⁷ i.e., banks whose parent companies come from the Union. These entities, which had a total market share of 37.9%, held forty-four units in the Union, 24.0% of branches and 36.5% of ATMs, employed 29.0% of staff members, and accounted for 30.6% of customer bank accounts and 35.4% of deposits. They also accounted for 34.9% of loans to customers and 37.9% of provisional overall net income.

With a 26.1% share of assets, the seven **Maghreb banking groups**⁸ present in the Union totaled forty-two entities, 24.6% of the branch network, and 28.0% of ATMs. They also employed 29.8% of staff. They held 30.8% of customer accounts, 26.8% of deposits and 27.6% of loans granted. At the end of December 2021, these institutions represented 29.3% of the banking sector's provisional overall net income.

⁷ Burkina Faso (CBI, Vista Group) - Côte d'Ivoire (Atlantic Financial Group, Bridge Bank Group, Mansa Financial Group, NSIA, SIH) - Mali (Banque de Développement du Mali) - Senegal (Groupe BDK) - Togo (African Lease Group, Ecobank, IB Holding, Oragroup)

⁸ Libya (BSIC, Libyan Foreign Bank) - Morocco (ABI, Attijariwafa Bank, BOA) - Mauritania (BCI) - Tunisia (TLG Finance).

The activity of these groups was dominated by Moroccan entities, with twenty-five credit institutions affiliated with three groups that ranked among the top six in the group rankings. These institutions accounted for 21.7% of market share, 23.1% of deposits, 23.0% of loans to customers and 26.6% of provisional overall net income. They also accounted for 20.2% of banks, 22.7% of ATMs, and 28.1% of bank accounts and employed 24.0% of staff.

Table 9 : Main geographic areas represented by the banking groups operating in WAMU

Geographic area	Number of groups	Number of institutions	Market share	Percentage of windows	Percentage of ATMs	Percentage of bank accounts	Percentage of employees	Percentage of income
WAMU	13	44	37.9%	24.0%	36.5%	30.6%	29.0%	37.9%
Maghreb	7	42	26.1%	24.6%	28.0%	30.8%	29.8%	29.3%
EU	3	8	12.4%	5.6%	12.1%	13.0%	11.9%	13.9%
WAMZ	3	7	4.0%	2.0%	3.5%	8.4%	3.7%	5.5%
CEMAC	1	3	2.1%	0.5%	1.3%	0.2%	1.0%	2.0%
SADC	2	2	0.4%	0.1%	0.0%	0.0%	0.1%	-0.1%
ROTW	5	8	3.0%	1.9%	2.5%	1.3%	2.3%	2.7%
WAMU	34	114	85.8%	58.5%	84.0%	84.3%	77.8%	91.3%

Source : General Secretariat of the WAMU Banking Commission

The three **EU banking groups**⁹ of French origin, with eight subsidiaries, accounted for 12.4% of all assets, 5.6% of the network of branches, 12.1% of ATMs, and 13.0% of customer accounts, and employed 11.9% of staff. They mobilized 14.4% of deposits and granted 14.5% of loans to customers. These entities accounted for 13.9% of the banking sector's provisional net income.

With a market share of 4.0%, all three **WAMZ banking groups**¹⁰ were Nigerian. Their seven active units represented 2.0% of the branch network, 3.5% of ATMs, 8.4% of bank accounts and 3.7% of staff. They mobilized 4.1% of deposits and granted 2.4% of loans to customers in the Union. Their contribution to the banking system's overall net income was estimated at 5.5%.

The only **banking group from the CEMAC region**¹¹ had three banks accounting for 0.5% of the network of bank branches, 1.3% of ATMs, 0.2% of bank accounts, and 1.0% of staff members. They mobilized 2.0% of deposits and granted 2.3% of loans to customers. Their assets represented 2.0% of the Union's total balance sheet. The overall provisional net income of the group represented 2.0% of the total in the Union.

The two **banking groups from SADC**,¹² with 2 credit institutions holding 0.1% of the branch network and 0.1% of staff, mobilized 0.2% of deposits and granted 0.3% of loans to customers. Their assets made up 0.4% of the Union's balance sheet total. The overall provisional net income for these groups showed a -0.1% deficit.

There were five **banking groups from the ROTW**.¹³ They made up a 3.0% share of the market, had 8 branches, and accounted for 1.9% of the branch network, 2.5% of ATMs, 1.3% of bank accounts, and 2.3% of staff. These institutions accounted for 3.1% of deposits and 2.9% of loans to customers. They contributed 2.7% to the overall net provisional income.

⁹ France (BNP Paribas, Société Générale, Orange Abidjan Participations).

¹⁰ Nigeria (First Bank, GT Bank, UBA)

¹¹ Gabon (BGFIBank)

¹² South Africa (Standard Bank) - Mauritius (African Guarantee Fund, with operational headquarters in Kenya)

¹³ Saudi Arabia (Tamweel Africa Holding) - USA (Citigroup) - Lebanon (Crédit Libanais) - Switzerland (Afriland First Group) - UK (Standard Chartered Bank)

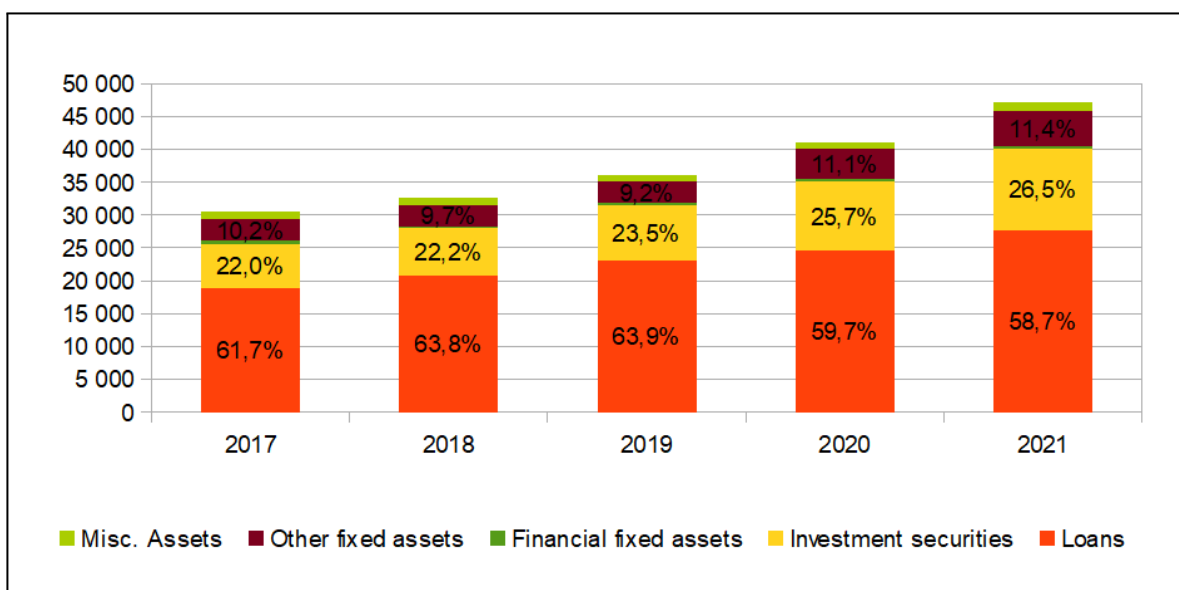
5.2.1.2. Activities and results of credit institutions

Banking system uses stood at 47,080.7 billion at the end of 2021, up 14.5% year over year, compared with 14.0% in 2020, reflecting an increase in loans to customers and investment securities. Resources rose by 19.2% year over year, reaching 45,631.5 billion, thanks to improved deposit-taking and stronger equity capital.

◆ Uses

The structure of assets continued to be dominated by loans to customers (58.7%) and investment securities (26.5%). Financial fixed assets, other fixed assets and miscellaneous assets accounted for 0.5%, 11.4% and 2.9% respectively.

Graph No. 9 : Trends in credit institution uses (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Loans to customers, net of provisions, increased by 12.5% year over year, to reach 27,622.0 billion at the end of 2021, after the slowdown observed in 2020 when the increase was +6.4% (after increases of 10.6% in 2019 and 10.5% in 2018). The loan structure¹⁴ was dominated by short-term loans (54.5%), followed by medium-term loans (36.6%), long-term loans (4.1%), financial leases¹⁵ (0.9%), and overdue loans (3.9%). This structure has remained virtually stable over the last five years.

Short-term loans amounted to 15,065.9 billion, up 13.3% year over year, as was the case in 2020. Medium-term loans, which stood at 10,109.1 billion, increased by 12.6% year over year, compared with a 0.2% decline a year earlier. Long-term loans, which stood at 1,127.9 billion, were up 12.6% in 2021, compared with a 1.9% decline in 2019.

Leasing transactions totaled 252.1 billion, up 9.0% year over year at the end of December 2021, compared with 0.8% a year earlier.

Net past-due loans amounted to 1,067.0 billion, up 2.0% in 2021, compared with a 4.0% decline in 2020.

Investment securities totaled 12,470.8 billion at the end of 2021, up 1,901.0 billion (+18.0%) over the year, compared with 24.8% in 2020, thanks in particular to the issuance of “COVID-19 Bonds” by governments.

¹⁴ Short-term loans are commitments by customers of banks and financial institutions covering a period of 0 to 24 months, medium-term loans are granted for a period of 2 to 10 years, and long-term loans are granted for a period of more than 10 years.

¹⁵ Leasing operations

Graph No. 10 : Investment securities held by credit institutions (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Financial fixed assets were estimated at 258.5 billion at the end of 2021, down 22.6 billion (-8.0%).

Other fixed assets stood at 5,351.9 billion at the end of 2021, up by 803.2 billion (+17.7%) year on year.

Miscellaneous uses increased by 197.4 billion (+16.7%) over the year to stand at 1,377.5 billion at the end of December 2021.

Trends in the sectoral breakdown of loans granted by credit institutions, as recorded by the BCEAO's central credit register, were as follows.

Table 10 : Breakdown of loans registered with the central credit register by business segment

Sector	2017	2018	2019	2020	2021
Agriculture, forestry and fishing	4%	5%	3%	3%	3%
Extractive industries	2%	2%	2%	2%	2%
Manufacturing industries	16%	16%	14%	14%	12%
Electricity, gas and water	6%	6%	5%	5%	6%
Public works and civil engineering	10%	10%	10%	10%	10%
Retail, restaurants and hotels	27%	28%	28%	28%	28%
Transportation, warehousing and communications	12%	10%	11%	11%	10%
Insurance, real estate and services to businesses	7%	7%	7%	8%	9%
Community and social services	16%	16%	20%	19%	20%
TOTAL	100%	100%	100%	100%	100%

Source : BCEAO

Changes in the Herfindahl-Hirschman concentration index (HHI)¹⁶ as at the end of December 2021, based on loans to customers, are shown in the table below :

¹⁶ The higher a market's HHI, the more concentrated it is among a small number of players, with a risk of oligopoly. A distinction is made between three scenarios : HHI < 1,000 (less concentrated sector); 1,000 < HHI < 2,000 (intermediate zone, moderately concentrated sector); HHI > 2,000 (concentrated sector, high-risk zone).

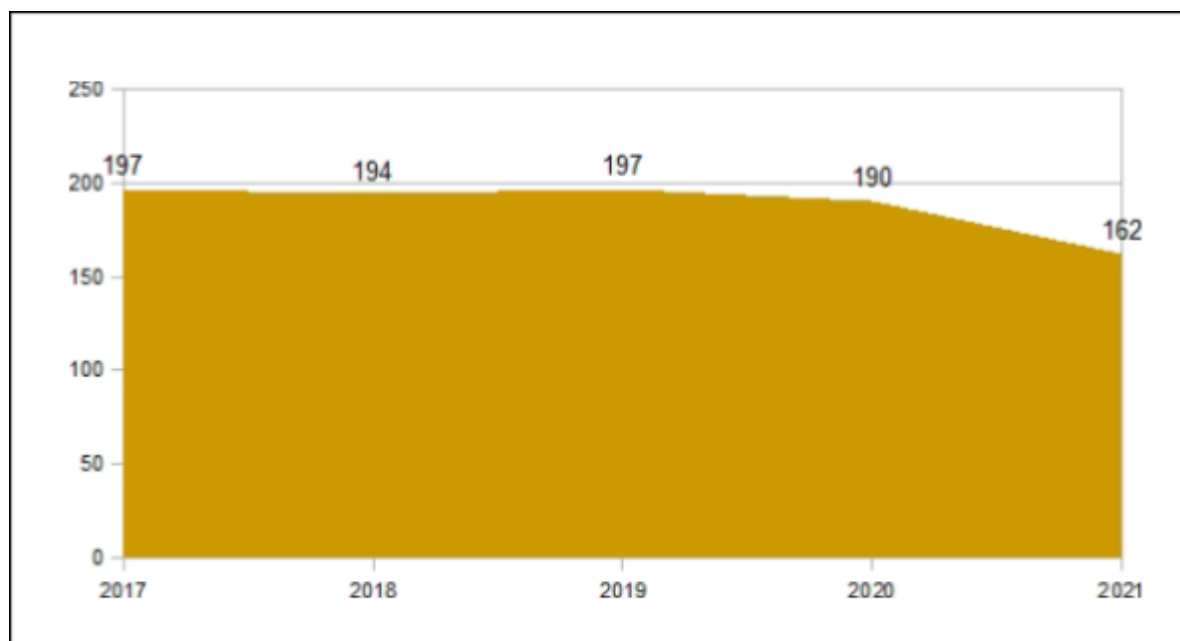
Table 11 : HERFINDAHL-HIRSCHMANN index for WAMU countries

Countries	2017	2018	2019	2020	2021
Benin	1,432	1,344	1,275	1,261	1,016
Burkina Faso	1,279	1,261	1,225	1,245	1,139
Côte d'Ivoire	941	891	954	869	750
Guinea-Bissau	2,141	2,199	2,162	2,074	2,086
Mali	1,009	1,044	1,104	1,156	1,115
Niger	1,388	1,354	1,269	1,174	1,107
Senegal	798	751	779	718	621
Togo	1,329	1,342	1,248	1,225	1,001
WAMU	197	194	197	190	162

Source : General Secretariat of the WAMU Banking Commission

The evidence suggests that the concentration of loans in the banking sector was very high in Guinea-Bissau and relatively low in Côte d'Ivoire and Senegal. It was average in the other countries of the Union. These levels were inversely proportional to the size of the banking system.

Between 2017 and 2021, the HHI was forecast to decrease in most countries and in the Union as a whole. Concentration within the banking sector, although significant, was on a downward trend, due in particular to the entry of new players into the market.

Graph No. 11 : Trends in the Herfindahl-Hirschman Index in the Union

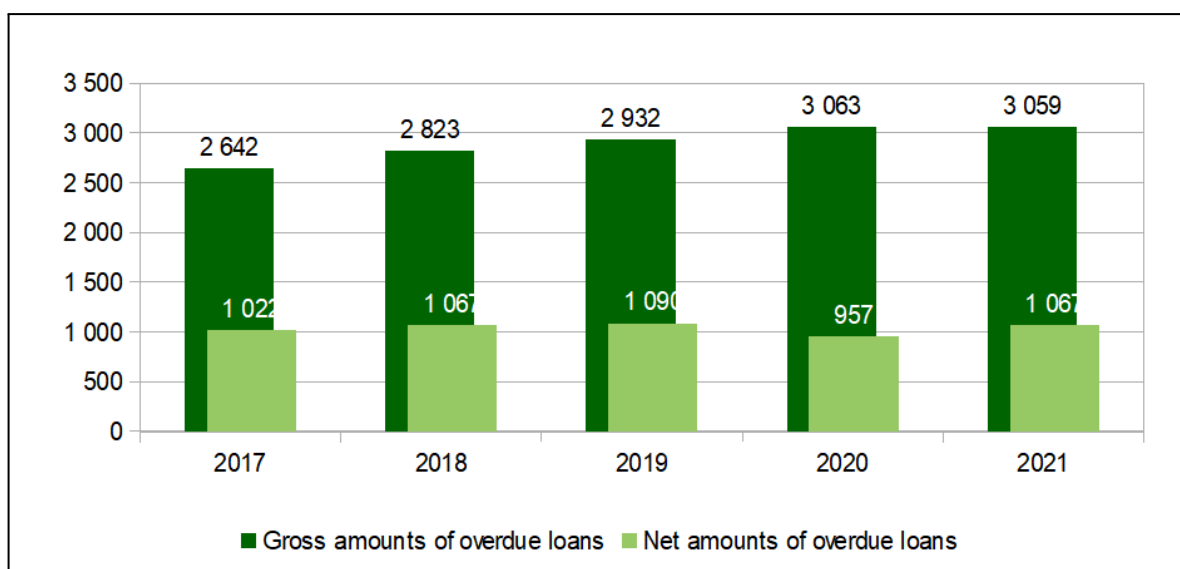
Source : General Secretariat of the WAMU Banking Commission

◆ Portfolio quality

Gross outstanding loans fell by 23.4 billion (-0.8%) to 3,059.4 billion at the end of December 2021, compared with 3,082.8 billion a year earlier.

After deducting provisions of 1,992.4 billion, which decreased by 44.1 billion (-2.2%), the banking system's net past-due loans stood at 1,067.0 billion at the end of 2021, up 20.7 billion (+2.0%).

Graph No. 12 : Trends in gross and net amounts of overdue loans (in billions of CFA F)

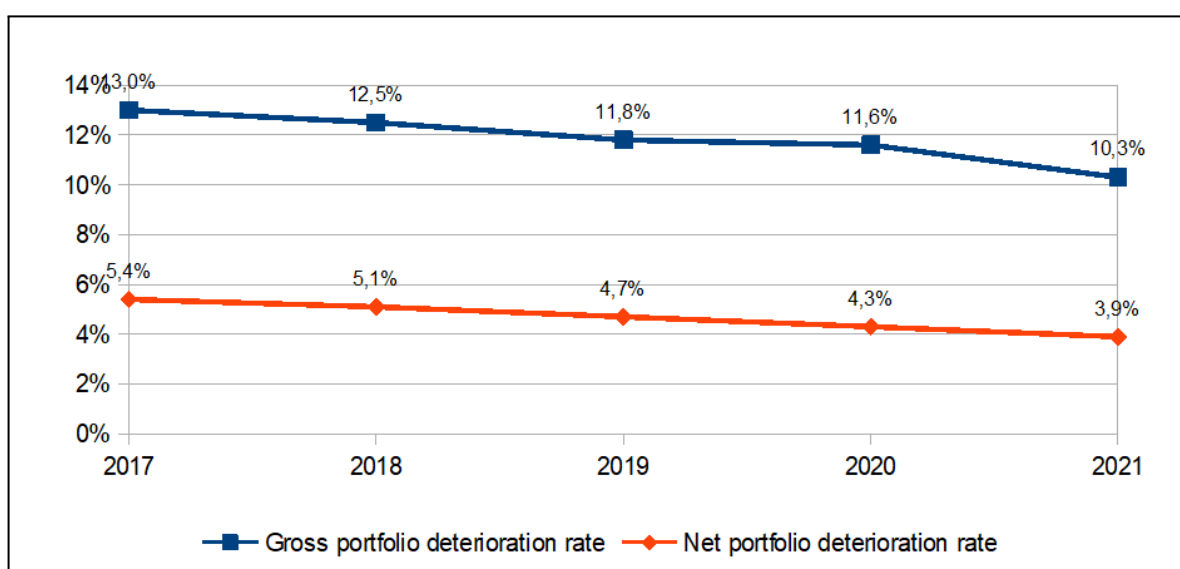


Source : General Secretariat of the WAMU Banking Commission

The gross deterioration rate for the union's portfolio stood at 10.3% at the end of December 2021, compared with 11.6% in 2020, showing an improvement of 1.3 percentage point. The net rate also dropped by 0.4 point to 3.9% in 2021, versus 4.3% a year earlier.

The provisioning rate stood at 65.1% at the end of December 2021, down 0.9 percentage point on the same period one year prior.

Graph No. 13 : Trends in the portfolio deterioration rates of credit institutions



Source : General Secretariat of the WAMU Banking Commission

◆ Resources

The resources of the credit institutions in the Union increased by 19.2% year over year. These resources, which stood at 45,631.5 billion at the end of 2021, consisted of deposits and borrowings (85.7%), net equity (10.6%) and other resources¹⁷ (3.8%).

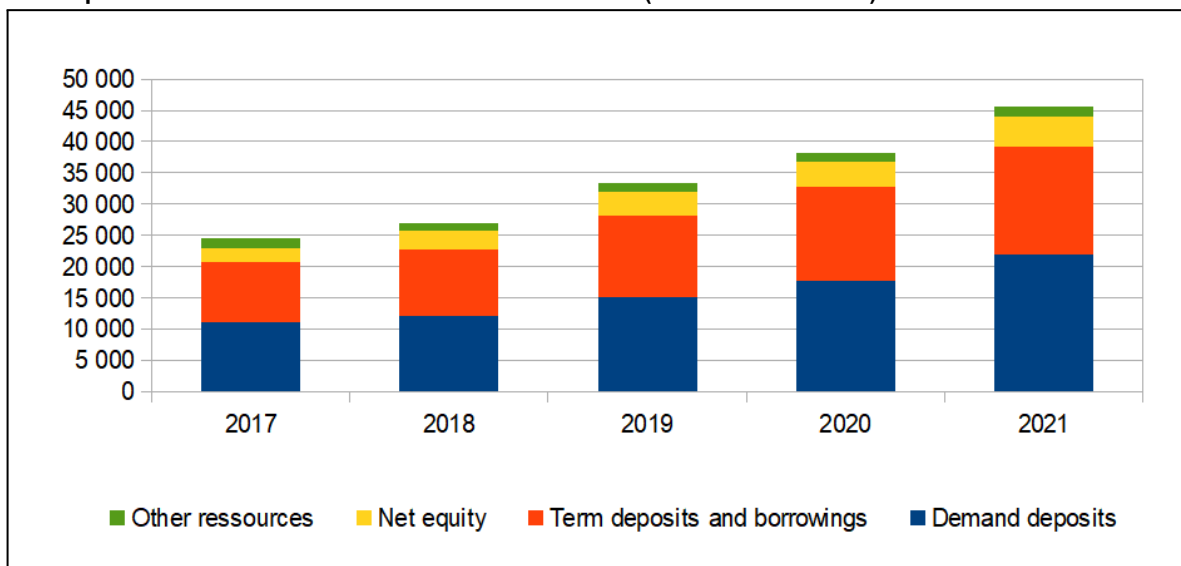
¹⁷ Other resources consisted of outstanding payments on investment securities and the credit portfolio activity, trading securities on the liabilities side, conditional instruments sold, settlement accounts for securities transactions, liaison accounts on the liabilities side, miscellaneous accounts payable, provisions, suspense and accrual accounts and outstanding payments on financial assets.

Deposits and borrowings increased by 19.6% over the year, reaching 39,088.8 billion at the end of 2021. They consisted of demand deposits (21,915.0 billion; 56.1%) and term deposits (17,173.8 billion; 43.9%), which increased by 23.0% and 15.6% respectively during the period under review.

The banking system's net equity increased by 720.0 billion (+17.5%), from 4,103.0 billion in 2020 to 4,823.1 billion a year later.

Other resources increased by 210.4 billion (+13.9%), year over year, reaching 1,719.6 billion at the end of 2021.

Graph No. 14 : Trends in credit institution resources (in billions of CFA F)



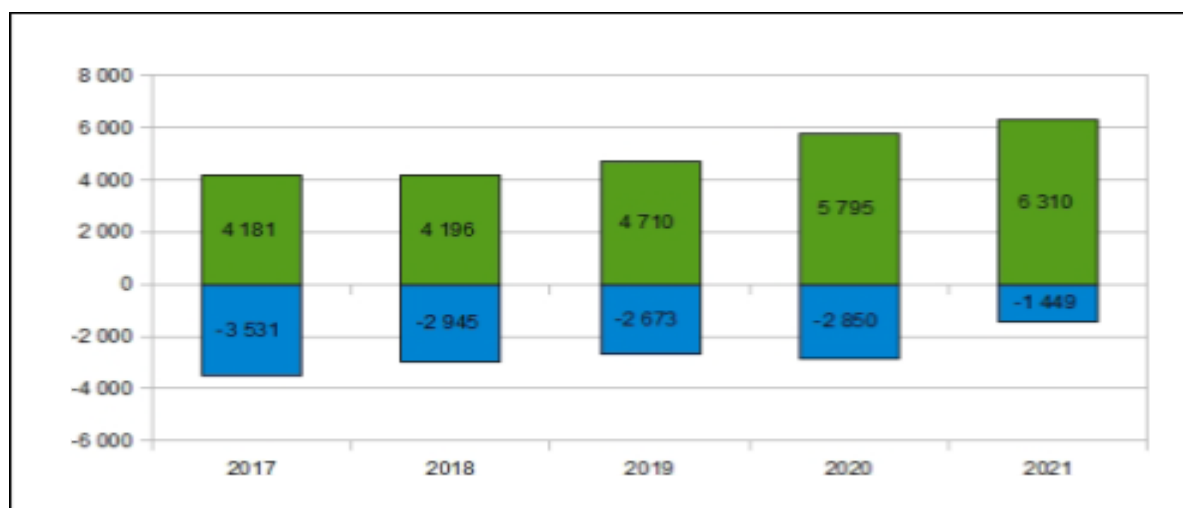
Source : General Secretariat of the WAMU Banking Commission

► Cash position

Faster growth in banking resources (+19.2%) as compared to uses (+14.5%) was behind the reduction of 1,401.3 billion (49.2%) in the structural cash deficit of credit institutions at the end of 2021. The cash position of the regulated entities fell from -2,850.4 billion as at December 31, 2020, to -1,449.2 billion during the period under review.

To address this deficit, institutions benefited from actions through the Central Bank's refinancing windows, with outstanding refinancing estimated at 6,310.2 billion as at December 31, 2021.

Graph No. 15 : Trends in the cash position of credit institutions and outstanding refinancing with the BCEAO (in billions of CFA F)



Source : BCEAO and General Secretariat of the WAMU Banking Commission

◆ Financial results

The net banking income (NBI) of the Union reached 2,557.6 billion in 2021, up 8.8% compared to 2020. It was mainly composed of net income from customer transactions and income from securities and miscellaneous transactions, which accounted for 61.9% and 33.5% respectively, compared with 65.5% and 31.9% in 2020.

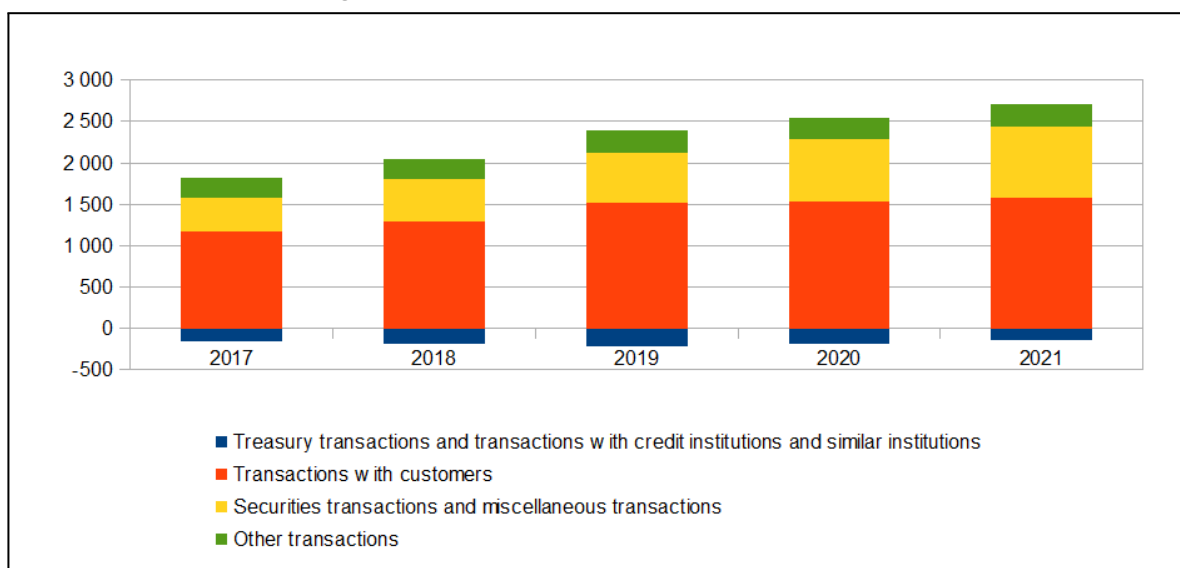
Net income from customer transactions increased by 2.8% to 1,582.9 billion in 2021, compared with 1,539.2 billion in 2020.

Net income from securities and miscellaneous transactions increased by 14.2% to 857.6 billion in 2021, compared with 750.8 billion a year earlier.

Income from treasury transactions and transactions with credit institutions and similar institutions showed a deficit of 146.7 billion in 2021, compared with a deficit of 190.4 billion a year earlier, improving by 43.7 billion (+23.0%).

Income from other transactions (foreign exchange, off-balance sheet, financial services and miscellaneous) increased by 13.5 billion, or 5.4%, from 250.4 billion in 2020 to 263.8 billion in 2021.

Graph No. 16 : Net banking income trends and breakdown (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

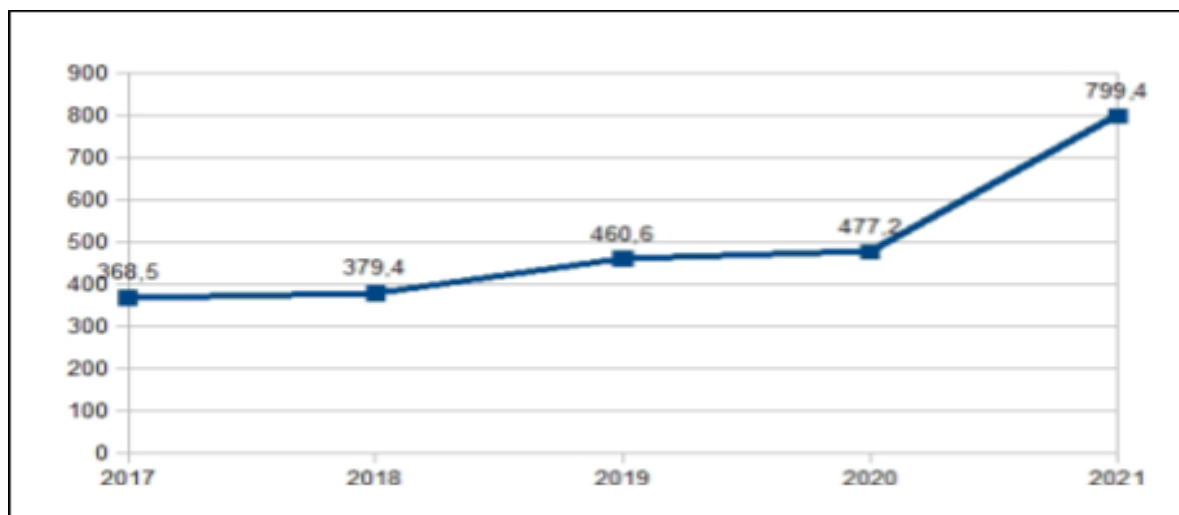
Driven by growth in NBI, total operating income rose by 9.1%, from 2,452.4 billion in 2020 to 2,676.4 billion in 2021.

Gross operating income followed a similar trend, growing by 21.0% to 1,118.7 billion, despite a 2.7% increase in overhead.

Operating income, including the cost of risk, stood at 872.0 billion at the end of the 2021 financial year, compared with 534.6 billion a year earlier, increasing by 63.1%.

Overall provisional net income increased by 67.5% to 799.4 billion by the end of 2021, compared with 477.2 billion in 2020. All of the Union's banking centers reported a profit.

Graph No. 17 : Trends in overall net income (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

◆ Key operating ratios

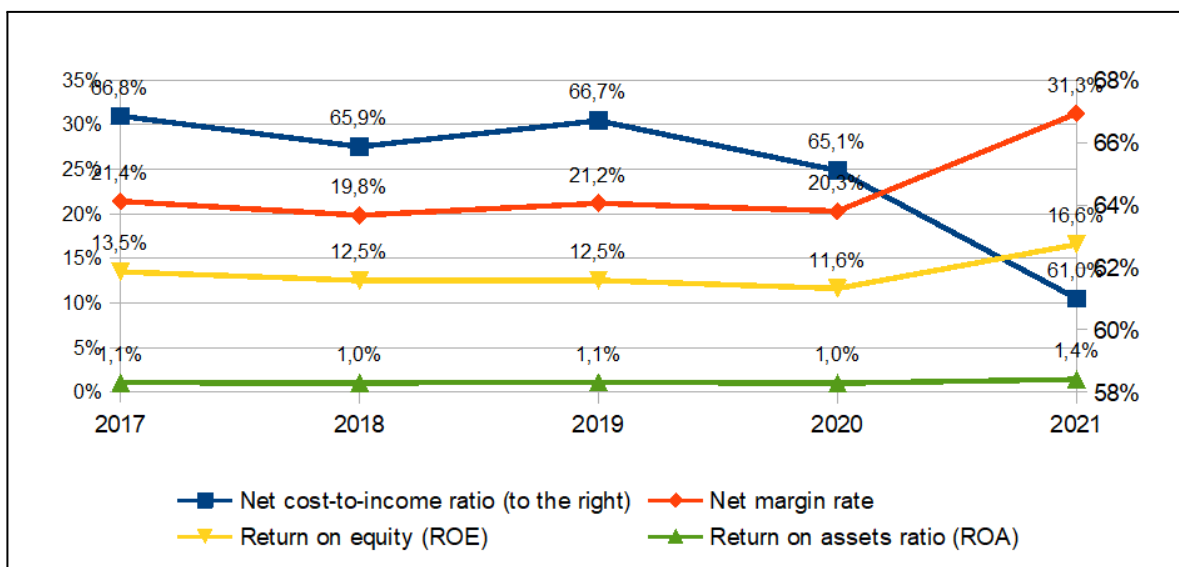
The net cost-to-income ratio, which measures the level of absorption of NBI by overhead costs, fell by 4.1 percentage points year over year, improving from 65.1% in 2020 to 61.0% in 2021.

The net margin rate, which measures profitability by dividing net income by net banking income, increased by 11.0 percentage points to 31.3% as at December 31, 2021, compared with 20.3% a year earlier.

The return on equity (ROE)¹⁸ ratio, which measures the yield on equity as a percentage of net income, rose by 5.0 percentage points to 16.6% at the end of 2021, compared with 11.6% in 2019.

The return on assets (ROA)¹⁹ ratio, which determines the ratio of net income to total assets, stood at 1.4% at the end of the year under review, compared with 1.0% in 2019, an improvement of 0.4 percentage point.

Graph No. 18 : Key banking system ratios



Source : General Secretariat of the WAMU Banking Commission

¹⁸ Return on Equity (ROE)

¹⁹ Return on Assets (ROA)

Table 12 : Summary of the activities of credit institutions

(Amounts in millions of CFA F)

HEADINGS	31/12/2019	31/12/2020	31/12/2021 (*)	Change 2021/2020
NET USES (1+2)	36 086 018	41 135 023	47 080 678	14.5%
1. LOANS (a+b+c+d+e)	23 069 232	24 555 348	27 621 951	12.5%
a) Short-term loans	11 736 747	13 301 682	15 065 900	13.3%
b) Medium-term loans	8 991 733	8 974 138	10 109 061	12.6%
c) Long-term loans	1 021 190	1 002 007	1 127 911	12.6%
d) Leasing operations	229 516	231 239	252 119	9.0%
e) Overdue loans	1 090 046	1 046 283	1 066 959	2.0%
2. OTHER USES (a+b+c+d)	13 016 786	16 579 675	19 458 728	17.4%
a) Investment securities	8 471 238	10 569 736	12 470 761	18.0%
b) Financial assets	227 393	281 150	258 542	-8.0%
c) Other fixed assets	3 304 714	4 548 670	5 351 898	17.7%
d) Miscellaneous	1 013 442	1 180 120	1 377 527	16.7%
RESOURCES (1+2+3)	33 413 212	38 284 602	45 631 523	19.2%
1. DEPOSITS AND BORROWINGS (a+b)	28 204 144	32 672 318	39 088 814	19.6%
a) Demand deposits	15 176 396	17 811 406	21 915 026	23.0%
b) Term deposits	13 027 749	14 860 912	17 173 787	15.6%
2. NET EQUITY CAPITAL (a+b)	3 672 645	4 103 043	4 823 065	17.5%
a) Capital, grants & reserves	3 393 490	3 816 266	4 532 248	18.8%
b) Other	279 155	286 777	290 816	1.4%
3. OTHER RESOURCES	1 536 423	1 509 241	1 719 644	13.9%
CASH : RESOURCES - USES	-2 672 806	-2 850 420	-1 449 155	-49.2%
TRENDS IN INCOME				
TRANSACTIONS WITH THE TREASURY AND INTERBANK TRANSACTIONS	-212 722	-190 438	-146 705	23.0%
TRANSACTIONS WITH CUSTOMERS	1 512 073	1 539 177	1 582 859	2.8%
SECURITIES TRANSACTIONS AND MISCELLANEOUS TRANSACTIONS	617 830	750 766	857 626	14.2%
LEASING AND RELATED TRANSACTIONS				
MISCELLANEOUS TRANSACTIONS	257 613	250 350	263 842	5.4%
DEDUCTION OF INTEREST ON OVERDUE RECEIVABLES				
1. NET BANKING OR FINANCIAL INCOME	2 174 794	2 349 855	2 557 622	8.8%
NET ANCILLARY REVENUES	90 008	102 555	118 786	15.8%
2. TOTAL OPERATING INCOME	2 264 802	2 452 410	2 676 408	9.1%
OVERHEAD COSTS	-1 309 851	-1 374 334	-1 411 472	2.7%
NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	-139 586	-153 207	-146 203	-4.6%
3. GROSS OPERATING INCOME	815 365	924 869	1 118 734	21.0%
NET DEPRECIATION ON RISKS AND LOSS ON UNCOLLECTABLE DEBTS	-303 808	-412 717	-263 140	-36.2%
REINSTATEMENT OF INTEREST ON OVERDUE RECEIVABLES	18 559	22 494	16 417	-27.0%
4. OPERATING INCOME	530 115	534 646	872 011	63.1%
NET EXTRAORDINARY INCOME	28 546	28 953	26 141	-9.7%
TAX ON PROFITS	-98 069	-86 397	-98 707	14.2%
5. NET RESULT	460 592	477 202	799 445	67.5%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

Table 13 : Key ratios of credit institutions

KEY RATIOS	12/31/2019	12/31/2020	12/31/2021 (*)	Change (2021/2020)
GROSS CUSTOMER PORTFOLIO DETERIORATION RATE <i>Gross overdue receivables / Total gross loans</i>	11.8%	11.6%	10.3%	-1.3
NET CUSTOMER PORTFOLIO DETERIORATION RATE <i>Net overdue receivables / Total net loans</i>	4.7%	4.3%	3.9%	-0.4
RATIO OF COVERAGE OF OVERDUE LOANS <i>Provisions set up / Gross overdue receivables</i>	62.8%	66.1%	65.1%	-0.9
RATIO OF COVERAGE OF DOUBTFUL AND DISPUTED RECEIVABLES <i>Provisions set up / Gross doubtful and disputed receivables</i>	70.2%	75.1%	74.3%	-0.8
AGGREGATE MARGIN <i>Return on loans - Cost of capital</i>	5.2%	5.2%	4.7%	-0.5
NET COST-TO-INCOME RATIO <i>(Overhead costs+Depreciation expenses) / Net Banking Income</i>	66.7%	65.1%	61.0%	-4.1
NET PROVISIONING RATE <i>Net allocations to provisions / (Gross operating income + Impaired interest)</i>	36.4%	43.6%	23.2%	-20.4
NET MARGIN RATE <i>Net income / Net banking income</i>	21.2%	20.3%	31.3%	11.0
RETURN ON EQUITY <i>Net result / Equity capital</i>	12.5%	11.6%	16.6%	5.0
RETURN ON ASSETS <i>Net result / Total assets</i>	1.1%	1.0%	1.4%	0.4

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

5.2.1.3. Activities and results of national SIBIs

The 26 national systemically important banking institutions (SIBIs) had a balance sheet total of 22,268.8 billion, representing 40.2% of total banking assets in WAMU, up 14.3% compared to 2020.

Table 14 : National breakdown of SIBIs

Country	Number of SIBIs	Balance sheet total (millions of CFA F)	Local market share	Market weight in the Union	Windows	ATMs	Bank accounts	Staff
Benin	3	1,991,991	37.4%	3.6%	125	203	1,782,292	1,588
Burkina Faso	4	4,140,785	51.7%	7.5%	160	264	1,580,704	1,808
Côte d'Ivoire	3	6,578,274	35.3%	11.9%	199	398	2,012,465	3,055
Guinea-Bissau	2	161,558	42.4%	0.3%	19	50	114,858	288
Mali	3	2,741,568	42.7%	5.0%	222	175	686,733	1,178
Niger	3	1,056,845	46.8%	1.9%	66	113	528,471	849
Senegal	4	3,633,063	35.1%	6.6%	179	253	989,655	2,542
Togo	4	1,964,673	49.8%	3.5%	138	226	887,038	1,382
WAMU	26	22,268,757	40.2%	40.2%	1,108	1,682	8,582,216	12,690

Source : General Secretariat of the WAMU Banking Commission

National SIBIs accounted for 28.2% of windows, controlled 44.3% of ATMs, held 49.3% of customer bank accounts and employed 37.2% of banking system staff in WAMU.

Their resources and uses represented respectively 41.5% and 40.5% of those of the WAMU banking system. Their deposits and loans represented respectively 41.9% and 41.2% of those in the WAMU region. These institutions contributed 44.9% to the provisional overall net income of WAMU.

As at December 31, 2021, gross outstanding loans of domestic SIBIs decreased by 2.1 billion (-0.2%). They stood at 1,249.3 billion at the end of December 2021, compared with 1,251.4 billion a year earlier, and represented 40.8% of the gross outstanding overdue loans of the WAMU banking system.

After deducting provisions of 941.5 billion, down 29.7 billion (-3.1%), representing 47.3% of provisions at the level of the Union, the net outstanding debts of national SIBIs stood at 307.8 billion at the end of the period under review, compared with 280.2 billion a year earlier, up 27.6 billion (+9.9%).

The gross deterioration rate of the domestic SIBIs' portfolio stood at 10.1% as at December 31, 2021, compared with 11.2% in 2020, improving by 1.1 percentage point. Their net rate remained at 2.7% in 2021, unchanged from the previous year.

The provisioning rate stood at 75.4% at the end of December 2021, down 2.2 percentage points on the same period one year prior.

The cash position of national SIBIs remained in deficit, falling from -758.4 billion as at December 31, 2020, to -107.4 billion at the end of 2021, improving by 650.9 billion (+85.8%).

The SIBIs' overall provisional net income increased by 27.4% to 358.9 billion at the end of 2021, compared with 281.7 billion in 2020. In 2021, the 26 national SIBIs accounted for 44.9% of the provisional net profit of the WAMU banking system.

Table 15 : National SIBIs by indicator and country in the WAMU banking system

Country	Uses	Credits	Resources	Deposits	Provisional net income
Benin	36.6%	39.9%	40.7%	40.7%	46.9%
Burkina Faso	51.7%	51.9%	51.4%	51.6%	62.3%
Côte d'Ivoire	35.9%	36.2%	36.4%	36.2%	39.2%
Guinea-Bissau	37.8%	44.6%	51.3%	59.1%	-14.5%
Mali	41.4%	44.5%	41.0%	41.3%	37.0%
Niger	47.2%	44.8%	46.8%	48.1%	66.9%
Senegal	35.7%	36.1%	37.8%	38.2%	43.7%
Togo	52.2%	56.9%	55.8%	58.5%	43.5%
WAMU	40.5%	41.2%	41.5%	41.9%	44.9%

Source : General Secretariat of the WAMU Banking Commission

The SIBIs' net cost/income ratio fell by 4.7 percentage points, year over year, from 59.9% in 2020 to 55.2% in 2021.

Net margin increased by 5.7 percentage points to 32.3% as at December 31, 2021, compared with 26.7% a year earlier.

The return on equity (ROE) ratio rose by 2.0 percentage points to 18.4% by the end of 2021, compared with 16.4% in 2020.

Return on assets (ROA) stood at 1.6% at the end of the year under review, compared with 1.4% in 2020, improving by 0.2 percentage point.

5.2.1.4. Prudential situation of credit institutions

The prudential situation of the Union's banking system presented below covers 124 regulated institutions, i.e., 110 banks and 14 bank-like financial institutions, excluding branches, based on provisional data as at December 31, 2021.

▶ Capital adequacy standards

❖ Minimum share capital represented by tier one capital (T1)

The standard requires all credit institutions in WAMU to hold, at all times, Tier 1 capital at least equal to a minimum share capital of ten billion for banks and three billion for bank-like financial institutions, as determined by the WAMU Council of Ministers, or to the amount set out in the licensing decision.

One hundred and five credit institutions met these requirements, representing 84.7% of the regulated institutions concerned, compared with 82.5% as at December 31, 2020. They accounted for 90.9% of the banking system's assets and 94.9% of its risk-weighted assets, compared with one hundred and four credit institutions with 90.6% and 95.3% in 2020.

❖ Minimum ratio (CET1)²⁰

This ratio measures the proportion of core Tier one capital to risk-weighted assets. The regulatory threshold for 2021 is 6.875%, compared with 6.25% in 2020. Core Tier 1 capital is the highest-quality capital that is sufficiently stable to absorb losses and enable the bank to continue as a going concern.

One hundred and eleven credit institutions, or 89.5%, were in compliance with the standard. These institutions accounted for 91.2% of the banking system's assets and 94.7% of its risk-weighted assets, compared with one hundred and thirteen credit institutions in 2020 (89.9% and 93.8%).

❖ Minimum ratio (T1)²¹

This standard, measured using the ratio of Core Equity Tier one capital (CET1) plus additional tier one capital or other T1 items to risk-weighted assets, was set at 7.875% for 2021, compared with 7.25% in 2020.

This ratio was complied with by one hundred and ten credit institutions, i.e., 88.7% of the regulated institutions concerned, which accounted for 90.3% of the banking system's assets and 93.1% of its risk-weighted assets, compared with 109 credit institutions (89.1% and 93.1%) in 2020.

❖ Total solvency ratio

This indicator is determined by the ratio of effective shareholders' equity²² to risk-weighted assets. The threshold for this indicator was set at 10.375% for 2021, against 9.5% in 2020.

As at December 31, 2021, actual equity capital and risk-weighted assets totaled 3,697.4 billion and 29,361.8 billion respectively, compared with 3,284.0 billion and 26,473.5 billion respectively in 2020.

Table 16 : Breakdown of credit institutions by minimum solvency ratio

Range	Number of credit institutions	Share of total assets	Share of risk-weighted assets
≥ 10.375%	108	89.3%	91.5%
<i>including ≥ 11.5%</i> ²³	96	74.7%	74.2%
< 10.375%	16	10.7%	8.5%
TOTAL	124	100%	100%

Source : General Secretariat of the WAMU Banking Commission

In the Union as a whole, one hundred and eight credit institutions met the solvency standard at the end of December 2021. These institutions accounted for 89.3% of banking assets and 91.5% of risk-weighted assets, compared with one hundred and seven credit institutions (87.8% and 91.2%) in 2020.

At the end of December 2021, the total solvency ratio in the Union stood at 12.6%, above the minimum regulatory threshold set at 10.375% for 2021 and 11.5% at the end of the prudential transitional period.

²⁰ CET1 : Common equity tier one or core capital

²¹ T1 : Tier one or core capital

²² The equity capital used to calculate the total solvency ratio is the actual equity capital (EIF) obtained by adding core equity capital (T1) and additional equity capital (T2)

²³ Target ratio at the end of the transitional period in 2023

By country, the ratio was as follows :

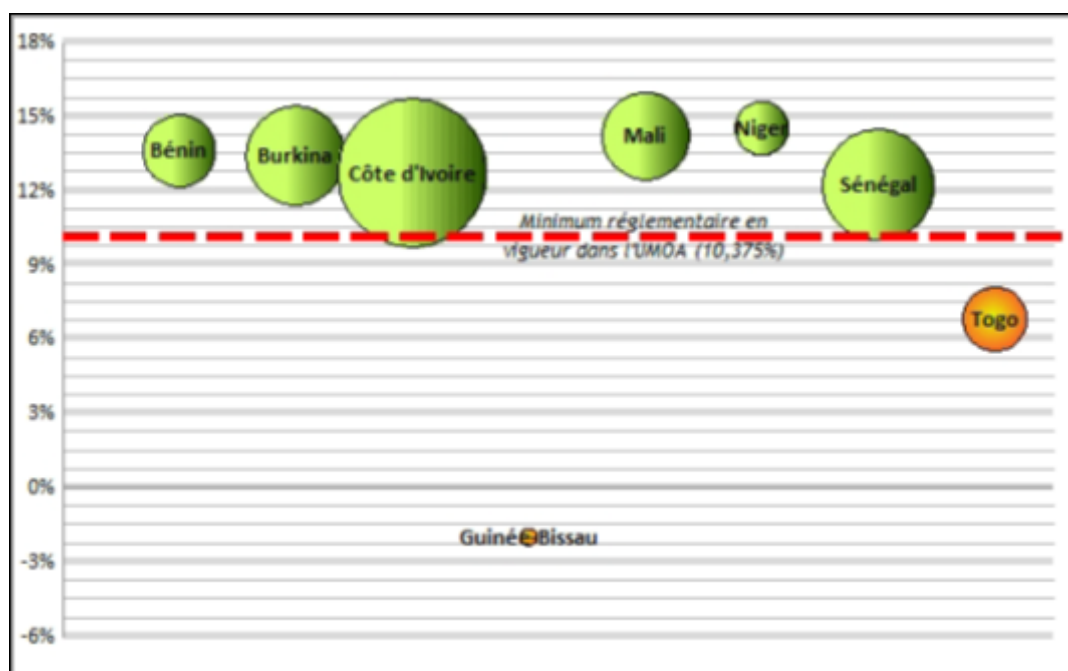
Table 17 : Minimum solvency ratio of credit institutions by country and WAMU-wide

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau ^(*)	Mali	Niger	Senegal	Togo	WAMU
13.6%	13.4%	12.7%	-2.0%	14.2%	14.5%	12.2%	6.8%	12.6%

(*) The low ratio in Guinea-Bissau was linked to the prudential situation of an institution with negative equity that had significant weight in the national banking sector.

Source : General Secretariat of the WAMU Banking Commission

Graph No. 19 : Solvency ratio of credit institutions based on risk-weighted assets



The size of the circles reflects the volume of risk-weighted assets.

Source : General Secretariat of the WAMU Banking Commission

❖ Risk division standard

The risk division standard, measured by total assets weighted according to the risk on a customer or group of related customers in relation to tier one capital (T1), was set at a maximum of 45% for 2021, compared with 55% in 2020. The standard measures customer concentration risks or “large exposures”.²⁴

As at December 31, 2021, seventy-six credit institutions, or 65.5% of all regulated institutions, accounting for 69.3% of assets and 71.0% of risk-weighted assets, complied with the standard of division of risks, compared with eighty-six credit institutions, which accounted for 68.8% and 71.3% of assets and risk-weighted assets respectively in 2020.

❖ Leverage ratio

The purpose of the leverage ratio is to regulate the growth of an institution’s balance sheet in relation to its equity capital and to limit the accumulation of leverage in the banking sector. It is measured based on tier one equity capital (T1) in relation to total exposure (balance sheet and off-balance sheet). The minimum standard is 3%.

As at December 31, 2021, total exposure was estimated at 54,483.0 billion. This translates into a leverage ratio leverage of 6.4%, unchanged from December 31, 2020. One hundred and eight credit institutions, holding 89.0% of assets and 93.9% of risk-weighted assets, met the leverage standard, compared with 108 credit institutions holding respectively 88.5% and 92.7% in 2020.

²⁴ The notion of “large exposure” represents a customer or group of related customers whose total credit-risk-weighted assets amount to at least 10% of an institution’s core capital (T1).

By country, the leverage ratio was as follows :

Table 18 : Leverage ratio by country and across WAMU

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau (*)	Mali	Niger	Senegal	Togo	WAMU
5.4%	6.6%	6.4%	-1.1%	7.0%	9.3%	7.5%	2.5%	6.4%

(*) The low level of the ratio in Guinea-Bissau was due to the prudential situation of an institution with negative equity that had significant weight in the national banking sector.

Source : General Secretariat of the WAMU Banking Commission

◆ Other prudential standards

As at December 31, 2021, one hundred and four credit institutions were in compliance with the standard limiting individual holdings in commercial entities to 25% of their capital. They accounted for 82.6% of assets and 87.7% of risk-weighted assets, compared with one hundred and three credit institutions and respectively 82.5% and 86.1% in 2020.

One hundred and twelve credit institutions were in compliance with the standard limiting individual holdings in commercial entities to 15% of the institution's tier one capital (T1). They accounted for 91.5% of assets and 95.8% of risk-weighted assets, compared with one hundred and fourteen credit institutions with 94.2% and 96.7% in 2020.

In addition, one hundred and twenty-three credit institutions were in compliance with the standard limiting overall holdings in commercial entities to 60% of the institution's actual equity capital. They accounted for 95.1% of assets and 100% of risk-weighted assets, compared with one hundred and twenty-four credit institutions for 95.5% of assets and 100% in 2020.

❖ Ceiling on non-operating assets

At the end of 2021, 94 credit institutions, whose activities represented 79.1% of assets and 82.0% of risk-weighted assets, were in compliance with the standard limiting non-operating fixed assets to a maximum of 15% of tier one capital (T1), compared with ninety-nine credit institutions with 82.3% and 83.8% in 2020.

❖ Ceiling on total non-operating assets and equity investments

As at December 31, 2021, 110 regulated institutions, representing 91.0% of assets and 95.3% of risk-weighted assets, were in compliance with the standard limiting total non-operating fixed assets and participating interests to 100% of tier one capital (T1), compared with 111 credit institutions with 89.4% and 93.4% in 2020.

❖ Ceiling on loans to shareholders, management and staff

One hundred and four credit institutions, holding 86.4% of assets and 89.5% of risk-weighted assets, were in compliance with the standard limiting cumulative loans to shareholders, corporate officers and staff to 20% of actual equity capital, compared with 109 credit institutions holding 85.9% and 88.6% in 2020.

❖ Coefficient of coverage of medium- and long-term uses by stable resources

This standard, which requires that at least 50% of fixed assets be covered by stable resources, aims to prevent excessive transformation of banks' short-term resources into medium- or long-term assets. It helps to ensure the balance of the financial structure of credit institutions.

At the end of the period under review, 95 entities, representing 79.1% of assets and 83.3% of risk-weighted assets, were in compliance with this requirement, compared with 105 credit institutions with 85.2% and 88.6% in 2020.

❖ Liquidity ratio

Designed to prevent short-term liquidity risks in the banking system, this standard requires credit institutions to have sufficient liquid assets or assets with a residual maturity not exceeding three months to cover at least 50% of their liabilities of the same maturity.

As at December 31, 2021, 102 credit institutions, accounting for 84.7% of assets and 89.8% of risk-weighted assets, met this requirement, compared with 108 credit institutions with 85.9% and 90.5%, respectively, in 2020. With regard to bank-like financial institutions, this ratio applies only to those that take in funds from the public.

Table 19 : Liquidity ratio by country and across WAMU

Benin	Burkina Faso	Côte d'Ivoire	Guinea - Bissau	Mali	Niger	Senegal	Togo	WAMU
126.5%	114.0%	106.2%	126.6%	111.5%	96.6%	101.0%	108.6%	109.1%

Source : General Secretariat of the WAMU Banking Commission

At the end of 2021, the liquidity ratio stood at 109.1%, compared with 105.8% a year earlier.

It should be noted that the prudential requirements, which came into force in January 2018, provides for a short-term liquidity ratio (STLR) and a long-term liquidity ratio (LTLR).

These ratios will be phased in gradually on the basis of the transitional provisions adopted by the Regulating Authority.

➤ **Overview of the prudential status of credit institutions**

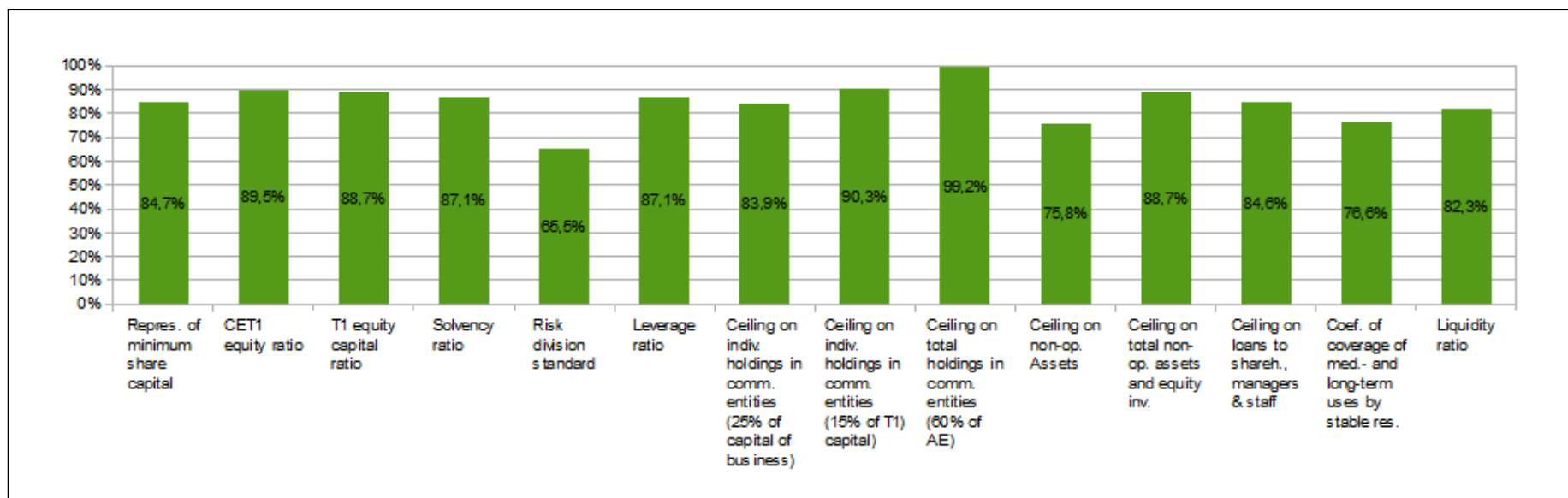
The table and graph below provide an overview of compliance with the prudential requirements by credit institutions operating in the Union at the end of December 2021.

Table 20 : Number of credit institutions in compliance with the prudential requirements as at December 31, 2021

	Represent ation of minimum share capital by Tier 1 equity capital	Solvency standards			Risk division standard	Leverage ratio	Other prudential standards							
		Core equity tier one (CET1) ratio	Equity tier one (T1) capital ratio	Total solvenc y ratio			Individual holdings in commercial entities (25% of the business' capital)	Individual holdings in commercial entities (15% of core tier one capital (T1))	Total holdings in commercial entities (60% of actual equity capital)	Ceiling on non- operating fixed assets	Ceiling on total non- operating property and investments	Ceiling on loans to shareholders, corporate officers and staff	Coverage of medium- and long-term uses with stable resources	Liquidity ratio (≥50%)
Benin (13)	11	12	11	11	8	11	11	12	13	11	11	11	8	10
Burkina Faso (16)	15	15	15	15	11	15	14	16	16	14	15	15	16	15
Côte d'Ivoire (27)	25	24	24	24	17	25	24	25	27	24	25	25	20	21
Guinea-Bissau (3)	2	2	2	2	2	2	2	2	3	1	2	2	2	2
Mali (15)	14	15	15	15	7	15	14	15	15	10	15	14	11	11
Niger (11)	8	11	11	10	7	10	9	11	11	7	11	10	8	8
Senegal (25)	20	22	22	21	16	20	21	21	24	18	21	18	20	22
Togo (14)	10	10	10	10	8	10	9	10	14	9	10	9	10	13
WAMU (124)	105	111	110	108	76	108	104	112	123	94	110	104	95	102
Percentage	84.7%	89.5%	88.7%	87.1%	65.5%	87.1%	83.9%	90.3%	99.2%	75.8%	88.7%	84.6%	76.6%	82.3%

Source : General Secretariat of the WAMU Banking Commission

Graph No. 20 : Percentage of credit institutions in compliance with prudential regulations



Source : General Secretariat of the WAMU Banking Commission

5.2.1.4. Prudential situation of national SIBs

▶ Capital adequacy standards

❖ Minimum share capital represented by tier one capital (T1)

Twenty-three national SIBs were in compliance with the thresholds for the representation of minimum share capital by tier one capital (T1), representing 88.5% of these regulated institutions, as against all national SIBs, which totaled 22 as at December 31, 2020.

❖ Minimum ratio (CET1)

Twenty-two national SIBs, i.e., 84.6% of the regulated institutions, met the minimum CET1 ratio, as against all 22 in 2020.

❖ Minimum ratio (T1)

The minimum ratio (T1) was met by 22 national SIBs, i.e., 84.6% of the regulated institutions, as against all national SIBs in 2020.

❖ Total solvency ratio

As at December 31, 2021, the actual equity capital and risk-weighted assets of national SIBs amounted to 1,496.8 billion and 12,907.3 billion respectively, compared with 1,442.2 billion and 11,642.3 billion in 2020.

Table 21 : Breakdown of credit institutions based on solvency ratio

Range	Number of national SIBs	Percentage
≥ 10.375%	22	84.6%
<i>including ≥ 11.5%</i>	18	69.2%
< 10.375%	4	15.4%
TOTAL	26	100%

Source : General Secretariat of the WAMU Banking Commission

Twenty-two financial holding companies were in compliance with the solvency standard at the end of December 2021, as compared with all national SIBs on the same date in 2020.

At the end of December 2021, the total solvency ratio of domestic SIBs stood at 11.6% versus 12.4%, above the minimum regulatory threshold set at 10.375% for 2021 and the limit of 11.5% at the end of the prudential requirements transition period.

❖ Risk division standard

As at December 31, 2021, 18 national SIBs, or 69.2% of regulated institutions, were in compliance with the risk division standard, compared with 18 in 2020, representing 81.8% at the time.

❖ Leverage ratio

As at December 31, 2021, the total exposure of domestic SIBs was estimated at 23,422.3 billion. This translates into a leverage ratio of 6.1%, compared with 6.8% in 2020. Twenty-two national SIBs, or 84.6%, met the leverage standard, as did 22 in 2020.

◆ **Other prudential standards**

❖ **Ceilings on individual and total holdings in commercial entities**

As at December 31, 2021, 19 national SIBs, or 73.1% of these entities, were in compliance with the standard limiting individual holdings in commercial entities to 25% of their capital, compared with 18 in 2020.

On the other hand, 22 national SIBs, or 84.6% of these entities, were in compliance with the standard limiting individual holdings in commercial entities to 15% of their tier one capital (T1), as against all national SIBs in 2020.

In addition, all national SIBs were in compliance with the standard limiting total holdings in commercial entities to 60% of their actual equity capital, as in 2020.

❖ **Ceiling on non-operating fixed assets**

At the end of 2021, 20 national SIBs, i.e., 76.9% of these regulated institutions, were in compliance with the standard limiting non-operating fixed assets to a maximum of 15% of tier one capital (T1), compared with 19 in 2020.

❖ **Ceiling on total non-operating fixed assets and investments**

As at December 31, 2021, 23 regulated institutions, or 88.5% of this category of institutions, were in compliance with the standard limiting total non-operating fixed assets and equity investments to 100% of tier one capital (T1), as against 21 in 2020.

❖ **Ceiling on loans to shareholders, management and staff**

Twenty national SIBs, i.e., 76.9% of these entities, were in compliance with the standard limiting cumulative loans to shareholders, corporate officers and staff to 20% of actual equity capital, compared with all of the entities in 2020.

❖ **Coefficient of coverage of medium- and long-term uses by stable resources**

At the end of the period under review, 19 entities, representing 73.1% of regulated institutions, were in compliance with the standard, which requires stable resources to cover at least 50% of fixed assets, compared with 20 national SIBs in 2020.

❖ **Liquidity ratio**

As at December 31, 2021, 22 national SIBs, or 84.6% of these entities, met the liquidity ratio, compared with 20 in 2020.

◆ **Overview of the prudential status of national SIBs**

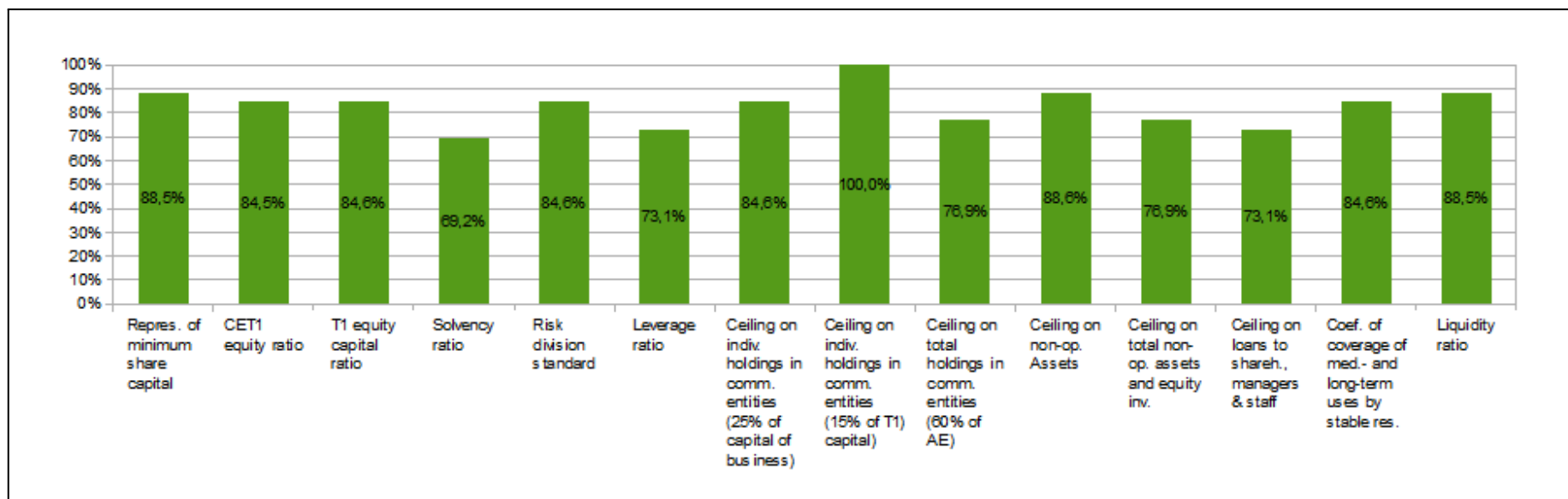
The table and graph below provide an overview of national SIBs complying with prudential requirements at the end of December 2021.

Table 22 : Number of national SIBIs in compliance with prudential requirements as at December 31, 2021

	Represent ation of minimum share capital by Tier 1 equity capital	Solvency standards			Risk division standard	Leverage ratio	Other prudential standards							
		Core equity tier one (CET1) ratio	Tier one (T1) equity capital ratio	Total solvenc y ratio			Ceiling on indiv. holdings in comm. entities (25% of the capital of the business)	Ceiling on individual holdings in commercial entities (15% of core tier one (T1) capital)	Ceiling on total holdings in commercial entities (60% of actual equity capital)	Ceiling on non- operating assets	Ceiling on total non- operating assets and equity investments	Ceiling on loans to shareholders, corporate officers and staff	Coefficient of coverage of medium- and long- term uses by stable resources	Liquidity ratio (≥ 50%)
Benin (3)	3	2	2	2	3	3	3	3	3	3	2	1	2	3
Burkina Faso (4)	4	4	4	4	4	3	4	4	4	4	4	4	4	4
Côte d'Ivoire (3)	3	3	3	3	3	3	3	3	3	3	3	2	2	3
Guinea-Bissau (2)	1	1	1	1	1	1	1	2	1	1	1	1	1	1
Mali (3)	3	3	3	0	3	3	3	3	2	3	2	2	2	3
Niger (3)	3	3	3	3	3	1	3	3	3	3	3	3	3	3
Senegal (4)	4	4	4	3	3	3	3	4	2	4	3	3	4	4
Togo (4)	2	2	2	2	2	2	2	4	2	2	2	3	4	2
WAMU (26)	23	22	22	18	22	19	22	26	20	23	20	19	22	23
Percentage	88.5%	84.6%	84.6%	69.2%	84.6%	73.1%	84.6%	100.0%	76.9%	88.5%	76.9%	73.1%	84.6%	88.5%

Source : General Secretariat of the WAMU Banking Commission

Graph No. 21 : Percentage of national SIBIs in compliance with the prudential requirements as at December 31, 2021



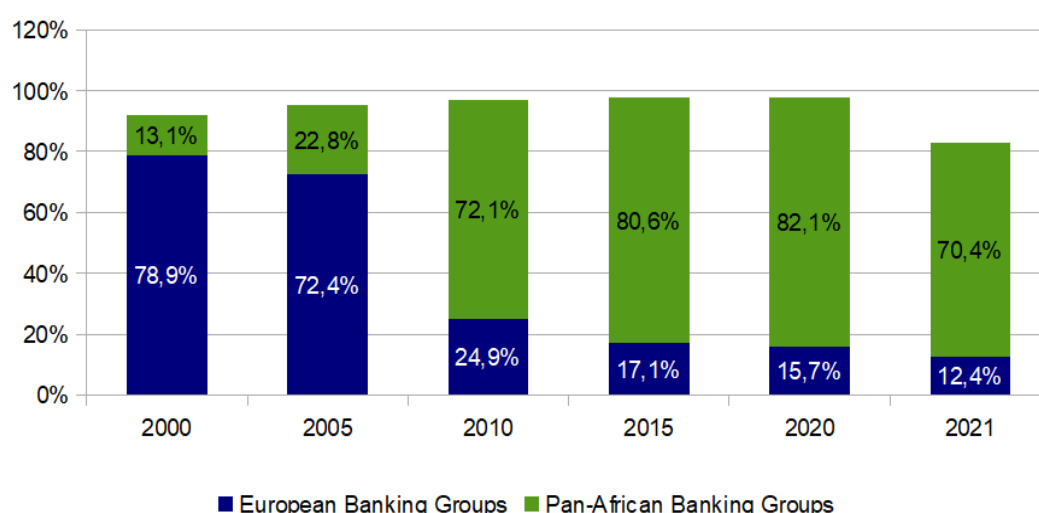
Source : General Secretariat of the WAMU Banking Commission

Box 3 : Activities of banking groups operating in the Union from 2000 to 2021

Between 2000 and 2021, the number of banking groups in the WAMU region rose from 10 to 34, with the percentage of affiliated institutions increasing from 40% to 75.0% during the period under review.

The preponderance of European banking groups, which held over 60% of affiliated banking entities in the year 2000, has eroded over time in favor of an increasingly marked positioning of pan-African groups, notably from the Maghreb, WAMU and WAMZ regions, which accounted for 86.0% of the ecosystem in 2021.

Graph No. 22 : Trends in the number of pan-African and European banking groups



Source : General Secretariat of the WAMU Banking Commission

The activities of these groups are very active, with their balance sheets representing 69.0% of the system total in 2000, 79.0% in 2010 and 85.8% in 2021. Customer deposits reached 33,689.4 billion in 2021, compared with 2,315 billion in 2000, representing an average annual increase of 8.5%. Loans granted by affiliated institutions increased by 13.0% on average per year, from 2,085 billion in 2000 to 23,457.9 billion in 2021.

In terms of profitability, the banking groups' net income rose from 32 billion in 2000 to 730.0 billion in 2021, i.e., an average annual variation of +24.8%. Their profits represented 76.7% of the banking system's income in 2000, compared with 91.3% in 2021.

This performance demonstrates the attractiveness of the economic and financial environment in the countries of the Union. It also represents an opportunity to broaden the resources needed to finance investment in the Union's Member States, especially in view of the sharp rise in profitability.

In addition, the presence of these banking groups has helped diversify the range of banking services on offer, improve the rate of bank penetration and increase competition in the banking system. It also helped create better funding conditions to

meet the cash flow and investment needs of governments, businesses, and households. However, these banking groups are also a source of vulnerability, not least because of the systemic risks they could pose to the banking system as a whole.

Against this backdrop, the Banking Commission has reinforced its relations with its foreign counterparts by signing cooperation agreements, which have led to participation in or organization of bilateral meetings, colleges of banking group supervisors and exchanges of data on cross-border banking groups.

5.2.2. Financial holding companies

5.2.2.1. Financial holding companies landscape

As at December 31, 2021, there were 19 financial holding companies in the Union, compared with 17 one year earlier. They were distributed as follows.

Table 23 : Number of financial holding companies

Countries	Head office financial companies	Intermediate financial holding companies	Total
Benin	-	-	-
Burkina Faso	2	-	2
Côte d'Ivoire	7	3	10
Guinea-Bissau	-	-	-
Mali	-	-	-
Niger	-	-	-
Senegal	2	1	3
Togo	4	-	4
WAMU	15	4	19

Source : General Secretariat of the WAMU Banking Commission

5.2.2.2. Activities and results of financial holding companies

The activities and results of financial holding companies up to December 31, 2021, were analyzed on the basis of declarations submitted by 15 regulated institutions²⁵ out of the 19 listed.

At the end of 2021, financial holding companies had a balance sheet total of 41,776.4 billion, up 28.1% compared to the end of 2020. This development is linked to the increase in assets of entities based in Burkina Faso (+54.7%), Côte d'Ivoire (+41.8%), Senegal (+12.6%) and Togo (+15.7%). The strong increases in Burkina Faso and Côte d'Ivoire were due to the addition of new financial holding companies in these countries.

Table 24 : Key financial company indicators at the end of December 2021 (in billions of CFA F)

Country	Balance sheet total	Loans and receivables	Payables	Net Banking Income	Results
Burkina Faso	5,570.4	2,638.2	3,489.3	238.7	101.3
Côte d'Ivoire	14,506.1	7,308.8	10,428.5	749.7	217.7
Senegal	1,922.4	970.7	1,178.6	91.5	19.7
Togo	19,777.6	7,503.5	13,901.6	1,158.8	217.7
WAMU	41,776.4	18,421.1	28,997.9	2,238.7	556.5

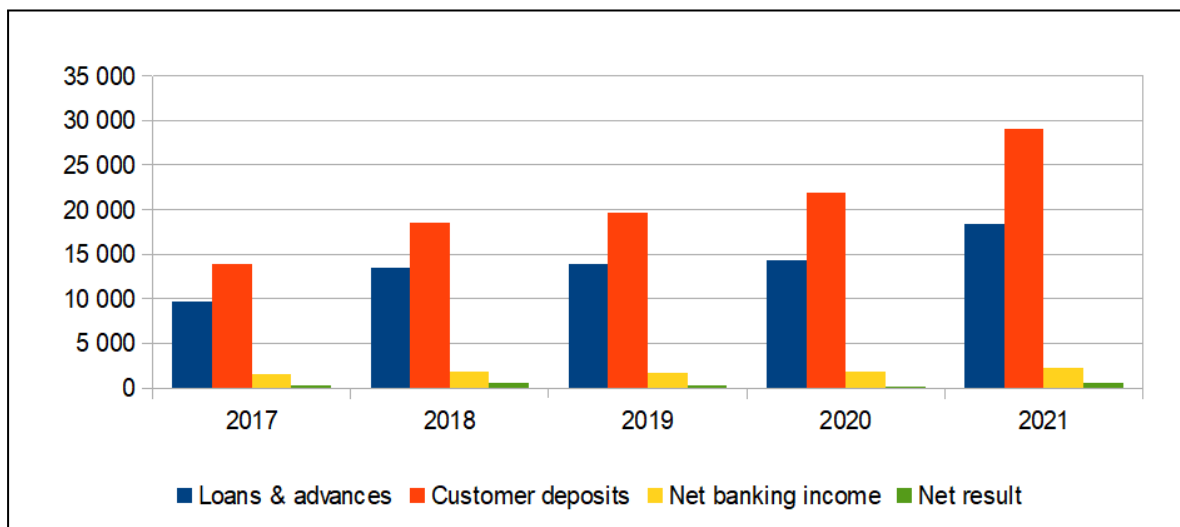
Source : General Secretariat of the WAMU Banking Commission

Loans and advances to customers of these entities increased by 28.0% over the year, reaching 18,421.1 billion at the end of 2021. Customer deposits increased by 32.4% to 28,997.9 billion as at December 31, 2021.

²⁵ Four of the 19 financial companies did not file statements. The shares of their subsidiaries in the Union, in terms of the balance sheet total represented 2.9% of the Union's total : TAMWEEL AFRICA HOLDING (1.3%), IB HOLDING (0.9%), ATLANTIC FINANCIAL GROUP (0.4%) and STANDARD HOLDINGS COTE D'IVOIRE (0.3%).

Net banking income stood at 2,238.7 billion compared with 1,884.2 billion a year earlier, up 18.8%. The provisional net income for financial holding companies increased by 182.2% to 556.5 billion, compared with 197.2 billion in 2020.

Graph No. 23 : Activities and results of financial holding companies (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

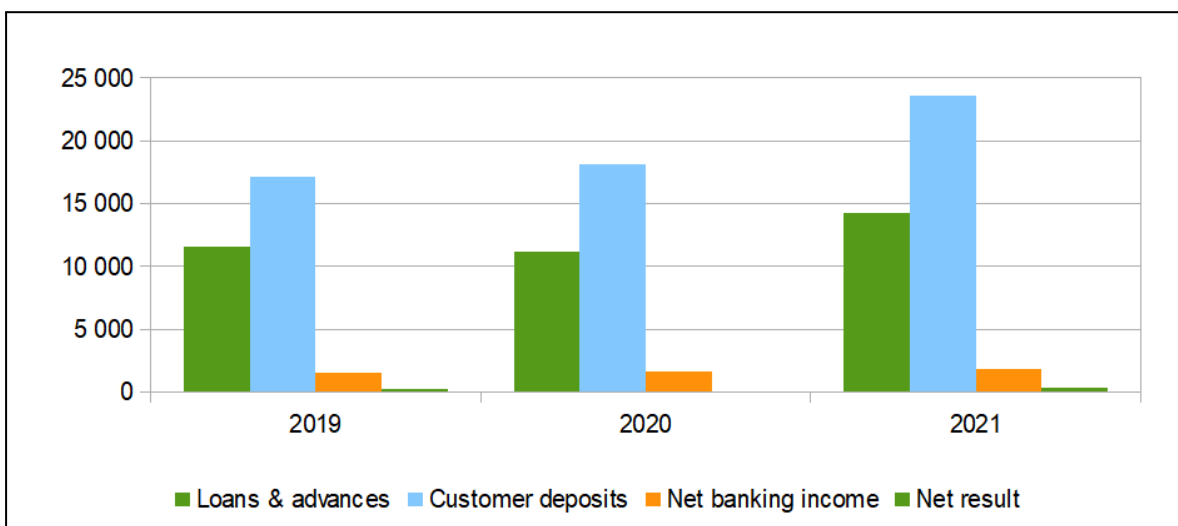
The financial holding companies authorized in the Union included six regional SIBs. They had all filed statements as of December 31, 2021.

During the period under review, they posted a balance sheet total of 33,038.7 billion, representing 79.1% of all financial company assets, up 25.1% compared to 2020.

Loans and advances to customers and customers' deposits amounted to 14,282.0 billion and 23,557.8 billion respectively, up 28.4% and 30.1% year over year. They represented 77.5% and 81.2% of the total for all financial holding companies in the Union.

These entities registered a provisional overall net result of 301.1 billion versus 63.9 billion in 2020, up 370.9% year over year. This surplus represented 73.5% of that of all financial holding companies in the Union.

Graph No. 24 : Activities and results of regional SIBs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

5.2.2.3. Prudential situation of financial holding companies

Based on the preliminary prudential data received from 15 financial holding companies that provided declarations at the close of the 2021 financial year, the prudential situation was as follows :

▸ Capital standards

❖ Core equity tier one (CET1) ratio

Fourteen financial holding companies, representing 93.3% of all regulated institutions in 2020, were in compliance with this ratio. They represented 96.8% of assets and 95.8% of risk-weighted assets.

All financial holding companies considered regional SIBs were in compliance with this standard, as was the case in 2020.

❖ Equity tier one (T1) capital ratio

This standard was met by 12 financial holding companies, or 80.0% of entities, compared with 13 regulated institutions in 2020. These compliant entities account for 95.9% of assets and 95.1% of risk-weighted assets.

All financial holding companies considered as regional SIBs were in compliance with this standard, as was the case just as they did in 2020.

❖ Total solvency ratio

As at December 31, 2021, actual equity capital and risk-weighted assets for financial holding companies stood at 2,859.0 billion and 22,256.3 billion, respectively.

Table 25 : Breakdown of financial holding companies based on the solvency ratio

Range	Number of financial companies	Share of total assets	Share of risk-weighted assets
≥ 10.375%	13	96.3%	95.4%
<i>including ≥ 11.5%</i>	13	96.3%	95.4%
< 10.375%	2	3.7%	4.6%
TOTAL	15	100%	100%

Source : General Secretariat of the WAMU Banking Commission

Thirteen financial holding companies were in compliance with the main solvency standard set at 10.375% for 2021, as in 2020. These companies accounted for 96.3% of banking assets and 95.4% of risk-weighted assets.

On the same date, the total solvency ratio stood at 12.8%, compared with 12.0% in 2020, with a minimum standard of 10.375% in 2021.

The solvency ratio of regional SIBs stood at 12.9%, exceeding the 12.5% standard that would be required at the end of the transitional period for application of the systemic cushion for these entities (11.5% + 1% surcharge), compared with 12.7% in 2020. The solvency standard was met by all regional SIBs, as was the case in 2020.

❖ **Risk division standard**

The risk division standard, which measures the concentration of major risks, was met by 12 financial holding companies, or 80.0%, representing 93.9% of assets and 92.9% of risk-weighted assets.

Five regional SIBs were in compliance with the risk division standard, compared with 4 in 2020.

❖ **Leverage ratio**

The leverage ratio, measured by tier one equity (T1) divided by total exposure (balance sheet and off-balance sheet), with a minimum standard set at 3%, was met by 13 financial holding companies, or 86.7% of regulated institutions, representing 97.8% of assets and 98.3% of risk-weighted assets.

The total exposure of financial holding companies was estimated at 37,571.6 billion, resulting in a leverage ratio of 6.4%, compared with 29,261.7 billion for a ratio of 5.7% in 2020.

The total exposure of regional SIBs was estimated at 29,902.0 billion, resulting in a leverage ratio of 6.3%, compared with 7,515.2 billion for 6.0% in 2020.

All regional SIBs were in compliance with this standard, as was the case in 2020.

◆ **Other prudential standards**

❖ **Individual and total restrictions on investments in commercial entities**

As at December 31, 2021, 13 financial holding companies, representing 88.2% of assets and 87.2% of risk-weighted assets, were in compliance with the standard, which limits individual holdings in commercial entities to 25% of corporate capital.

Fourteen financial holding companies were in compliance with the standard, which limits individual holdings in commercial entities to 15% of their tier one capital (T1). They represent 99.6% of weighted assets and risks.

All financial holding companies were in compliance with the standard, which limits overall holdings in commercial entities to 60% of their actual equity capital.

❖ **Ceiling on non-operating fixed assets**

At the end of 2021, all financial holding companies were in compliance with the standard limiting non-operating fixed assets to a maximum of 15% of tier one capital.

❖ **Ceiling on total non-operating fixed assets and equity investments**

As at December 31, 2021, 12 regulated institutions were in compliance with the standard limiting the total of non-operating fixed assets and participating interests to 100% of tier one capital (T1). They represented 96.4% of assets and 95.4% of risk-weighted assets.

No regional SIBs complied with this standard, as was the case in 2020.

❖ **Ceiling on loans to shareholders, management and staff**

In 2021, 12 financial holding companies, representing 96.4% of assets and 95.4% of risk-weighted assets, were in compliance with the standard limiting cumulative loans to shareholders, corporate officers and staff to 20% of actual equity capital.

All regional SIBs were in compliance with this standard, as was the case 2020.

◆ **Overview of the prudential status of financial holding companies**

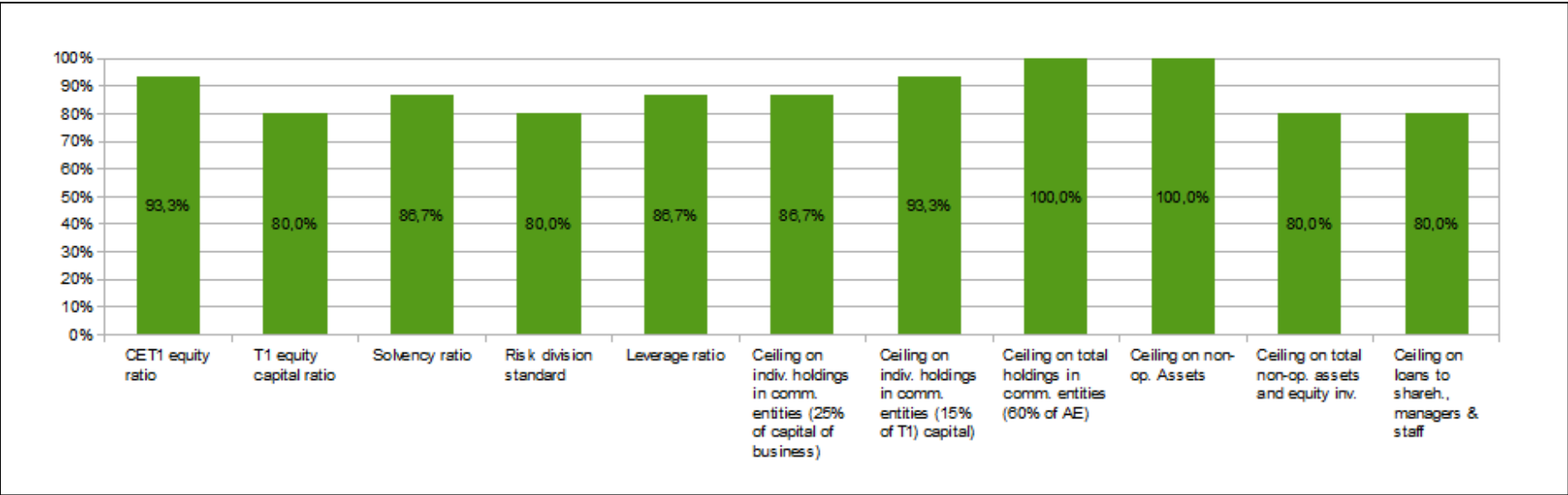
The table and graph below provide an overview of prudential compliance by financial holding companies operating in the Union at the end of December 2021.

Table 26 : Number of financial holding companies in compliance with prudential regulations

	Solvency standards			Risk division standard	Leverage ratio	Other prudential standards					
	Core equity tier one (CET1) ratio	Equity tier one (T1) capital ratio	Total solvency ratio			Ceiling on indiv. holdings in commercial entities (25% of the capital of the business)	Ceiling on individual holdings in commercial entities (15% of core tier one capital (T1))	Ceiling on total holdings in commercial entities (60% of actual equity capital)	Ceiling on nonoperating assets	Ceiling on total non-operating assets and equity investments	Ceiling on loans to shareholders, corporate officers and staff
Benin (0)	-	-	-	-	-	-	-	-	-	-	-
Burkina Faso (2)	2	2	2	2	2	2	2	2	2	2	2
Côte d'Ivoire (8)	8	6	7	6	6	6	7	8	8	7	7
Guinea-Bissau (0)	-	-	-	-	-	-	-	-	-	-	-
Mali (0)	-	-	-	-	-	-	-	-	-	-	-
Niger (0)	-	-	-	-	-	-	-	-	-	-	-
Senegal (2)	1	1	1	1	2	2	2	2	2	0	0
Togo (3)	3	3	3	3	3	3	3	3	3	3	3
WAMU (15)	14	12	13	12	13	13	14	15	15	12	12
Percentage	93.3%	80.0%	86.7%	80.0%	86.7%	86.7%	93.3%	100%	100%	80.0%	80.0%

Source : General Secretariat of the WAMU Banking Commission

Graph 25 : Percentage of financial holding companies in compliance with prudential regulations



Source : General Secretariat of the WAMU Banking Commission

5.3. MICROFINANCE SECTOR

5.3.1. Decentralized financial systems landscape

Microfinance is governed by the Uniform Act regulating decentralized financial systems (DFSs) and its implementing instruments. According to the provisions of Article 44 of the Act and those of BCEAO Instruction No. 007-06-2010 of June 4, 2010 on the modalities of the supervision and sanctioning of DFSs by the Central Bank and the Banking Commission, the BCEAO and the community's banking supervision body shall undertake, after informing the Minister, to supervise all microfinance institutions (MFIs) whose business transactions reach a minimum threshold of two billion in outstanding deposits or loans at the end of two consecutive financial years. The other MFIs that do not reach this minimum threshold are supervised by the Ministries of Finance.

Based on the accounting data submitted for the past two financial years, i.e., 2019 and 2020, the number of MFIs falling under Article 44, known as large MFIs, increased by 20 units to a total of 208 microfinance institutions.

The landscape of large MFIs includes 90 networks and individual institutions and 118 network-affiliated basic mutuals. Networks and institutions included companies, associations, networks and unaffiliated Mutual or Cooperative Savings and Credit Institutions (IMCEC).

The breakdown by country was as follows :

Table 27 : Number of MFIs subject to Article 44

Country	Networks and Individual Institutions					Basic mutuals affiliated with networks (b)	Total (a+b)
	Companies	Associations	Networks	Unaffiliated IMCECs	Total (a)		
Benin	3	5	3	1	12	12	24
Burkina Faso	7	1	3	6	17	23	40
Côte d'Ivoire	8	0	3	4	15	20	35
Guinea-Bissau	-	-	-	-	-	-	-
Mali	3	3	5	0	11	7	18
Niger	4	0	0	0	4	0	4
Senegal	4	0	5	3	12	45	57
Togo	1	1	5	12	19	11	30
WAMU	30	10	24	26	90	118	208

Source : General Secretariat of the WAMU Banking Commission

5.3.2. Activities and results of MFIs subject to Article 44

The financial and statistical data analyzed applied to 205 MFIs,²⁶ i.e., 98.6% of larger institutions. They can be broken down as follows

At the end of 2021, these institutions had a **balance sheet total** of 2,879.9 billion, up 12.3% compared to the end of 2020. Large MFIs reported growth in assets in all WAMU countries.

Table 28 : Trends in key statistics for MFIs subject to Article 44

Country	2020				2021			
	Balance sheet total (billions of CFA F)	Weight in the Union	Number of accounts	Staff	Balance sheet total (billions CFA F)	Weight in the Union	Number of accounts	Workforce
Benin	284.5	11.1%	1,748,879	2,244	334.2	11.6%	1,811,375	2,342
Burkina Faso	461.0	18.0%	909,193	2,099	514.7	17.9%	922,327	1,997
Côte d'Ivoire	573.4	22.4%	1,555,323	4,108	643.9	22.4%	1,625,490	4,206
Mali	212.0	8.3%	1,273,620	2,488	232.8	8.1%	1,290,400	2,473
Niger	14.1	0.5%	53,547	263	15.9	0.6%	57,264	251
Senegal	747.7	29.2%	3,507,906	4,086	847.7	29.4%	3,981,673	4,507
Togo	271.6	10.6%	1,896,935	3,053	290.8	10.1%	2,033,054	3,181
WAMU	2,564.1	100%	10,945,403	18,341	2,879.9	100%	11,721,583	18,957

Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2021, the **number of employees** in the microfinance sector had risen by 616 (+3.4%) compared with the end of 2020, to 18,957. Corporate officers accounted for 10.9% of jobs.

The number of accounts held by large MFIs on their books increased by 7.1%, reaching 11,721,583 at the end of 2021. Individual accounts increased by 6.7% to 10,684,689. Accounts held by legal entities totaled 1,208,429, up by 11.0%.

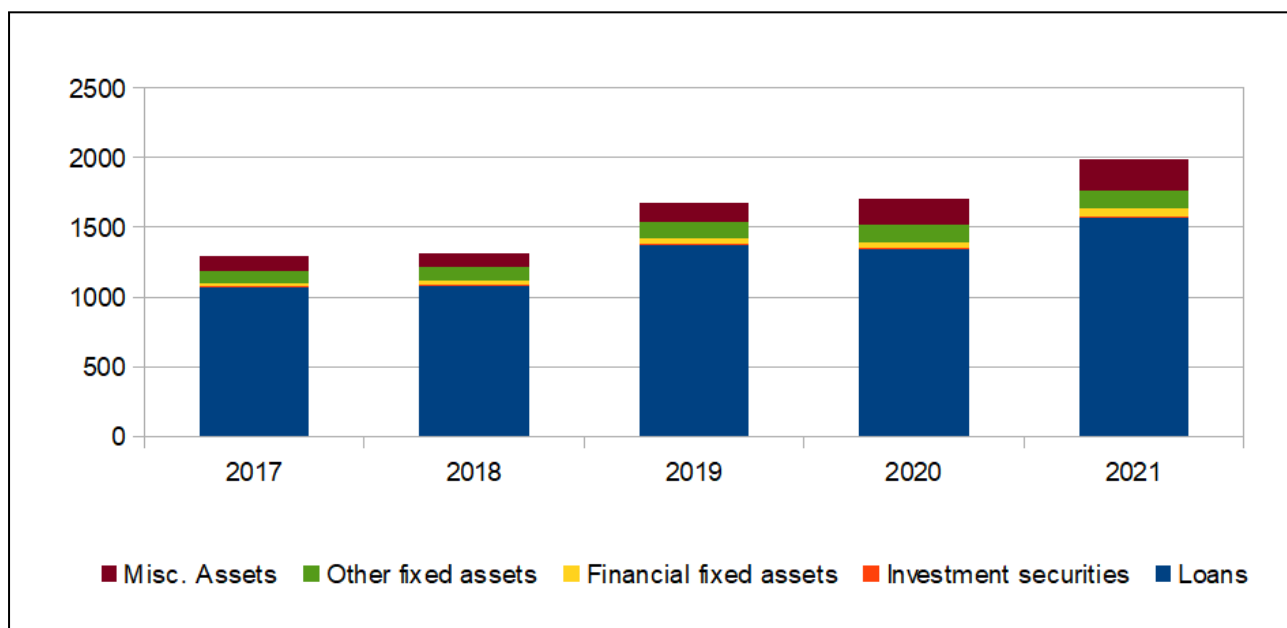
5.3.2.1. Uses

Uses of MFIs subject to Article 44 rose by 16.8% year over year to reach 1,985.8 billion at the end of 2021, with loans to customers accounting for 78.7%, compared with 78.9% in 2020.

Financial fixed assets accounted for 3.0% of uses in 2021, compared with 2.7% a year earlier. Other assets (investment securities, other fixed assets and miscellaneous assets) accounted for 18.3% of total assets, versus 18.4% in 2020.

²⁶ Three (3) large MFIs operating in Burkina Faso, Niger and Senegal had not filed statements as at December 31, 2021.

Graph No. 26 : Trends in the uses of large MFIs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Loans to customers increased by 16.4%, year over year, to stand at 1,562.5 billion at the end of 2021, compared with 1,342.0 billion in 2020. They comprise short-term loans,²⁷ medium-term loans, long-term loans, overdue loans and leasing operations.

Short-term loans amounted to 754.3 billion, or 48.3% of total loans, showing a 22.5% increase year over year. Medium-term loans amounted to 488.9 billion at the end of 2021. Totalling 31.3% of total loans, they showed an increase of 32.6%. Long-term loans were valued at 243.0 billion at the end of 2021, or 15.6% of total loans. They increased by 11.8% year over year.

Net past-due loans, at 76.3 billion versus 140.0 billion a year earlier, fell by 45.5%.

Investment securities were valued at 12.7 billion at the end of 2021, compared with 7.2 billion in 2020, up 74.2% on the previous year.

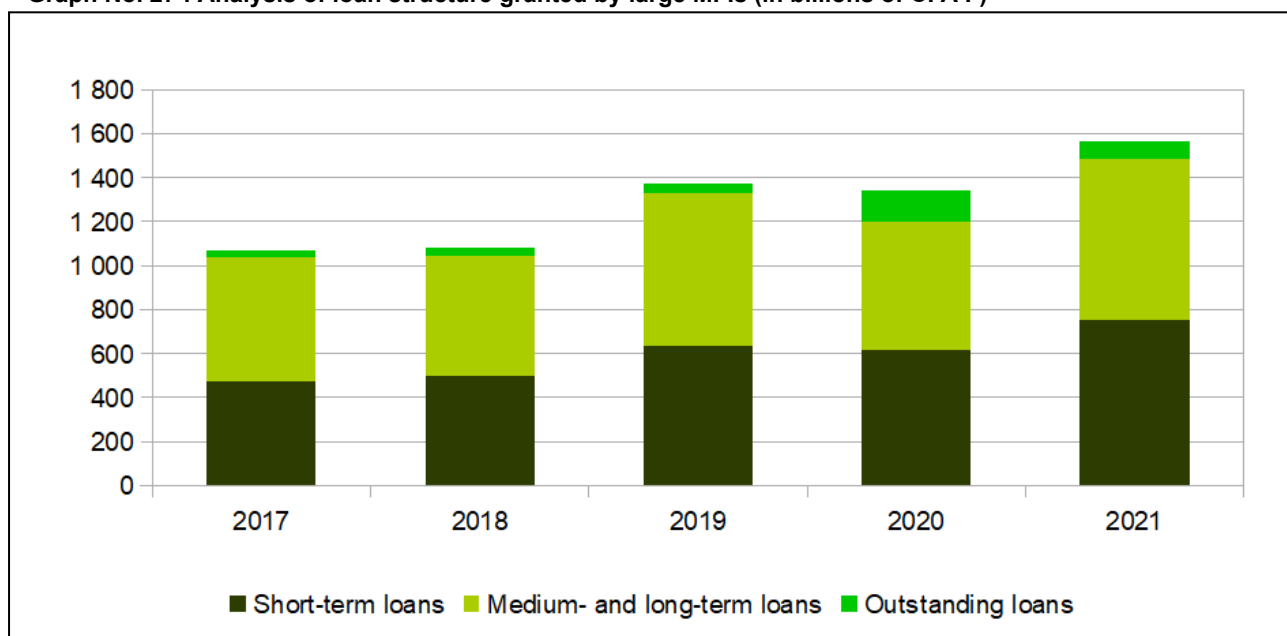
Financial fixed assets increased by 31.7% year over year to 59.7 billion from 45.3 billion in 2020.

Other fixed assets increased by 6.1% year over year to 128.2 billion in 2021, compared with 120.8 billion in 2020.

Miscellaneous uses (related receivables, inventory accounts, sundry debtors, trade, and other accounts, etc.) reached 222.7 billion in 2021, consolidating by 20.4% over the year.

²⁷ Short-term loans are commitments to MFI's customers for a period of 0 to 12 months, medium-term loans cover a period of 1 to 3 years and long-term loans are for a period of more than 3 years.

Graph No. 27 : Analysis of loan structure granted by large MFIs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

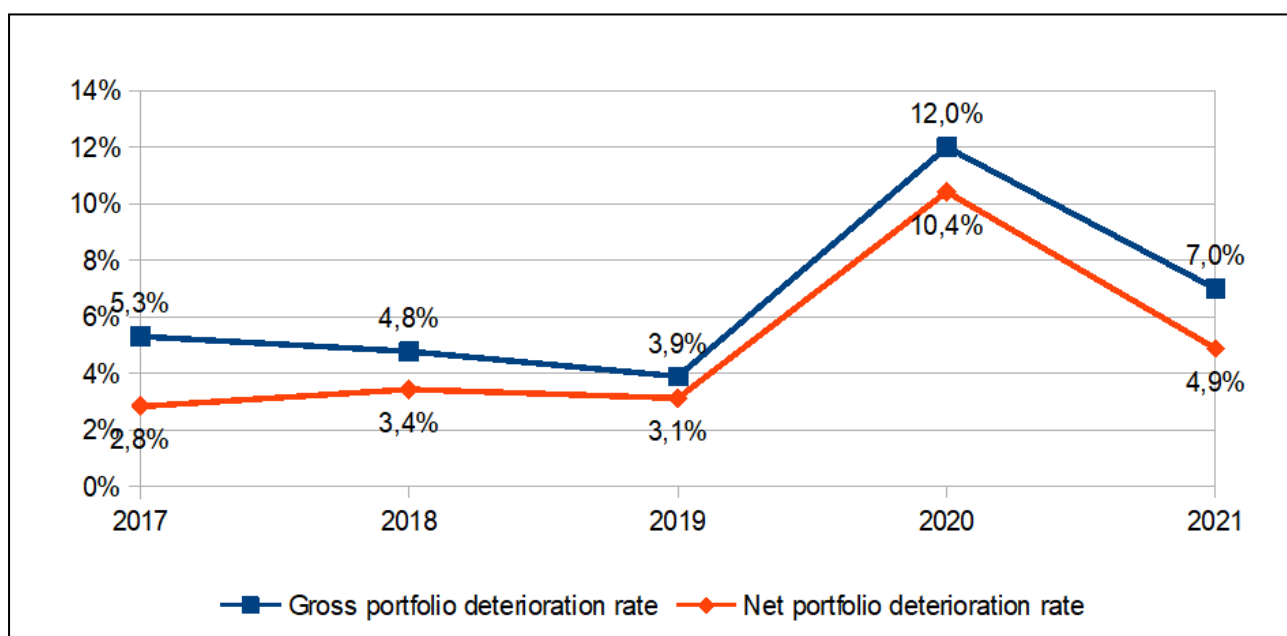
5.3.2.2. Portfolio quality

Gross outstanding loans of MFIs subject to Article 44 fell by 33.7% year over year to 112.4 billion at Union level at the end of 2021, compared with 169.4 billion a year earlier.

The provisioning rate for overdue loans increased to 31.7%, compared with 14.6% at the end of financial year 2020.

The gross and net portfolio deterioration rates stood at 7.0% and 4.9% respectively at the end of 2021, improving by 5.0 and 5.5 percentage points compared with 2020, reflecting the combined impact of a decrease in outstanding past-due loans and an increase in gross receivables.

Graph 28 : Large MFI portfolio deterioration rates



Source : General Secretariat of the WAMU Banking Commission

5.3.2.3. Resources

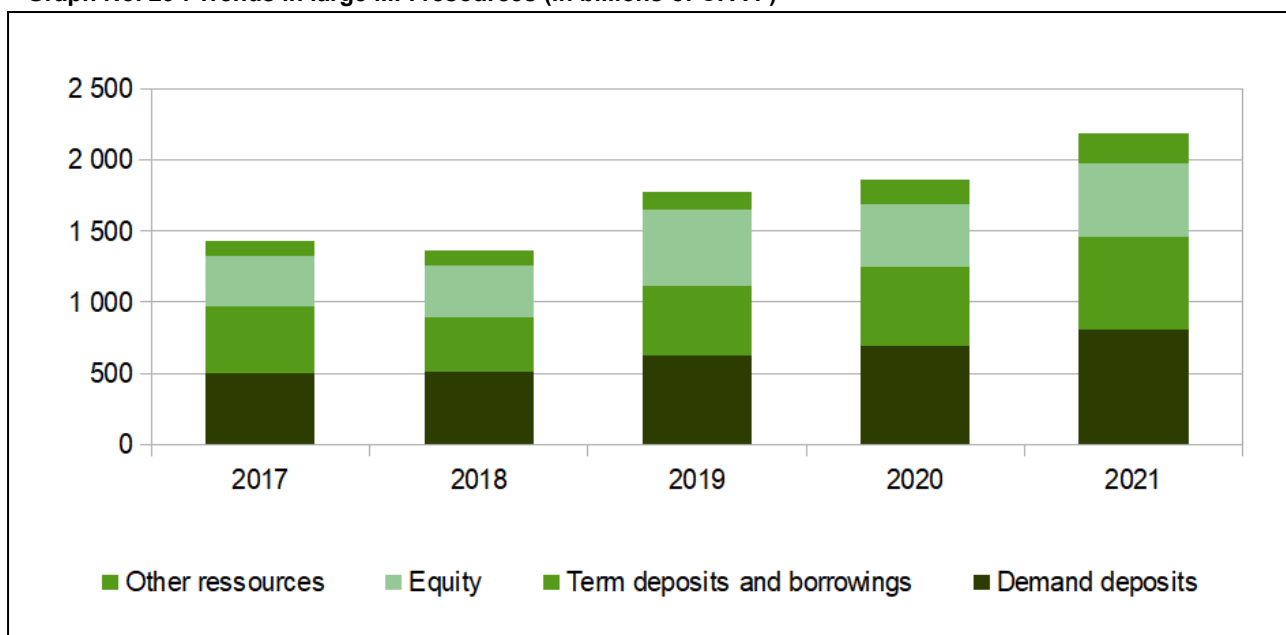
The resources mobilized by MFIs subject to Article 44 increased by 17.8% year over year to 2,190.1 billion as at December 31, 2021. They included deposits and borrowings (66.5% vs. 67.1% in 2020), net equity (23.6% vs. 23.7% in 2020) and other resources (10.0% vs. 9.2% in 2020).

Deposits and borrowings showed an annual increase of 16.6% and stood at 1,455.3 billion at the end of 2021. They consisted mainly of demand and term deposits, in proportions of 55.2% and 44.8% respectively, compared with 55.8% and 44.2% in 2020.

The net equity of MFIs subject to Article 44 increased by 17.4% year over year to 516.5 billion, compared with 440.0 billion at the end of 2020.

Other resources (related payables, payments on securities and financial fixed assets, accruals and miscellaneous accounts, provisions for risks and charges) increased by 27.7% over the year to 218.2 billion at the end of December 2021.

Graph No. 29 : Trends in large MFI resources (in billions of CFA F)

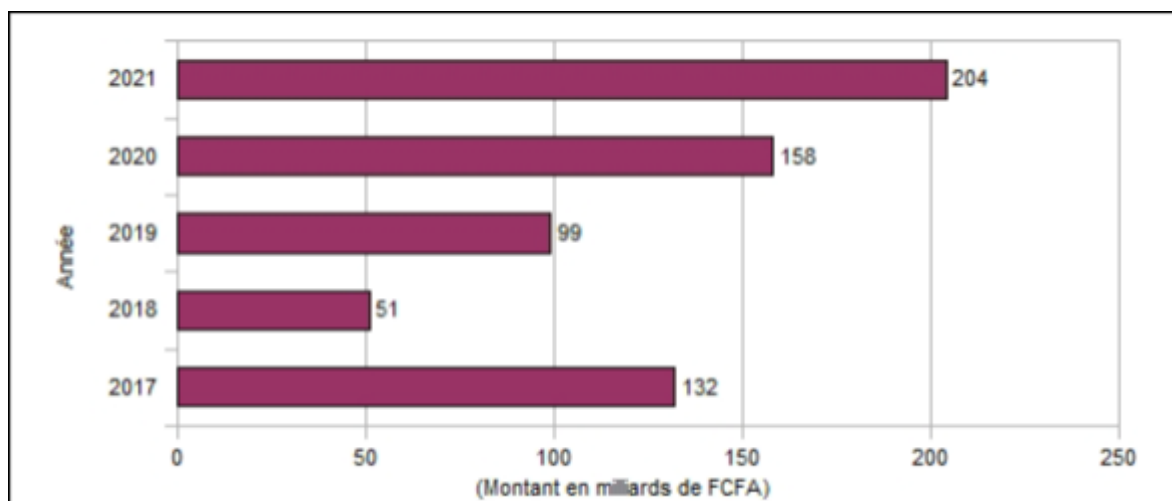


Source : General Secretariat of the WAMU Banking Commission

5.3.2.4. Cash position

The cash positions of MFIs subject to Article 44 continued to show a surplus, standing at 204.2 billion at the end of 2021, compared with 158.2 billion one year earlier, representing a 29.1% improvement. This trend was due to the fact that resources grew more significantly (+17.8%) than uses (+16.8%).

Graph 30 : Trends in cash positions of large MFIs

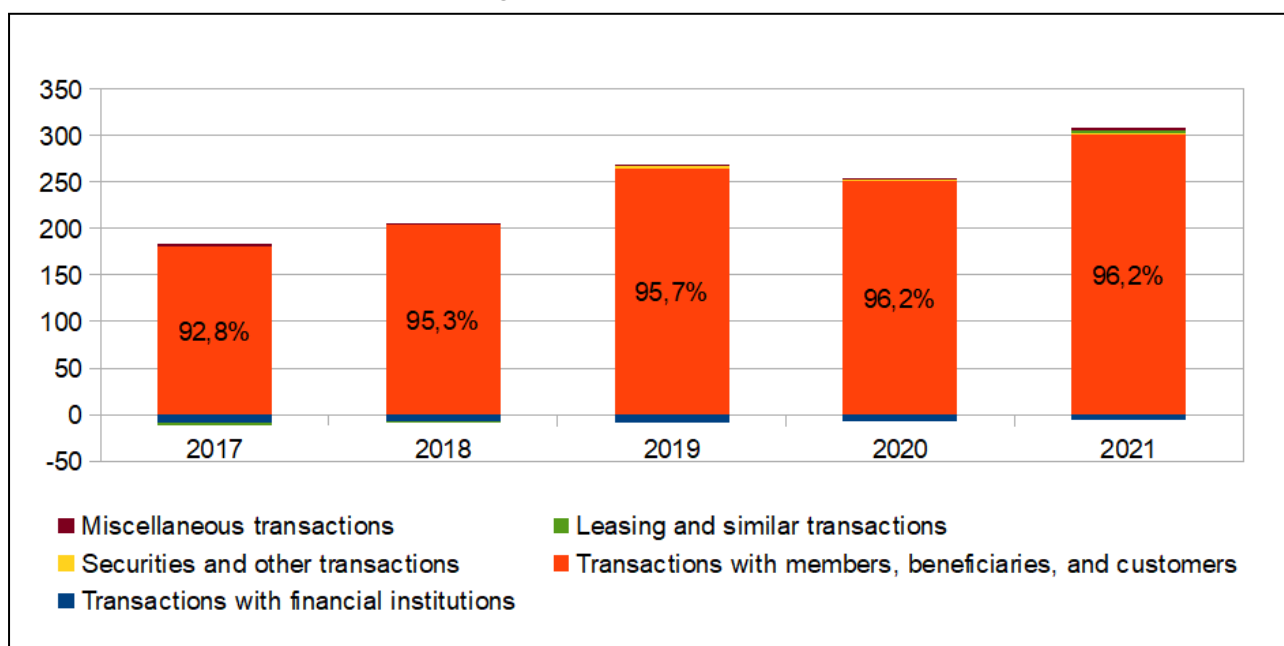


Source : General Secretariat of the WAMU Banking Commission

5.3.2.5. Financial results

As at December 31, 2021, the Net Financial Income (NFI) of MFIs subject to Article 44 stood at 287.0 billion, up 16.0% year over year.

Graph No. 31 : Net financial income of large MFIs



Source : General Secretariat of the WAMU Banking Commission

The growth in NFI led to a 14.9% annual increase in total operating income, estimated at 314.6 billion in 2021, compared with 273.7 billion a year earlier.

Gross operating income, at 76.8 billion, was also up 51.7%, in line with the increase in NFI and the 6.8% rise in overhead to 220.8 billion.

Taking into account net risk provisions of 45.0 billion, operating income stood at 31.8 billion at the end of financial year 2021, compared with 45.0 million a year earlier.

Net income also increased by 381.0%, to 38.3 billion provisionally, compared with 8.0 billion definitively at the end of the 2020 financial year, reflecting the impact of the health crisis in the sector.

5.3.2.6. Key financial ratios

Operating expenses as a percentage of the credit portfolio fell by 4.2 percentage points year over year to 26.5% in 2021, compared with 30.7% for a maximum standard of 35%.

The ratio of overhead to the loan portfolio decreased by 0.8 percentage point year over year to 14.1% in 2021, with a ceiling of 15% for direct credit institutions and 20% for savings and loan institutions.

The personnel expense ratio fell by 0.2 percentage point year over year to 7.0% in 2021, compared to a ceiling of 5% for direct credit institutions and 10% for savings and loan institutions.

Return on equity stood at 5.9% in 2021, compared with 2.2% at the end of 2020, for a minimum standard of 15%. The ratio is calculated by dividing operating income excluding subsidies by average shareholders' equity over the period.

Return on assets stood at 1.1% in 2021, compared with 0.5% at the end of 2020, against a minimum standard of 3%.

Operational self-sufficiency increased by 12.1 percentage points year over year to 92.4% in 2021, compared with a minimum standard of 130%.

The profit margin, which measures the percentage of operating income earned against total operating revenues, increased by 0.5 percentage point between 2020 and 2021, from 7.7% to 8.2%, as compared to a minimum standard of 20%.

The cost/income ratio, which indicates the level of absorption of NFI by overhead costs, fell by 6.6 percentage points, year over year, to 76.9% in 2021, compared with 83.5%, as compared to a ceiling of 40% for direct credit institutions and 60% for savings and loan institutions.

The rate of return on assets was 14.5% in 2021, compared with 14.8% a year earlier, down 0.3 percentage point on the minimum standard of 15%. This ratio compares the amount of interest and commission earned on earning assets during the period.

The asset liquidity ratio decreased by 0.5 percentage point, on an annual basis, to 29.9% in 2021 compared with 30.4% in 2020, for a minimum standard of 2% for direct credit institutions and 5% for savings and loan institutions.

The capitalization ratio, which is the ratio of net equity to total assets, rose by 0.7 percentage point on an annual basis, to reach 17.9% in 2021 compared with 17.2% in 2020, for a minimum standard of 15%.

Table 29 : Summary of the activities of MFIs subject to Article 44

(In millions of CFA F)

USES/RESOURCES	12/31/2019	12/31/2020	12/31/2021 (*)	Change 2021-2020
NET USES (1+2)	1,679,167	1,700,449	1,985,831	16.8%
1. CREDITS (a+b+c+d+e)	1,371,123	1,341,977	1,562,527	16.4%
a) Short-term loans	637,287	615,935	754,317	22.5%
b) Medium-term loans	427,806	368,673	488,871	32.6%
c) Long-term loans	263,089	217,377	242,988	11.8%
d) Finance leases	55	13	13	-2.8%
e) Past due loans	42,886	139,979	76,338	-45.5%
<i>Fixed assets</i>	<i>7885</i>	<i>103,612</i>	<i>33,010</i>	<i>-68.1%</i>
<i>Loans overdue by 6 months or less</i>	<i>24,965</i>	<i>21,996</i>	<i>26,513</i>	<i>20.5%</i>
<i>Loans overdue by 6 to 12 months</i>	<i>6,861</i>	<i>10,497</i>	<i>11,081</i>	<i>5.6%</i>
<i>Loans 12 to 24 months overdue</i>	<i>3175</i>	<i>3,875</i>	<i>5734</i>	<i>48.0%</i>
<i>(provisions)</i>	<i>10,975</i>	<i>24,014</i>	<i>35,485</i>	<i>47.8%</i>
2. OTHER USES (a+b+c+d)	308,044	358,472	423,304	18.1%
a) Investment securities	6490	7267	12,661	74.2%
b) Financial fixed assets	41647	45,331	59,688	31.7%
c) Other fixed assets	116,969	120,818	128,228	6.1%
d) Miscellaneous	142,938	185,056	222,727	20.4%
RESOURCES (1+2+3)	1,778,517	1,858,611	2,190,074	17.8%
1. DEPOSITS AND BORROWINGS (a+b)	1,117,782	1,247,697	1,455,323	16.6%
a) Demand deposits	623,420	695,835	802,913	15.4%
b) Term deposits	494,362	551,862	652,411	18.2%
term deposits and savings bonds	208,376	214,703	251,286	17.0%
special savings accounts	121,766	150,585	171,463	13.9%
other	164,220	186,574	229,662	23.1%
2. NET EQUITY (a+b)	529,966	440,020	516,517	17.4%
a) Capital endowments, reserves, retained earnings	285,004	288,372	345,956	20.0%
<i>including 15% of net income (if positive)</i>	<i>5,662</i>	<i>4,092</i>	<i>6707</i>	<i>63.9%</i>
b) Other	244,961	151,648	170,561	12.5%
3. OTHER RESOURCES	130,770	170,894	218,234	27.7%
CASH FLOW : RESOURCES-USES	99,350	158,162	204,243	29.1%

RESULTS				
FINANCIAL INCOME	311,143	305,875	347,386	13.6%
FINANCIAL EXPENSES	55,318	58,411	60,390	3.4%
1. NET FINANCIAL INCOME	255,825	247,464	286,996	16.0%
NET INCIDENTAL INCOME	18,081	26,279	27,634	5.2%
2. OVERALL OPERATING INCOME	273,906	273,743	314,630	14.9%
OVERHEAD	195,748	206,728	220,840	6.8%

NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	14250	16,370	16,977	3.7%
3. GROSS OPERATING INCOME	63,908	50,645	76,812	51.7%
NET PROVISIONS FOR CONTINGENCIES	37,796	50,599	45,009	-11.0%
4. OPERATING INCOME	26,112	45	31,804	70238.2%
NET EXTRAORDINARY INCOME	7,781	10,675	9,950	-6.8%
NET INCOME FROM PAST FINANCIAL YEARS	-328	-372	144	-138.7%
INCOME TAXES	3218	2,387	3,606	51.1%
5. NET INCOME	30,346	7,962	38,292	381.0%

(*) Provisional data

Source : General Secretariat of the WAMU Banking Commission

Table 30 : Financial indicators for MFIs subject to Article 44

FINANCIAL INDICATORS	12/31/2019	12/31/2020	12/31/2021 (*)	Change 2021-2020
GROSS PORTFOLIO DETERIORATION RATE	3.9%	12.0%	7.0%	-5.0
<i>Gross overdue receivables / Total gross loans</i>				
NET PORTFOLIO DETERIORATION RATE	3.1%	10.4%	4.9%	-5.5
<i>Net overdue receivables / Total net loans</i>				
RATIO OF COVERAGE OF OVERDUE LOANS	20.4%	14.6%	31.7%	17.1
<i>Provisions set up / Gross overdue receivables</i>				
OPERATING EXPENSES AS A PERCENTAGE OF THE LOAN PORTFOLIO	28.5%	30.7%	26.5%	-4.2
<i>Operating expenses / Gross outstanding loans</i>				
RATIO OF OVERHEAD TO THE LOAN PORTFOLIO	14.4%	14.9%	14.1%	-0.8
<i>Return on loans - Cost of capital</i>				
RATIO OF PERSONNEL EXPENSES TO THE LOAN PORTFOLIO	7.1%	7.1%	7.0%	-0.2
<i>Personnel expenses / Gross outstanding loans</i>				
RETURN ON EQUITY (> 15%)	4.8%	2.2%	5.9%	3.7
<i>Operating income excluding grants / Equity capital</i>				
RETURN ON ASSETS	1.1%	0.5%	1.1%	0.6
<i>Operating income excluding subsidies / Total assets</i>				
OPERATIONAL SELF-SUFFICIENCY	86.8%	80.3%	92.4%	12.1
<i>Operating revenue / Operating expenses</i>				
PROFIT MARGIN (> 20%)	7.7%	7.7%	8.2%	-0.5
<i>Operating income / Operating revenue</i>				
COST-TO-INCOME RATIO (< 40%)	76.5%	83.5%	76.9%	-6.6
<i>Overhead costs / NFI</i>				
RATE OF RETURN ON ASSETS (> 15%)	15.5%	14.8%	14.5%	-0.4
<i>Interest and fees earned / Productive assets</i>				
ASSET LIQUIDITY RATIO	28.0%	30.4%	29.9%	-0.5
<i>(Cash and ordinary current accounts + short-term securities) / Total assets</i>				
CAPITALIZATION RATIO	22.6%	17.2%	17.9%	0.7
<i>Net equity capital / Total assets</i>				

(*) Provisional data

Source : General Secretariat of the WAMU Banking Commission

5.3.3. Prudential status of decentralized financial systems

The prudential status presented below is based on the preliminary data submitted by 205 MFIs subject to Article 44, for the year ending December 31, 2021.

5.3.3.1. Prudential standards

❖ Capitalization standard

The capitalization standard, determined by the ratio of equity to total assets, is intended to guarantee a minimum level of solvency for the institution with respect to its commitments. The threshold was set at a minimum of 15%.

Equity capital of MFIs subject to Article 44 stood at 457.3 billion at the end of 2021. The risks borne by these institutions amounted to 2,169.0 billion. As a result, the capitalization standard stood at 15.5%, compared with 19.6% a year earlier, just above the minimum regulatory threshold of 15%.

Table 31 : Breakdown of large MFIs according to the capitalization standard threshold

Range	Number of MFIs	Share of total assets	Share of risks borne
≥ 15%	109	60.1%	74.9%
< 15%	96	39.9%	25.1%
TOTAL	205	100%	100%

Source : General Secretariat of the WAMU Banking Commission

By country, the capitalization ratio was as follows :

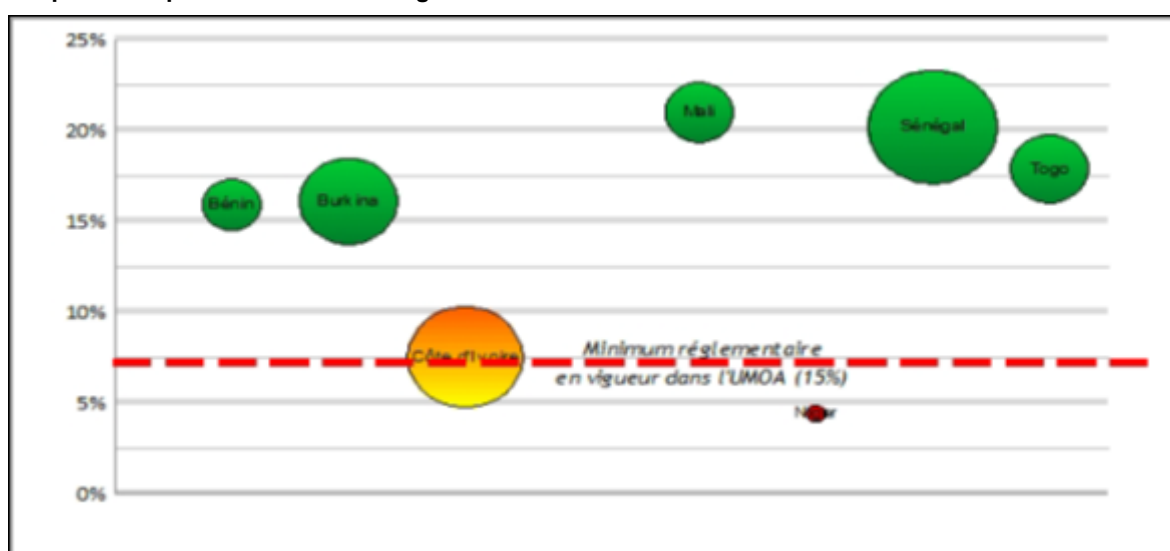
Table 32 : Capitalization ratio of large MFIs

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
15.9%	16.1%	7.5%	-	21.0%	4.4%	20.2%	17.9%	15.5%

Source : General Secretariat of the WAMU Banking Commission

In the Union as a whole, 109 MFIs subject to Article 44 met this standard, compared with 114 in 2020. They accounted for 60.1% of banking assets and 74.9% of risks borne.

Graph 32 : Capitalization ratio of large MFIs based on assets



The size of the circles reflects the volume of risks borne

Source : General Secretariat of the WAMU Banking Commission

❖ **Limitation of risks**

The risks to which a large MFI is exposed may not exceed twice the amount of its internal and external resources. Thus, the standard to be met is a maximum of 200%.

Two hundred and one MFIs subject to Article 44, representing 98.9% of assets and 99.8% of risks, were in compliance with the ratio as at December 31, 2021, compared with 180 one year prior.

❖ **Coverage of medium- and long-term uses with stable resources**

Large MFIs must finance all of their fixed assets and other medium- and long-term uses with stable resources to prevent excessive transformation of their demand or short-term resources into medium- or long-term assets. The minimum standard has been set at 100%.

The residual maturity, or time remaining before maturity, used to calculate the ratio was more than twelve months.

At the end of the period under review, 128 MFIs subject to Article 44, representing 67.3% of assets and 98.8% of risks, were in compliance with this requirement, compared with 95 in 2020.

❖ **Limitation of loans to corporate officers, staff and related parties**

In order to prevent the risk of concentration of loans and commitments by signature for MFI corporate officers and staff, the percentage of resources that can be allocated for the purpose was set, in accordance with the provisions of Article 35 of the Act regulating DFSSs, by the ratio of "limitation of loans and commitments by signature to corporate officers and staff", at 10% of equity capital.

This ratio also serves to control the uses of loans granted to executives.

The number of institutions subject to Article 44 that were in compliance with the standard stood at 162 at the end of December 2021, compared with 123 in 2020. They accounted for 89.8% of assets and 90.1% of risks borne.

❖ **Limitation of risks taken on a single signature**

Risks taken on a single signature were limited to 10% of equity capital. These are defined as outstanding loans granted as well as financing and guarantee commitments to members, beneficiaries and customers.

A single signature shall be understood to mean any natural or legal person acting in their own name and/or on behalf of another organization over which they have, directly or indirectly, a controlling interest, including exclusive or joint control or significant influence, as defined in the specific accounting standards applicable to MFIs.

One hundred and seventy-eight MFIs subject to Article 44, representing 91.7% of assets and 91.9% of risks carried, were in compliance with this requirement, compared with 142 in 2020.

❖ **Liquidity ratio**

The liquidity standard measures the institution's ability to meet its current liabilities, i.e., to honor its short-term commitments (maximum 3 months) with its short-term resources in the form of realizable and available assets.

In order to determine the liquidity ratio, three cases are to be distinguished :

- for non-affiliated mutual or cooperative savings and loan institutions and other deposit-taking MFIs (associations, limited companies, limited liability companies), the standard to be met was set at a minimum of 100%,
- for affiliated mutual or cooperative savings and loan institutions, the standard to be met was set at a minimum of 80%, and
- for other MFIs that do not collect deposits, the minimum standard met was set at 60%.

The number of institutions subject to Article 44 that were in compliance with the standard stood at 95 at the end of December 2021, compared with 78 in 2020. They accounted for 69.6% of assets and 79.5% of risks borne.

❖ **Limitation of operations other than savings and loan activities**

Any activity not included in the scope of savings and loan operations as set forth in paragraphs 1 and 2 of Article 4 of the Act regulating DFSs is considered to be an operation other than savings and loan activities.

The standard to be met is a maximum of 5%.

This ratio was met by 201 entities as at December 31, 2021 (compared with 178 in 2020), representing 98.0% of assets and 98.7% of risks borne.

❖ **Limitation of equity investments**

This standard limits the holdings that large MFIs may acquire in companies to 25% of their equity capital.

At the end of 2021, 193 entities, compared with 171 in 2020, representing 92.1% of assets and 91.3% of risks, had complied with this requirement.

5.3.3.2. Overview of the prudential status of MFIs subject to Article 44

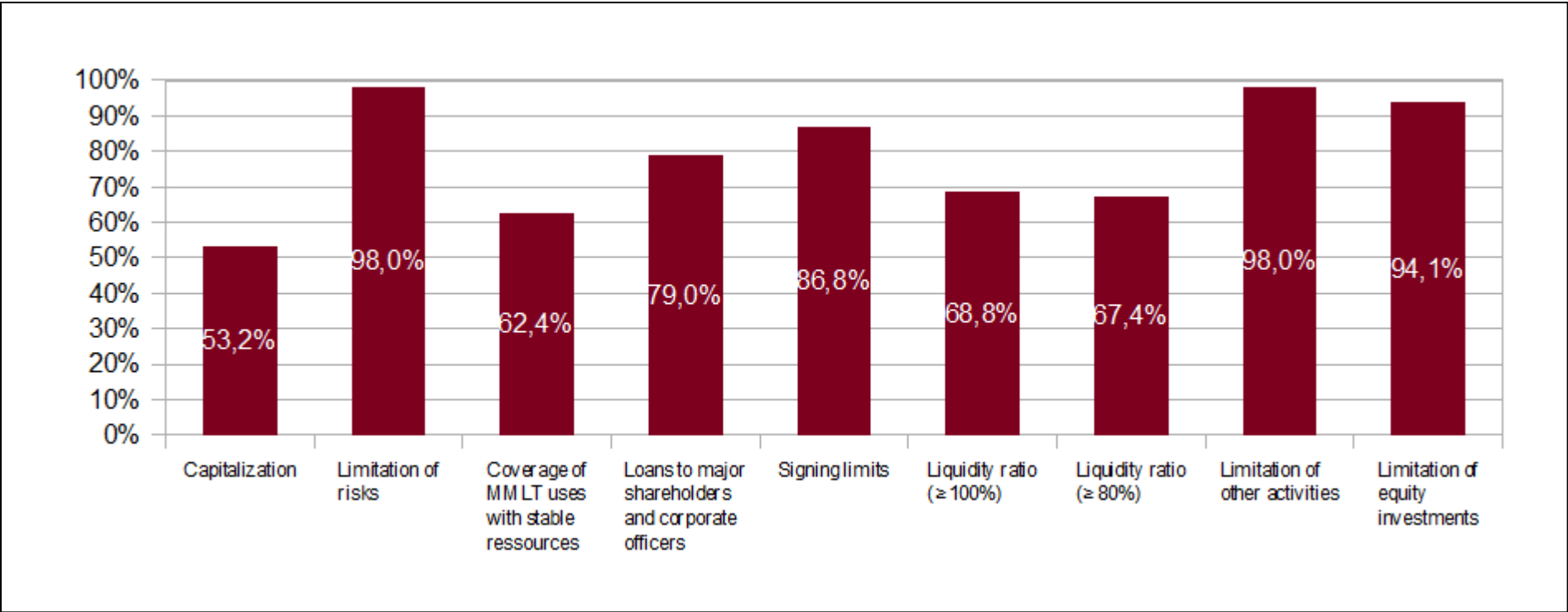
The table and graph below present a holistic overview of compliance with the prudential requirements by MFIs subject to Article 44 at the end of 2021.

Table 33 : Number of MFIs subject to Article 44 in compliance with the prudential requirements by country as at December 31, 2021

Country (Number of large MFIs)	Capitalization	Limitation of risks	Coverage of MMLT uses with stable resources	Loans to major shareholders and corporate officers	Signing limits	Liquidity ratio		Limitation of other activities	Limitation of equity investments
						≥ 100%	≥ 80%		
Benin (24)	13	22	20	22	24	7	3	24	24
Burkina Faso (39)	24	37	26	23	32	7	11	36	37
Côte d'Ivoire (35)	7	35	11	32	31	10	19	35	35
Guinea-Bissau (0)	-	-	-	-	-	-	-	-	-
Mali (17)	13	18	14	18	16	5	11	17	16
Niger (3)	1	3	2	3	3	1	0	3	2
Senegal (52)	30	56	48	41	46	4	49	56	52
Togo (28)	21	30	7	23	26	10	2	30	27
Number of large MFIs : 205	109	201	128	162	178	44	95	201	193
WAMU	53.2%	98.0%	62.4%	79.0%	86.8%	68.8%	67.4%	98.0%	94.1%

Source : General Secretariat of the WAMU Banking Commission

Graph 33 : Percentage of MFIs in compliance with prudential requirements as at December 31, 2021



Source : General Secretariat of the WAMU Banking Commission

5.4. ELECTRONIC MONEY SECTOR

The e-money issuance activity continued to grow in the Union, reflecting line with the attractiveness of mobile-telephone based financial services and the penetration rate of mobile phones.

As at December 31, 2021, there was a total of 40 institutions offering e-money services to their customers in the Union, compared with 43 at the end of 2020. These institutions were as follows :

- 26 banks in partnership with telecommunications operators,
- 13 electronic money institutions (EMIs), and
- one (1) Decentralized Financial System (MFI).

Table 34 : Institutions offering electronic money services as at December 31, 2021

Country	Partnerships between banks and telecommunications operators	Electronic money institutions (EMIs)	Decentralized financial systems (MFIs)	TOTAL
Benin	-	2	-	2
Burkina Faso	3	1	-	4
Côte d'Ivoire	5	7	1	13
Guinea-Bissau	2	-	-	2
Mali	3	1	-	4
Niger	3	-	-	3
Senegal	5	2	-	7
Togo	5	-	-	5
Total	26	13	1	40

Source : General Secretariat of the WAMU Banking Commission

Under the terms of its remit, the Banking Commission supervises EMIs. It thereby contributes to the preservation of the stability of the financial system, the protection of customer funds and the promotion of financial inclusion.

5.4.1. Landscape of licensed electronic money institutions

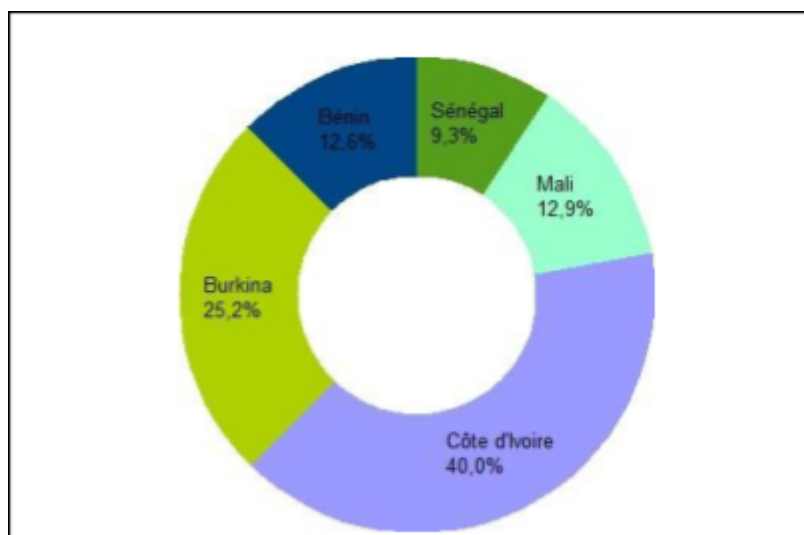
As at December 31, 2021, the EMI landscape comprised 13 licensed institutions, compared with 12 a year earlier, due to the license granted to Moov Bénin. As shown in Table 34 above, these institutions are spread across five (5) WAMU countries.

5.4.2. Activities of licensed electronic money institutions

The preliminary statistical data analyzed covered ten EMIs in operation out of the thirteen licensed EMIs, i.e., 76.9% of the total. Three of the EMIs authorized in Côte d'Ivoire had not begun operations by December 31, 2021.

Based on the preliminary data collected as at December 31, 2021, the outstanding e-money issued by these entities stood at 655.2 billion, compared with 568.1 billion definitively in 2020, representing an annual increase of 15.3%. This is covered by funds held by EMIs in accounts opened with credit institutions in the Union.

Graph No. 34 : Breakdown of outstanding e-money balances by country



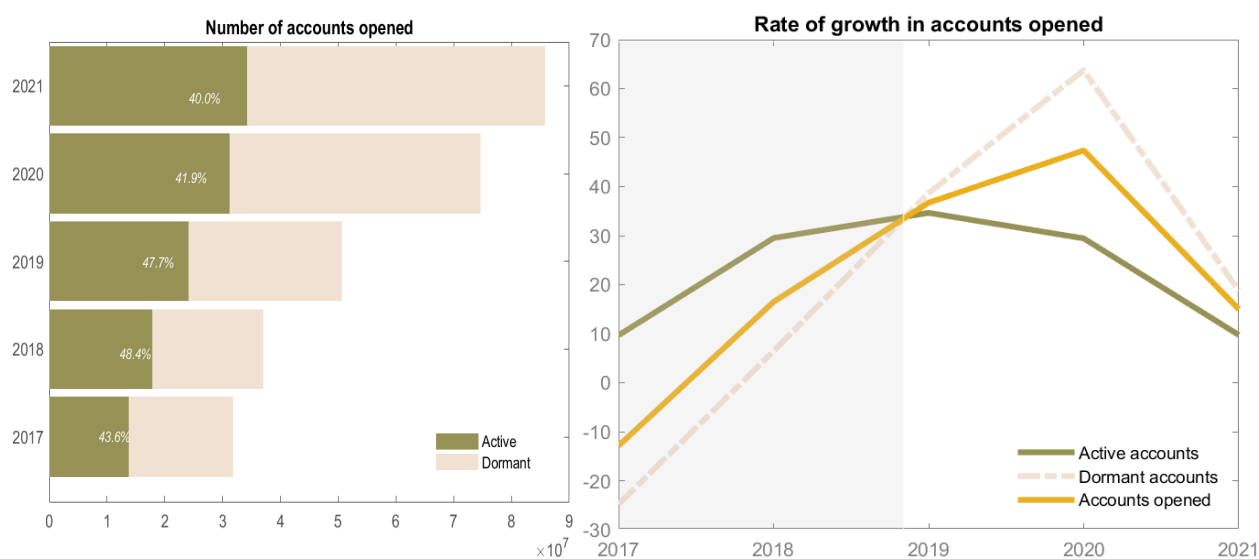
Source : General Secretariat of the WAMU Banking Commission

5.4.2.1. Volume indicators

The number of e-money accounts opened with EMLs in the Union stood at 85,745,951 in 2021, compared with 74,573,261 at the end of 2020, representing an annual increase of 15.0% compared with 47.4% a year earlier. The number of users continued to grow, but at a lower rate than in 2020.

The percentage of active accounts²⁸ fell slightly to 40.0% from 41.9% the previous year.

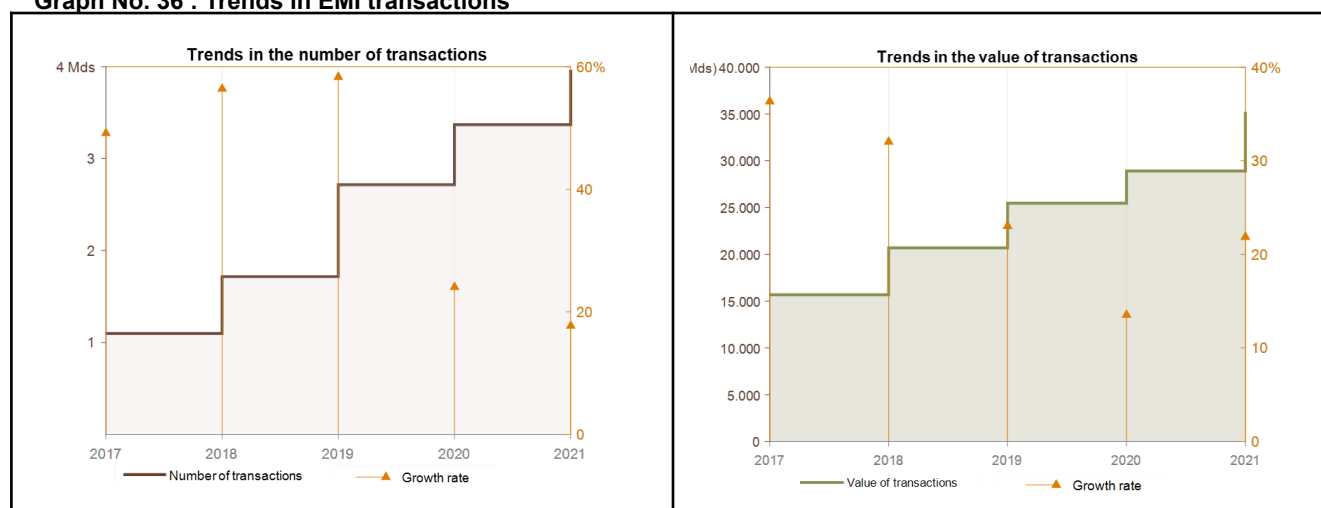
Graph No. 35 : Number of accounts opened with EMLs as at December 31, 2021



Source : General Secretariat of the WAMU Banking Commission

²⁸ Accounts that have carried out at least one transaction over the last 90 days.

Graph No. 36 : Trends in EMI transactions



Source : General Secretariat of the WAMU Banking Commission

Cumulative mobile telephone-based transactions through EMIs increased by 21.9% during the period under review, reaching 35,241.5 billion at the end of 2021, compared with 28,916.9 billion a year earlier.

The number of transactions increased by 17.7% year on year to 3,965,258,082 over the period under review, compared with 3,368,390,898 transactions in 2020.

5.4.2.2. Distribution indicators

The EMI distribution network consisted of 787,814 points of service as at December 31, 2021, up 13.6% over the year. It is made up of Automated Teller Machines (ATMs), sub-distributors and agents.

Table 35 : EMI distribution network between 2019 and 2021

Networks	2019	2020	2021
ATM (a)	76	78	78
Sub-distributors (c)	222 380	373 622	429 322
Distribution agents (d)	168 920	319 287	358 205
Service points (a+b+c+d)	439 585	693 197	787 814
Active service points (at least one transaction over the last 90 days)	276 840	463 301	413 477

Source : General Secretariat of the WAMU Banking Commission

5.4.2.3. Indicators of growth in financial services via cell phone

E-wallet top-ups²⁹, cash withdrawals, person-to-person transfers and telephone top-ups continued to dominate. In terms of volume and value, they respectively represented 78.5% and 87.0% of total transactions in 2021, versus 79.1% and 88.5% the previous year.

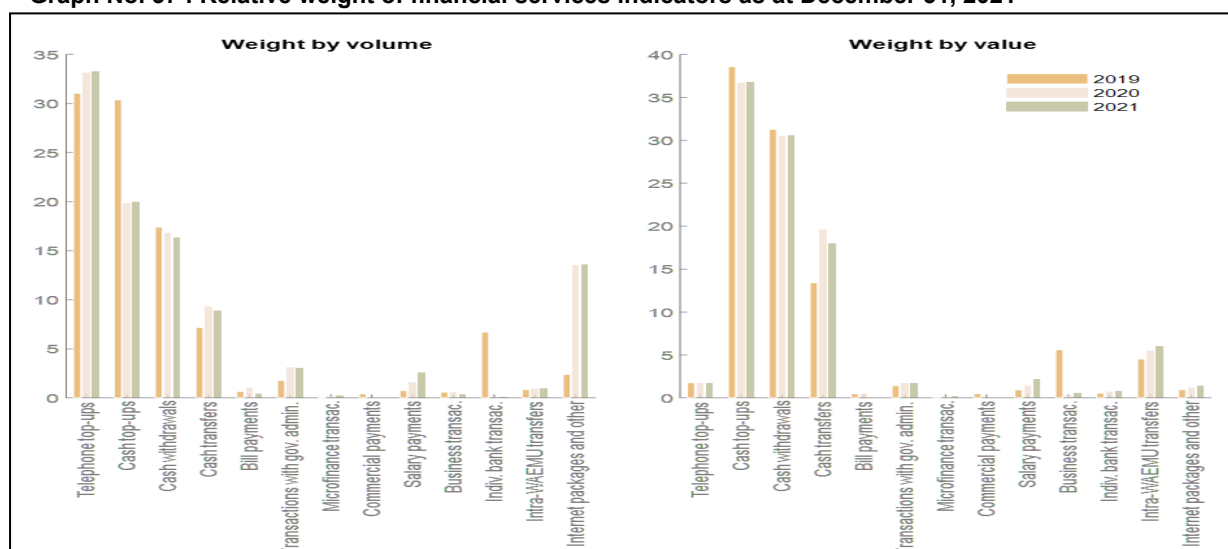
The number of cross-border transfers between the countries of the Union increased by 28.5% year over year in 2021 to total 38,624,426. The value of these transactions increased by 34.2%, from 1,583.9 billion in 2020 to 2,125.0 billion by the end of 2021.

²⁹ Deposits of money into electronic wallets.

During the period under review, payments made from electronic wallets included, in descending order, the following types of transactions :

- cash top-ups (12,957.3 billion; 36.8%),
- cash withdrawals (10,776.5 billion; 30.6%),
- cash transfers (6,336.4 billion; 18.0%),
- intra-WAEMU transfers (2,125.0 billion; 6.0%),
- salary payments (763.6 billion; 2.2%),
- telephone top-ups (603.5 billion; 1.7%),
- transactions with government administrations (602.4 billion; 1.7%),
- remittances from individual bank accounts (282.7 billion; 0.8%),
- inter-company transfers (200.4 billion; 0.6%),
- bill payments (19.0 billion; 0.1%),
- merchant payments (6.2 billion; 0.0%), and
- other services³⁰ (574.6 billion; 1.6%).

Graph No. 37 : Relative weight of financial services indicators as at December 31, 2021



Source : General Secretariat of the WAMU Banking Commission

5.4.3. Prudential status of licensed EMIs

The prudential status of EMIs at the end of December 2021 was as follows, based on preliminary data received from the ten banks in operation.

5.4.3.1. Prudential standards

Coverage ratio

This ratio requires each electronic money institution to cover at least 3.0% of its outstanding electronic money with its own capital. Seven of the ten EMIs met this requirement, with a Union-wide coverage rate of 6.5%, compared with 11.3% in 2020.

Hedge ratio

The hedge ratio is the ratio of the value of financial investments associated with e-money and demand deposits to the outstanding amount of e-money. This indicator stood at 82.5%, for a minimum standard of 100%, compared with 82.4% in 2020. Six of the ten EMIs were in compliance with this requirement.

³⁰ Merchant payments, transactions with microfinance institutions, teller transfers, Internet packages, etc.

Investment ratio

This standard limits the value of financial investments linked to e-money to 25% of outstanding e-money. Six of the ten EMIs were in compliance with this ratio, which stands at 45.4% versus 44.5% in 2020.

5.4.3.2. Overview of prudential status

The table below presents an overview of compliance of active EMIs with the prudential requirements as at December 31, 2021.

Table 36 : Prudential status of EMIs as at December 31, 2021

Country	Number of EMIs in compliance with the standard		
	Coverage ratio (≥ 3%)	Hedge ratio (≥ 100%)	Investment ratio (≤ 25%)
Benin (2)	0	0	1
Burkina Faso (1)	0	1	1
Côte d'Ivoire (4)	4	3	2
Guinea-Bissau (0)	-	-	-
Mali (1)	1	1	0
Niger (0)	-	-	-
Senegal (2)	2	1	2
Togo (0)	-	-	-
Total (10)	7	6	6

Source : General Secretariat of the WAMU Banking Commission

BOX 4 : EMI activities and the health crisis

Over the past few years, business associated with electronic money institutions has grown steadily in WAMU, at a varying pace and with different characteristics, depending on the nature or purpose of the transaction. Although the health crisis linked to COVID-19 has limited certain types of transactions, it has made a significant contribution to changes in consumer habits in the e-money sector.

The number of e-money users continued to rise, as it has in recent years, reaching a growth peak in 2020, with the number of accounts opened growing by around 50%, compared with 37% in 2019.

In 2020, 24 million new users opened e-money accounts, around 5 times more than in 2018, when the number of new accounts stood at 5 million. The upward trend continued in 2021, but at a slower pace (15%).

The increased interest in digital currency was directly linked to the lockdown and social distancing measures implemented by the Union's countries in response to the pandemic. To navigate the restrictions on travel and physical interactions, populations had to adjust their payment methods in favor of solutions focused on digital transactions.

As a result, a number of transactions witnessed substantial growth. For instance, transactions with microfinance institutions increased eighteenfold between 2019 and 2020, and continued into 2021 with a 65% rise, while the amounts exchanged also increased, nearing a level 20% higher than in 2019 and 76% respectively in 2021. This trend highlights the growing role of financing by microfinance institutions, in particular against a backdrop of health crises and falling incomes.

Transfers linked to internet packages also exhibited remarkable growth, with transactions in 2020 outnumbering those in 2019 by 7 times, and the amounts exchanged increasing by 38%. Teleworking and the multiplication of exchanges through dedicated platforms contributed to a significant rise in internet package purchases, with transactions escalating from 64 to 456 million, and the amount exchanged increasing by 40%.

Similarly, transactions related to e-money payments of wages and bills showed robust growth in 2020. However, while wage payments continued to grow in both volume and value in 2021, consumers began to prefer alternative channels for settling bills from 2021 onward. Consequently, both the number of transactions and the amount involved in bill payments declined in 2021.

On the flip side, several types of transactions appeared to experience a decline in popularity, especially those associated with cash-related activities such as cash top-ups and withdrawals. The private sector also saw a significant decrease in transactions due to the shutdown of certain industries and travel restrictions. As a result, commercial payments and transactions by private companies were down in both volume and value.

Overall, the number of transactions increased by 24% in 2020, with the amount exchanged up 14% compared to 2019. The trend continued in 2021, with an 18% increase in transaction volume and a 22% rise in traded value.

In any case, the health crisis provided an opportunity for certain entities to strengthen their role in financing the economy, as evidenced by the increased transactions with microfinance institutions in both 2020 and 2021. It also revealed solidarity within each state, evident in the rise of person-to-person transfers in 2020, and at the Union level, with intra-UEMOA transfers steadily increasing by 30% in 2020 and 2021.

Finally, the creation of new e-money accounts and the diversity of e-money transactions have improved people's access to a financial tool adapted to their needs and realities. Although, in the light of the growing number of dormant accounts, the use of these accounts is still intermittent in six cases out of ten, e-money remains a means of limiting the financial exclusion of populations.

APPENDICES