



2022 ANNUAL REPORT OF THE WAMU BANKING COMMISSION

(Translated from the original French)

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MEMBERS OF THE SUPERVISORY COLLEGE AS AT DECEMBER 31, 2022

MEMBERS OF THE RESOLUTION COLLEGE AS AT DECEMBER 31, 2022

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The President,

In 2022, the West African Monetary Union (WAMU) Member States maintained their economic vitality despite challenging global conditions and ongoing security issues, especially in the Sahel countries. As a result, the gross domestic product (GDP) of WAMU Member States increased by 5.9% compared with 6.1% in 2021.

However, the investment rate stood at 7.4% versus 3.6% a year earlier. Thus, to mitigate inflationary pressures, the Monetary Policy Committee (CPM) of the Central Bank of West African States (BCEAO) implemented three 25-basis-point increases in the key interest rates of the Bank.

Against this backdrop, the WAMU banking sector remained solid and continued to develop, providing more funding for the economies of the member countries. From a prudential perspective, the resilience of the banking system and large microfinance institutions (MFIs) was strengthened, with solvency ratios above their 2021 levels and exceeding the minimum standards in force. However, as in previous years, credit institutions turned to Central Bank refinancing to manage their cash shortfall, which further escalated.

With regard to oversight, the Banking Commission maintained its focus on guaranteeing the stability and security of the banking system. In addition, the Commission focused on monitoring and mitigating anti-money laundering and terrorist financing (AML/CFT) risks. To this end, the supervisory and crisis resolution body drew up an AML/CFT risk map for the institutions subject to its supervision, based on the findings of national risk assessments carried out in the Member States. It also increased the number of its thematic AML/CFT checks and imposed disciplinary and financial sanctions on institutions whose mechanisms were found to be defective. These measures were implemented to enhance compliance and efficiency within the AML/CFT risk oversight requirements.

In the area of crisis prevention, the Banking Commission continued to validate preventive recovery plans for systemically important banking institutions (SIBIs), and to prepare and adopt the corresponding resolution plans. The resolution mechanism is designed to mitigate the consequences of potential bank failures and protect depositors.

In addition, actions were taken to strengthen the credit institutions' operating requirements and to improve compliance with the regulatory requirements. In this regard, the focus for 2023 should be on reviewing specific aspects of prudential regulation and finalizing the revision of various legislative and regulatory instruments. In this respect, it is important to highlight the uniform laws governing WAMU banks and decentralized financial systems, the anti-money laundering act, terrorist financing and the proliferation of weapons of mass destruction (AML/CFT/PF), and the Banking Commission Convention and its appendix.

Faced with the uncertainties of the economic and financial environment, the regulated institutions are urged not only to develop a stronger risk culture, but also to strengthen their capital base, in order to increase their capacity to respond effectively and absorb potential shocks. The consolidation of their resilience will depend upon these measures.

Jean-Claude Kassi Brou

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

President :



Jean-Claude Kassi Brou
Governor of the BCEAO

MEMBERS REPRESENTING THE STATES

MEMBERS APPOINTED BY THE COUNCIL OF MINISTERS

<p>BENIN</p>	 <p>Mr. Clément Yaovi Aziagnikouda</p> <hr/> <p><i>Director of Monetary and Financial Affairs at the Ministry of the Economy and Finance of Benin</i></p>	 <p>Mr. Epiphane Adjovi</p> <hr/> <p><i>Economist</i></p>
<p>BURKINA FASO</p>	 <p>Mr. Célestin Santéré Sanon</p> <hr/> <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</p> <hr/> <p><i>Jurist</i></p>
<p>COTE D'IVOIRE</p>	 <p>Mr. Konan Jacques Assahoré</p> <hr/> <p><i>Treasury Director at the General Directorate of the Treasury and Public Accounts, Ministry of the Economy and Finance of Côte d'Ivoire</i></p>	 <p>Mrs. Kra Aménan Pélagie Theoua-N'Dri</p> <hr/> <p><i>Associate Professor of Public Law</i></p>
<p>GUINEA-BISSAU</p>	 <p>Ms. Maria Bona Ganó Só</p> <hr/> <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</p> <hr/> <p><i>Jurist</i></p>

MEMBERS REPRESENTING THE STATES

MEMBERS APPOINTED BY THE COUNCIL OF
MINISTERS

MALI	 <p>Mr. Boubacar Ben Bouillé</p> <hr/> <p><i>National Director of Treasury and Public Accounting at the Ministry of the Economy and Finance of Mali</i></p>	 <p>Mr. Boubacar TOURE</p> <hr/> <p><i>Financial and Accounting Auditor</i></p>
NIGER	 <p>Mr. Ibrahim Sofo Magagi</p> <hr/> <p><i>Director of Currency, Credit and Savings at the Ministry of Finance of Niger</i></p>	 <p>Mr. Zouladaïni Malam Gata</p> <hr/> <p><i>Public Financial Inspector</i></p>
SENEGAL	 <p>Mr. Boubacar Touré</p> <hr/> <p><i>Director of Currency and Credit at the Ministry of Finance and Budget of Senegal</i></p>	 <p>Mr. Amadou Sadickh Diop</p> <hr/> <p><i>Economist</i></p>
TOGO	 <p>Mr. Elonyo Emegnimo</p> <hr/> <p><i>Deputy National Director of Treasury and Public Accounting at the Ministry of the Economy and Finance of Togo</i></p>	 <p>Mr. Afanou Kodjo Théophile Locoh</p> <hr/> <p><i>Corporate Director</i></p>

GENERAL SECRETARIAT



Mr. Antoine Traoré
Secretary General of the Banking Commission

President :



Jean-Claude Kassi Brou
Governor of the BCEAO

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



Mr. Elonyo Emegnimo
Deputy National Director of Treasury and Public Accounting at the Ministry of the Economy and Finance of Togo

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

GENERAL SECRETARIAT



Mr. Antoine Traoré
Secretary General of the Banking Commission

NB : 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 2022

February 13-18

36th Technical Commission and Plenary Meetings of the Intergovernmental Action Group against Money Laundering in West Africa (GIABA)

February 21-24

41st Meeting of the College of Supervisors of the West African Monetary Zone (CSWAMZ)

March 15

127th Session of the Supervisory College of the WAMU Banking Commission

March 18

Ordinary session of the West African Monetary Union Council of Ministers

April 18-24

Spring meeting of the Bretton Woods Institutions

May 11

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

May 29 to June 3

37th meeting of the GIABA Technical Commission / Plenary session

June 3

BCEAO - Bank for International Settlements (BIS) webinar on cybersecurity

June 9

21st Ordinary session of the WAMU Financial Stability Committee (WAMU-FSC)

June 20

128th Session of the Supervisory College of the WAMU Banking Commission

June 24

Ordinary session of the West African Monetary Union Council of Ministers

July 18-21

GIABA Summit on compliance with Anti-Money Laundering and Combating Financing of Terrorism (AML/CFT) standards in West Africa

July 28

Meeting between the SGCB and the World Bank as part of the evaluation of the action plan to strengthen AML/CFT in WAEMU

August 4

Meeting between the President of the WAMU Banking Commission and the Federation of Professional Associations of Banks and Financial Institutions of WAEMU (FAPBEF-UEMOA)

August 5

129th Session of the Supervisory College of the WAMU Banking Commission

August 15-18

42nd Meeting of the College of Supervisors of the West African Monetary Zone

September 1

Follow-up meeting of the 2021-2022 BCEAO - Banque de France Cooperation Plan

September 20

130th Session of the Supervisory College of the WAMU Banking Commission

September 30

Ordinary session of the West African Monetary Union Council of Ministers

October 10-16

Annual meetings of the IMF and the World Bank in Washington

October 13

8th meeting of the ORAGROUP College of Supervisors

October 26 and 27

8th meeting of the Ecobank Group's College of Supervisors

November 14

Meeting of the Francophone Banking Supervisors Group (GSBF)

November 16

7th meeting between the SGCB and the general managers of credit institutions and financial holding companies and their statutory auditors

November 17

2nd meeting between the SGCB and key MFI managers and their statutory auditors

November 21 and 25

43rd Meeting of the College of Supervisors of the West African Monetary Zone

November 24 and 25

Annual Meeting of the Committee of Banking Supervisors of West and Central Africa (CSBAOC)

November 24- 25

Celebration of the 60th anniversary of WAMU and inauguration of the new Governor of the BCEAO

November 28 to December 2

38th Meeting of the GIABA Technical/Plenary Commission and Working Groups

December 2

Extraordinary session of the WAMU Council of Ministers

December 13

131st session of the Supervisory College of the WAMU Banking Commission

December 14

6th Meeting of the Resolution College of the WAMU Banking Commission

December 15

22nd ordinary session of the WAMU-FSC

December 19

Ordinary session of the West African Monetary Union Council of Ministers

KEY FIGURES IN 2022

A. CREDIT INSTITUTIONS AND FINANCIAL HOLDING COMPANIES

A.1. Trends in the banking landscape in WAMU

WAMU	2020	2021	2022	Relative change 2022/2021
Licensed credit institutions (a+b)	152	155	157	1.3%
Banks (a)	131	132	133	0.8%
<i>including branches</i>	21	22	22	0%
Bank-like financial institutions (b)	21	23	24	4.3%
<i>including branches</i>	4	4	5	25%
Credit institutions in operation (*)	149	154	155	0.6%
Majority state-owned credit institutions	19	20	23	15.0%
National Systemically Important Banking Institutions	22	26	28	7.7%
BANKING NETWORK				
Windows (branch offices and outlets)	3,660	3,964	4,857	22.5%
Automated teller machines (ATMs)	3,671	3,532	3,680	4.2%
Number of employees in the banking system	31,862	35,317	36,928	4.6%
Number of customer accounts	14,515,152	18,272,955	19,670,761	7.6%
BANKING GROUPS AND FINANCIAL HOLDING COMPANIES				
Banking groups operating in WAMU	32	34	34	0%
Financial holding companies operating in the WAMU Union	17	19	19	0%
<i>including head office financial companies</i>	13	15	15	0%
<i>Intermediate financial holding companies</i>	4	4	4	0%
Regional Systemically Important Banking Institutions	6	6	6	0%

(*) Including branch offices

Source : General Secretariat of the WAMU Banking Commission

A.2. Activity indicators of credit institutions

Amounts in billions of CFA F

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Balance sheet total	47,268.9	54,957.8	64,306.7	17.0%
Credit	24,555.3	27,454.0	32,881.9	19.8%
Other banking assets	16,579.7	19,278.9	23,416.0	21.5%
Deposits and borrowings	32,672.3	38,906.2	43,849.7	12.7%
Net equity	4,103.0	4,711.4	5,493.0	16.6%
Other resources	1,509.2	1,654.4	1,999.2	20.8%
Net banking income	2,349.9	2,610.6	2,981.5	14.2%
Gross operating income	924.9	1,134.6	1,324.9	16.8%
Net result	477.2	734.4	921.8	25.5%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.3. Key ratios of credit institutions

Amounts in billions of CFA F

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Gross portfolio deterioration rate	11.6%	10.6%	8.4%	-2.2
Net portfolio deterioration rate	4.3%	4.1%	2.9%	-1.2
Ratio of coverage of overdue loans	66.1%	63.5%	67.0%	3.5
Aggregate margin	5.2%	4.8%	4.8%	0.0
Return on equity (ROE)	11.6%	15.6%	16.8%	1.2
Return on assets (ROA)	1.0%	1.3%	1.4%	0.1
Net cost-to-income ratio	65.1%	61.6%	59.3%	-2.4

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.4. Key prudential solvency indicators of credit institutions

Amounts in billions of CFA F

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Actual shareholders' equity (ASE)	3,284.0	3,697.4	4,334.6	17.2%
Risk-weighted assets (RWA)	26,473.5	29,361.8	32,624.5	11.1%
Total solvency ratio	12.4%	12.6%	13.3%	0.7
Requirements (≥)	10.375%	10.375%	11.25%	-
Leverage ratio (≥ 3%)	6.4%	6.4%	6.3%	-0.1

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

A.5. Financial company activity indicators

Amounts in billions of CFA F

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Balance sheet total	32,621.8	43,760.8	50,898.9	16.3%
Loans and advances to customers	14,394.1	19,187.7	23,007.7	19.9%
Customer deposits	21,894.8	30,300.7	34,938.2	15.3%
Equity capital	2,491.8	3,419.0	3,878.8	13.4%
Net banking income	1,884.2	2,276.7	2,770.3	21.7%
Net result	197.2	555.3	529.1	-4.7%
including the share of the Group	93.4	417.6	373.0	-10.7%
Minority interests	103.8	137.7	156.2	13.4%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

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

Amounts in billions of CFA F

WAMU	2020	2021	2022	Relative change 2022/2021
Actual shareholders' equity	2,302.8	2,859.0	1,952.2	-31.7%
Risk-weighted assets	18,913.1	22,256.3	16,066.0	-27.8%
Solvency ratio	12.2%	12.8%	12.2%	-0.6
Requirements (≥)	10.375%	10.375%	11.25%	-
Leverage ratio (≥ 3%)	7.0%	6.4%	3.5%	-2.9

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

B. LARGE DECENTRALIZED FINANCIAL SYSTEMS

B.1. Trends in the landscape of MFIs subject to Article 44

WAMU	2020	2021	2022	Relative change 2022/2021
MFIs supervised by the Banking Commission	188	213	236	13.5%
• Networks and Individual Institutions	84	92	104	15.6%
- Companies	27	30	39	30.0%
- Associations	8	12	10	-16.7%
- Networks	24	22	23	-4.2%
- Non-affiliated Mutual or Cooperative Savings and Credit Institutions (IMCEC)	25	28	32	23.1%
• Basic banks affiliated with a network	104	121	132	11.9%

Source : General Secretariat of the WAMU Banking Commission

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

Amounts in billions of CFA F

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Balance sheet total	2,564.2	2,814.3	3,220.3	14.4%
Loans to customers	1,342.0	1,548.4	1,750.2	13.0%
Other banking assets	358.5	336.0	464.4	38.2%
Deposits and borrowings	1,247.7	1,499.3	1,627.7	8.6%
Net equity	440.0	477.7	503.7	5.4%
Other resources	170.9	129.5	239.3	84.8%
Net financial income	247.5	274.2	318.7	16.2%
Net result	8.0	23.1	36.0	55.9%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

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

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Gross portfolio deterioration rate	12.0%	6.4%	5.8%	-0.6
Net portfolio deterioration rate	10.4%	4.7%	4.0%	-0.7
Ratio of coverage of overdue loans	14.6%	26.9%	31.4%	4.5
Profit margin	0.01%	4.0%	6.3%	2.3
Cost-to-income ratio	83.5%	82.4%	77.9%	-4.6

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

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

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Equity capital (in billions of CFA F)	389.2	447.6	437.8	-2.2%
Risks borne (in billions of CFA F)	1,770.8	2,116.8	2,302.5	8.8%
Capitalization ratio ($\geq 15\%$)	19.6%	15.5%	15.8%	0.3
Liquidity ratio ($\geq 100\%$)	100%	107.1%	103.9%	-3.2

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

C. ELECTRONIC MONEY INSTITUTIONS

C.1. Trends in EMI landscape

WAMU	2020	2021	2022	Relative change 2022/2021
Licensed electronic money institutions	12	13	15	15.4%

Source : General Secretariat of the WAMU Banking Commission

C.2. Indicators of EMI activities

WAMU	2020	2021	2022 (*)	Relative change 2022/2021
Number of accounts opened	74,573,261	78,568,620	118,069,093	50.3%
Number of active accounts	31,228,843	32,503,475	46,529,525	43.2%
Number of dormant accounts (**)	43,344,418	46,065,145	71,539,568	55.3%
Number of transactions	3,368,390,898	3,953,857,100	5,378,869,775	36.0%
Value of transactions (in billions of CFA F)	28,916.9	44,260.7	69,796.4	57.7%
Number of service points (ATMs, POS, etc.)	692,987	787,790	1,001,696	27.2%
Number of service points in operation	463,301	555,591	707,325	27.3%

(*) Preliminary figures

Accounts with no transactions over the past 90 days

Source : General Secretariat of the WAMU Banking Commission

C.3. Key prudential indicators of EMIs

WAMU	2020	2021	2022	Relative change 2022/2021
Coverage ratio ($\geq 3\%$)	23.8%	7.5%	4.7%	-2.8
Hedge ratio ($\geq 100\%$)	82.8%	98.5%	92.6%	-5.9
Investment ratio ($\leq 25\%$)	16.9%	46.7%	26.6%	-20.1

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

ABBREVIATIONS AND ACRONYMS

AMF-UMOA :	West African Monetary Union Financial Market Authority
AML/CTF :	Anti-Money Laundering and Counter-Terrorist financing
ATM :	Automated Teller Machine
BCBS :	Basel Committee on Banking Supervision
BCEAO :	Central Bank of West African States
BIS :	Bank for International Settlements
CABS :	Community of African Banking Supervisors
CEMAC :	Central African Economic and Monetary Community
CFA F :	African Financial Community Franc
CLAB :	Anti-Money Laundering Liaison Committee of the Franc Zone
COVID-19 :	Coronavirus Disease of 2019
CSBF :	Banking and Financial Supervision Commission
DFS :	Decentralized Financial System
EMI :	Electronic Money Institution
EU :	European Union
FAPBEF-UEMOA :	Federation of Professional Associations of Banks and Financial Institutions of WAEMU
FGDR-UMOA :	Deposit Guarantee and Resolution Fund of WAMU
GDP :	Gross Domestic Product
GIABA :	Inter-Governmental Action Group against Money Laundering
GSBF :	Francophone Banking Supervisors Group
ICAAP :	Internal Capital Adequacy Assessment Process
IFSB :	Islamic Financial Services Board
IMCEC :	Mutual or Cooperative Savings and Credit Institutions
IMF :	International Monetary Fund
MFI :	Microfinance institution
NBI :	Net banking income
NFI :	Net financial income
NGFS :	Network for Greening the Financial System
PCB :	WAMU Banking Chart of Accounts
PIEAFP :	Internal Equity Adequacy Assessment Process
Pps :	Percentage points
PSPER :	Prudential supervision and risk assessment process
RCSFD :	Specific Accounting Standards for WAMU DFSs
ROTW :	Rest of the world
SADC :	Southern African Development Community
SGCB :	General Secretariat of the WAMU Banking Commission
SIBI :	Systemically Important Banking Institution
SNEC-UMOA :	Rating system for credit institutions in WAMU

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 2022, six ordinary sessions of the Banking Commission of the West African Monetary Union (WAMU) were held, including five meetings of the Supervisory College and one of the Resolution College.

As part of its regular consultations with the banking profession, the Supervisory Authority organized its second meeting with the Managing Directors of large MFIs on November 17, 2022. It also held its annual meeting with the General Managers and Statutory Auditors of credit institutions and financial holding companies, marking the seventh edition of this event. In addition, the General Secretariat of the Banking Commission (SGCB) granted 92 meetings to senior executives of regulated institutions and banking groups, compared with 48 in 2021.

In terms of cross-border supervision of banking groups established in the Union, the SGCB conducted the eighth series of meetings of the Colleges of Supervisors of Oragroup and the Ecobank group. These annual meetings provided an opportunity to discuss the activities and risk profiles of the entities of the said groups.

In addition, the SGCB took part in six video-conference meetings of the colleges of supervisors of foreign banking groups with branches operating in the Union.

In addition, the WAMU Supervisory Authority conducted 77 audit missions in 2022, i.e., a 100% completion rate. These audits involved 43 credit institutions, 1 parent company credit institution, 2 financial holding companies, 3 electronic money institutions and 28 large MFIs.

The SGCB also contributed to the proceedings conducted in preparation for the 21st and 22nd ordinary sessions of the WAMU Financial Stability Committee (WAMU-FSC).

With regard to the situation of the institutions regulated by the WAMU Banking Commission, it should be noted that the banking system operated against a backdrop of slowing global economic activity. The Union's real GDP grew by 5.9% in 2022, down from 6.1% in 2021.

The number of licensed credit institutions in WAMU increased by 2 units to reach 157 by the end of 2022, while the number of banking groups and financial holding companies remained unchanged at 34 and 19 entities respectively.

The Union's banking network continued to expand. The banking system boasted 3,680 automatic teller machines, up 148 units (+4.2%) compared with 2021. 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 7.6%, 4.6%, and 22.5% respectively.

The balance sheet total of operating credit institutions has shown steady growth, reaching 64,306.7 billion¹ in 2022, up 17.0% compared to 2021.

Their net uses² grew by 20.5% reaching 56,297.9 billion. They included 58.4% of loans to customers and 26.0% of investment securities, compared with 58.7% and 26.5% in 2021. The gross and net portfolio deterioration rates contracted to 8.4% and 2.9% respectively in 2022, versus 10.6% and 4.1% a year earlier.

The resources mobilized by the banking sector increased by 18.3% to 51,341.9 billion. Customer deposits and borrowings accounted for 85.4% of this total, up 12.7%. Net equity capital, which accounted for 10.7% of total resources, increased by 781.6 billion, or 16.6%.

Net banking income (NBI) increased by 14.2% to reach 2,981.5 billion in 2022. Gross operating income stood at 1,324.9 billion, up 16.8% compared with 2021. At 921.8 billion, the provisional net income was 25.5% higher than in 2021. The net cost/income ratio dropped from 61.6% in 2021 to 59.3% in 2022.

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

² Net of provisions

The average overall solvency ratio of the Union's credit institutions stood at 13.3% in 2022, above the minimum standard of 11.25% required at the end of 2022, compared with 12.6% in 2021.

The 28 national SIBIs listed in 2022 posted a balance sheet total of 27,434 billion, accounting for 42.7% of the Union's overall banking assets. This figure was 23.8% higher than in 2021.

The gross outstanding loans of national SIBIs increased by 11 billion (+0.9%) to reach 1,254 billion at the end of December 2022. The gross deterioration rate of the domestic SIBI portfolio stood at 8.3% at the end of 2022 compared with 10.2% in 2021, up 1.9 percentage point. The net rate was 2.3% in 2022, compared with 3.0% the previous year.

The 19 financial holding companies in WAMU recorded a balance sheet total of 50,898.9 billion, up 16.3% year over year. Loans and receivables as well as customer deposits with financial holding companies increased in 2022 by 19.9% and 15.3% respectively, compared with 2021, standing at 23,007.7 billion and 34,938.2 billion.

The average overall solvency ratio for the Union's financial holding companies was 12.2% in 2022, compared with 12.8% in 2021, down 0.6 percentage point (pp).

The six regional SIBIs posted a balance sheet total of 37,307 billion, accounting for 73.3% of total financial company assets, up 11.7% on 2021. Their customer loans and receivables and customer deposits stood at 16,614 billion and 26,472 billion respectively, up 16.2% and 11.3% year on year.

The average overall solvency ratio for regional SIBIs stood at 12.8% in 2022, compared with 12.9% in 2021, up 0.1 pp.

Regarding the microfinance sector, the number of decentralized financial systems (DFSs) subject to Article 44 of the DFS regulation Act (networks and individual institutions, as well as basic banks affiliated with networks) supervised by the Banking Commission stood at 236 at the end of 2020, compared with 213 the previous year.

These institutions posted a balance sheet total of 3,220.3 billion, representing a 14.4% increase compared to the end of 2021. Their net uses increased by 17.5%, reaching 2,214.7 billion at the end of 2022. Their resources increased by 12.5% to reach 2,370.7 billion. Their gross and net portfolio deterioration rates stood at 5.8% and 4.0% respectively at the end of 2022, improving by 0.6 and 0.7 pp compared with 2021.

The average capitalization ratio of these DFSs rose to 15.8% in 2022, compared with 15.5% in 2021, as against a minimum standard of 15%.

The number of electronic money institutions (EMIs) rose by 15.4%, reaching 15 in 2022, as against 13 the previous year. The number of new accounts opened totaled 118.1 million, including 39.4% active accounts, compared with 78.6 million at the end of 2021. Transactions carried out via cell phones increased by 57.7% during the period under review, reaching 69,796.4 billion at the end of 2022, compared with 44,260.7 billion a year earlier. The number of transactions increased by 36.0% year over year, reaching 5,378.9 transactions in 2022 versus 3,953.9 transactions in 2021.

Coverage, hedge, and investment ratios stood at 4.7%, 92.6% and 26.6% respectively in 2022, compared with 7.5%, 98.5% and 46.7% in 2021.

Chapter I

PRESENTATION OF THE WAMU BANKING COMMISSION

1.1. ROLES AND RESPONSIBILITIES OF THE WAMU 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 is in charge of protecting 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 Resolution College is responsible for :

- contributing to preserving financial stability,
- ensuring, in conjunction with the Supervisory College, that crisis prevention measures are implemented,
- ensuring 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 holding the Chairmanship of the WAMU Council of Ministers in the Supervisory College,
- the Director of the West African Monetary Union Deposit Guarantee and Resolution Fund (FGDR-UMOA), and
- a member appointed by the WAMU Council of Ministers, on the recommendation of 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.

Besides, 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. Meetings are held on an as-needed basis, either on the initiative of the Chair or upon request by one-third (1/3) of its members. The Supervisory College is convened at least twice a year, while the Resolution College meets at least once annually. Decisions are made by a majority vote, with the President holding the casting vote in the event of a tie.

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 2022, revolved around the following bodies :

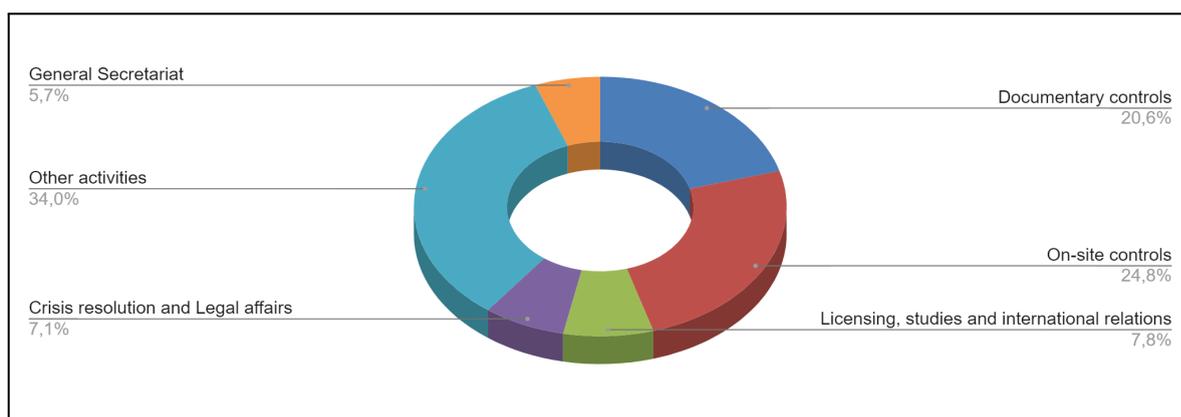
- **Operational Control**, which reports to the Secretary General, is responsible for monitoring the regularity of the operations of the SGCB.
- **the Directorate of Crisis Resolution and Legal Affairs (DRCAJ)** monitors the crisis resolution process and provides legal assistance to all the departments of the SGCB.
- **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 regulated decentralized financial systems (DFSs)³. 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 2022 financial year, the number of staff employed by the General Secretariat stood at 141, compared with 137 at the end of 2021. In addition to the Secretary General and two Deputy Secretaries General, the staff comprised five Directors, ten Heads of Mission with the rank of Director, ninety-one supervisory staff and thirty-one administrative and technical staff.

Banking supervision activities are carried out by DRCAJ, the DERI, DSP, DCPECEME and DCPDFs. Together, these Directorates totaled 85 agents in 2022, i.e., 60.3% of staff, compared with 58.4% in 2021.

Graph 1 : Breakdown of the personnel of the SGCB by type of activity in 2022



Source : General Secretariat of the WAMU Banking Commission

1.2.2. Activities of the General Secretariat

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

1.2.2.1. Prior authorizations

The operations concerned included :

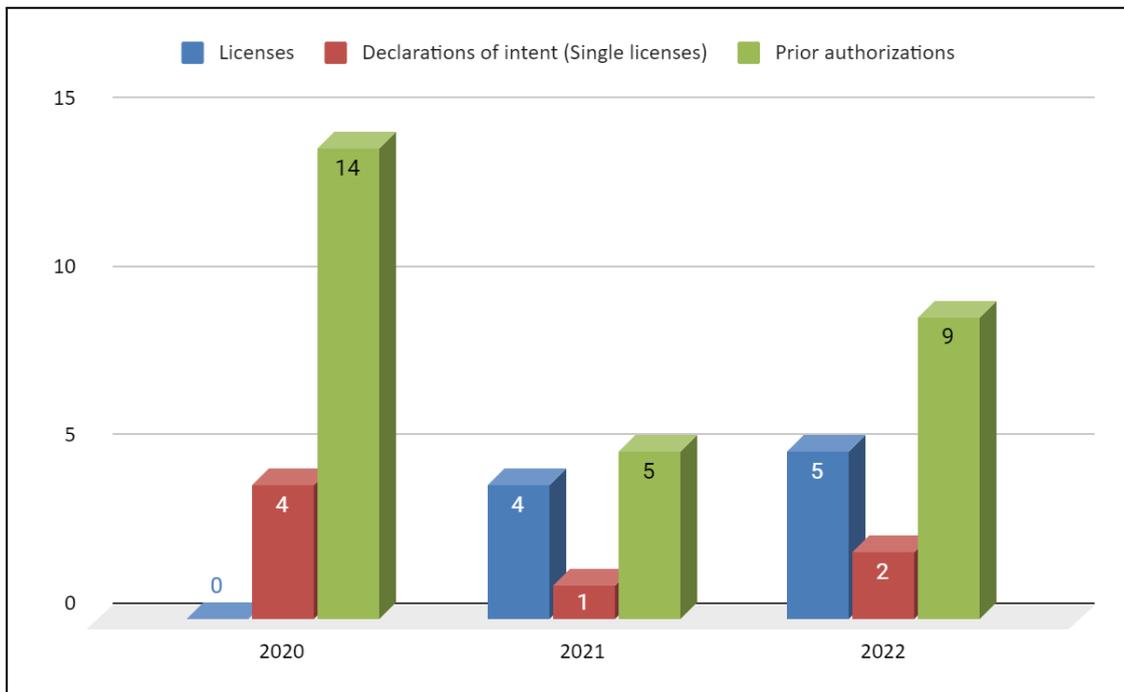
- granting and withdrawal of accreditation,
- declarations of intent to set up branches or subsidiaries,
- acquisition or disposal of equity investments which would result in the interest of any one person, directly or through an intermediary, or of any one group of persons acting jointly, rising above 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,

³ DFSs are microfinance institutions.

- 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 2022, 18 applications were processed in relation to this activity, including six license applications, ten applications for prior authorization and two declarations of intent to set up a branch under a single license.

Graph 2 : Breakdown of licensing and prior authorization applications processed between 2020 and 2022



Source : General Secretariat of the WAMU Banking Commission

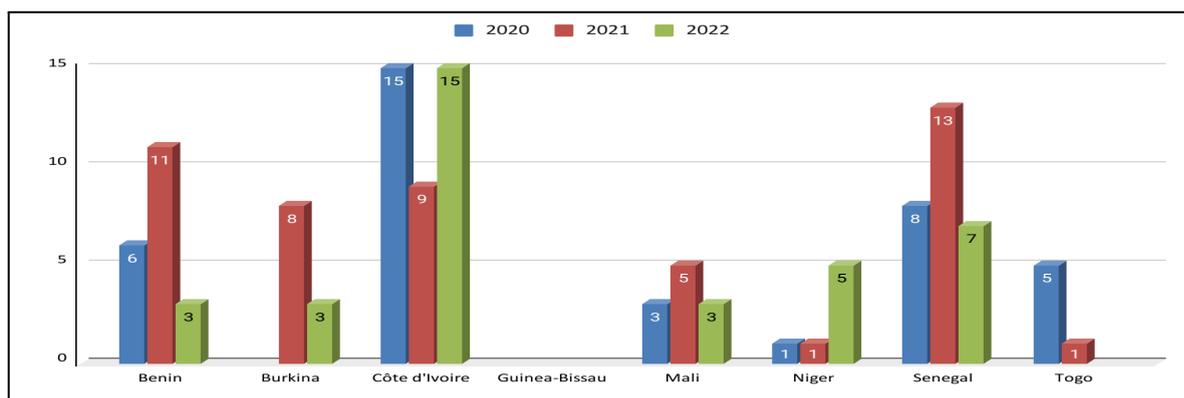
1.2.2.2. Exemptions from the nationality requirement

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 exercise at least one of the aforementioned functions 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.

In 2022, thirty-five exemptions from the nationality requirement were granted to regulated institutions, compared with forty-five in 2021, down 23% year on year.

Graph 3 : Trends in exemptions from the nationality requirement between 2020 and 2022



Source : General Secretariat of the WAMU Banking Commission

1.2.2.3. Document-based audits

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

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

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 in the WAMU Union.

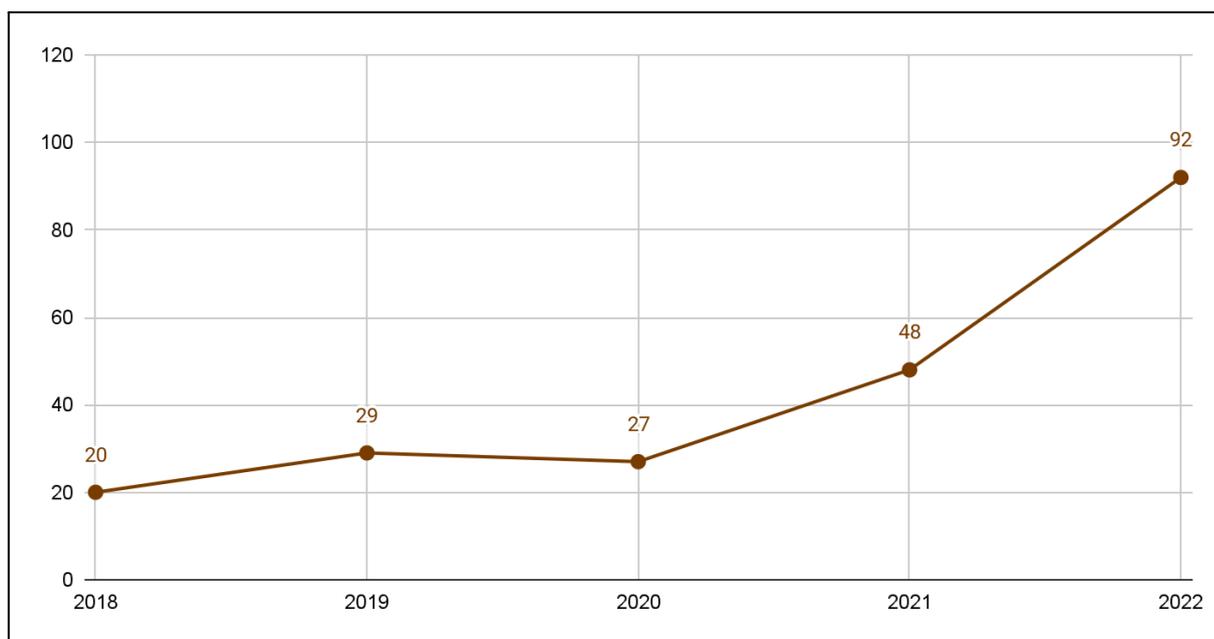
Document-based audits also reveal signs of vulnerability in an institution and may form a basis for appropriate decisions to be made. In this sense, they act as a preventive and early-warning system and can be used to guide on-site audits to improve targeting of investigations.

The Preventive Recovery Plans of eight SIBIs were validated at the August and December 2022 sessions.

The General Secretariat also updated the internal ratings of credit institutions for the 2022 financial year.

Within the requirements of its regular consultations with the banking industry and external partners, the General Secretariat granted 92 meetings to senior executives of regulated institutions and banking groups, compared with 48 in 2021.

Graph 4 : Trends in the number of meetings and working sessions granted to senior executives of regulated institutions and banking groups from 2018 to 2022



Source : General Secretariat of the WAMU Banking Commission

The main objective of these meetings is to assess the risks to which regulated institutions are exposed, as well as their environment and business prospects.

On November 16, 2022, the Supervisory Authority organized the seventh round of annual meetings with the Directors General and the statutory auditors of credit institutions and financial holding companies.

On 17 November 2022, the SGCB also held its second meeting with the Directors General and statutory auditors of the decentralized financial systems.

In its capacity as home Supervisory Authority, the Banking Commission conducted the eighth meetings of the Oragroup and Ecobank colleges of supervisors on October 13 and October 26, 2022 respectively. These meetings, held by videoconference, were part of the implementation of the recommendations of the Basel Committee for effective supervision of cross-border banking groups.

In addition, the SGCB participated in two College of Supervisors meetings organized by the Central Bank of Nigeria (CBN) pertaining to the UBA group on September 5-7, 2022, and to the FBNBank group on September 8-9, 2022. During the year 2022 it also attended three College of Supervisors meetings at the invitation of Bank Al-Maghrib, respectively focusing on BMCE/Bank of Africa (BOA) on November 30, Attijariwafa bank on December 8, and Banque Centrale Populaire (BCP) on December 14.

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 risks to create 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,
- the systemic importance of the institutions,
- 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 are used to supplement document-based 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 savings and loan management, 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.

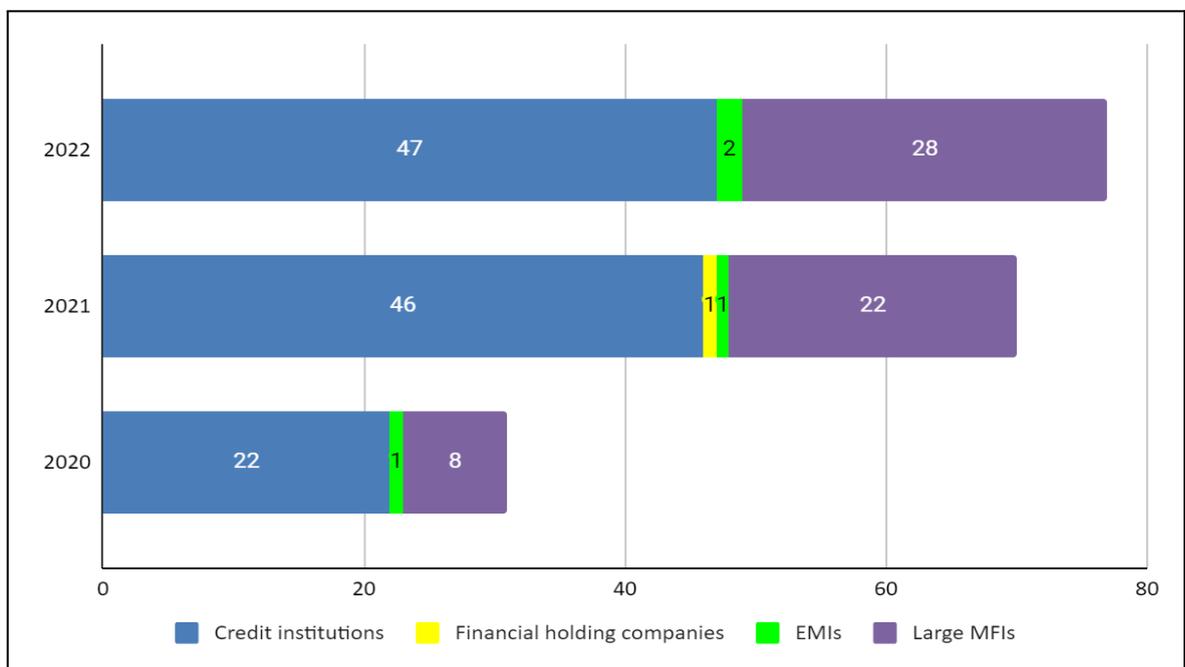
General audits are designed to assess the start-up conditions of newly licensed entities, aiming to assess all areas of a regulated entity’s activities and management. Specific or targeted audits cover a more limited field and focus on a particular risk involving the management or situation of a regulated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

In addition, due diligence was carried out on the implementation of audit recommendations for the institutions concerned.

The audit schedule for 2022 was based on a target of 77 regulated institutions, including 44 credit institutions, one parent credit institution, two financial holding companies three EMIs, and 28 large MFIs.

At the end of 2022, 77 regulated institutions were audited, including 47 credit institutions, one parent credit institution, 2 EMIs, and 28 large MFIs.

Graph 5 : Number of institutions audited by category of regulated institutions between 2020 and 2022



Source : General Secretariat of the WAMU Banking Commission

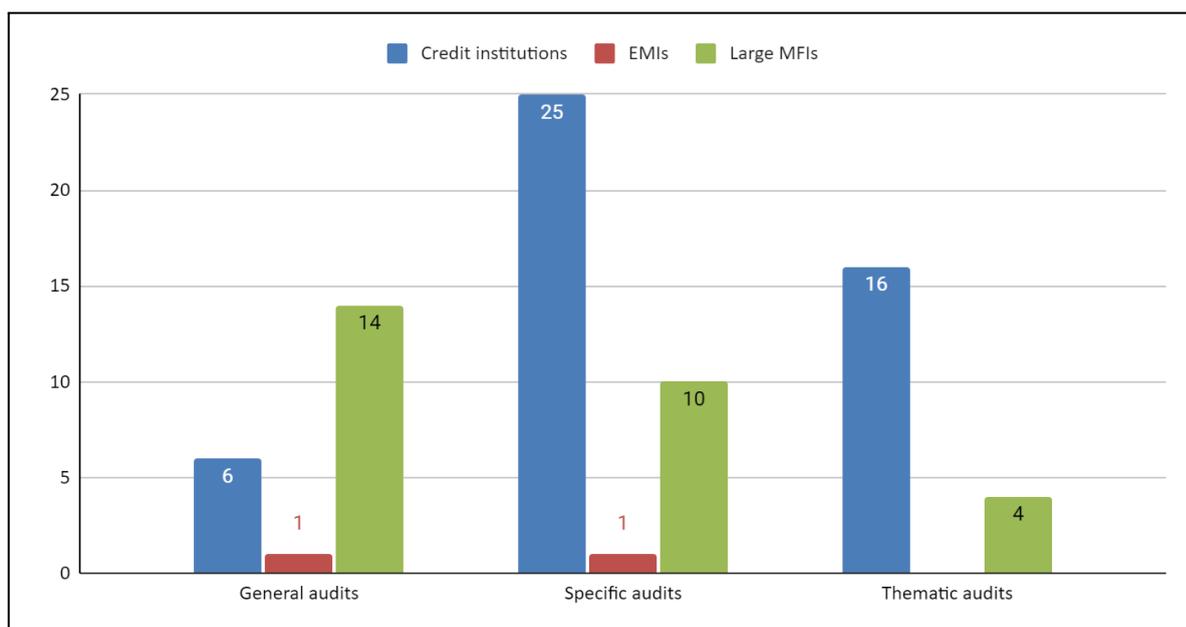
The audits carried out can be broken down as follows :

- six credit institutions, focusing on the conditions for starting up activities,
- twenty-one credit institutions, including one parent credit institution, for specific audits,

- four credit institutions, as part of ad hoc audits focusing on the enforcement of financial sanctions against Mali,
- two EMIs, one for a general audit and the other for a specific audit,
- sixteen credit institutions for thematic missions : thirteen for AML/CFT risks and three for credit and concentration risks,
- fourteen MFIs for general audits,
- ten MFIs for specific audits, and
- four MFIs for AML/CFT thematic audits.

As a result, the audit program for 2022, covering 77 regulated institutions, was fully completed.

Graph 6 : Breakdown of institutions audited in 2022 by type of audit and regulated entity



Source : General Secretariat of the WAMU Banking Commission

1.2.2.5. Banking crisis resolution

In 2022, the SGCB's activities in the area of banking crisis resolution were marked by the Resolution College's adoption of resolution plans for two regional SIBs based in Côte d'Ivoire and five national SIBs based in Benin (1), Burkina Faso (1), Côte d'Ivoire (1), Niger (1), and Senegal (1).

It should be noted that an institution's resolution plan sets out the measures that the Resolution Authority may take when an entity is deemed to be non-viable, with no prospects of returning to viability.

In accordance with the current regulatory requirements, the Resolution College drew up resolution plans for SIBs, based primarily on preventive recovery plans and the Supervisor's assessment.

The resolution plans considered the unique circumstances of each bank to identify measures that could be efficiently implemented in the event of resolution.

The SGCB also engaged in discussions with the institutions concerned regarding the resolution strategies envisaged for them. These discussions took place in virtual sessions due to health constraints.

Based on the outcomes of these discussions, the Resolution College validated resolution plans for seven SIBs.

1.2.2.6. Audits of commercial practices

Protecting the customers of regulated institutions subject to Banking Commission supervision, particularly their depositors, is one of the main missions of the WAMU banking supervisory authority, under the terms of the regulations governing them. Against this backdrop, since the entry into force on September 18, 2020, of Circular n°002-2020/CB/C, which addressed the management of complaints from customers of institutions under its supervision, there had been a noticeable increase in customer engagement with the system.

In 2022, the SGCB addressed 56 customer complaints from regulated institutions, compared with 25 handled in 2021.

Of the cases received and processed by the SGCB, 32.1% were related to transfers and direct debits, 14.3% to credit transactions and 12.5% to account management.

Table 1 : Trends in the number of complaints broken down by category

Types of complaints	2020	2021	2022
Account opening	-	-	-
Account closure	-	1	5
Account management	1	2	7
Payment instruments	2	-	3
Bank transfers and direct debits	8	12	18
Value dates applied	-	-	4
Banking fees	-	3	1
Remote banking services	1	-	-
Payment incidents	-	-	1
Foreign exchange transactions	-	-	-
Credit transactions	5	2	8
Foreign transactions	-	-	-
Other banking services	1	5	9
TOTAL	18	25	56

Source : General Secretariat of the WAMU Banking Commission

In 2022, 71.4% of the claims received by the SGCB were filed by individuals, compared with 60% in 2021. The majority of these claims originated from Côte d'Ivoire and Senegal, accounting for 60.7% and 25%, respectively, compared to 64% and 20% in 2021.

Table 2 : Trends in the number of complaints broken down by country

Country	2020	2021	2022
Benin	-	2	1
Burkina Faso	-	1	2
Côte d'Ivoire	12	16	34
Guinea-Bissau	-	-	1
Mali	-	-	1
Niger	1	-	-
Senegal	5	5	14
Togo	-	1	3
WAMU	18	25	56

Source : General Secretariat of the WAMU Banking Commission

In 2022, 25% of claims were settled in favor of the claimants, compared with 28% in 2021.

1.2.2.7. Other activities

In 2022, other SGCB activities included participation in the work of the West African Monetary Union Financial Stability Committee (WAMU-FSC) and meetings with the banking and microfinance profession, as well as with international and sub-regional financial institutions.

In anticipation of the 21st and 22nd ordinary sessions of the WAMU-FSC, the SGCB actively participated in the activities of the Expert Group, which focused on analyzing macroprudential surveillance indicators, mapping financial system risks, and identifying and analyzing the main vulnerability factors that could impact the resilience of the financial sector

As part of efforts to foster cooperative relationships among French-speaking supervisors, the Sub-Regional Supervisor participated in the annual meetings of the Francophone Banking Supervisors Group (GSBF). The SGCB took part in the plenary meeting of the GSBF, held on November 14, 2022, in Casablanca, Morocco. Additionally, the Regulatory Authority was involved in the IMF's annual consultations on November 07, 2022, held in Abidjan, Côte d'Ivoire.

Chapter II

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

2.1. 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 Banking Act and its implementing instructions,
- the Uniform Act regulating decentralized financial systems, as well as its implementing decree and instructions,
- the Uniform Act Defining and Punishing Usury,
- the Uniform Act on Money Laundering and Terrorist Financing and its implementing instructions,
- the Uniform Act regulating credit information bureaus in 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 WAEMU Member States and its implementing instruments,
- the revised WAMU Banking Chart of Accounts and its application instructions,
- the Specific Accounting Standards for DFSs (SRSFD) in WAMU,
- the prudential requirements applicable to credit institutions and financial holding companies in WAMU,
- 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,
- Instruction No. 008-05-2015 governing the terms and conditions of the activities of issuers of electronic money in the WAEMU Member States, and
- the Instruction relating to the accounting treatment of electronic money transactions by issuing institutions.

2.2. NEW REGULATIONS THAT CAME INTO FORCE IN 2022

No new regulatory measures were taken in 2022 for the banking, microfinance, or e-money sectors.

Box 1 : Climate risk and banking supervision

Climate change risk, also known as climate risk, refers to the potential adverse impacts faced by businesses and organizations due to global warming, affecting both natural and human systems. Similar to other risks, it encompasses concepts of vulnerability and potential loss.

Climate change can apply to any area of activity and is likely to affect the financial system. In particular, it entails the following types of risks :

- physical risks : the solvency of certain categories of borrowers, especially those in the primary sector (agriculture, livestock, fishing, fish farming, etc.), may be affected by climatic phenomena,
- transition risks : adjustment to a low-carbon economy, tax breaks and subsidies for certain sectors, reduced costs of access to renewable energies and changes in consumption patterns are all so-called “low-carbon” economic models that can have financial impacts, and
- reputational risks : financing sectors known to be harmful to the environment (hydrocarbons, extraction of certain metals, etc.) can damage a financial institution's reputation. To safeguard their public image, an increasing number of financial institutions are opting to distance themselves from or minimize their involvement in such sectors. In addition, some investors may decide to divest from financial institutions that continue to finance or invest in the aforementioned sector, in the interests of preserving their image.

The transmission of climate risks to the financial sector can be assessed by considering the primary “conventional” banking risks, as illustrated in the table below :

“Conventional” banking risks	Materialization of climate risks
Credit risk	Increased credit risk when climatic risk factors reduce borrowers' ability to repay and service debt.
Market risk	Reduction in the value of financial assets, including the possibility of triggering large, sudden, and negative price adjustments when climate risk is not yet factored into prices. Climate risk could also lead to reduced correlation between assets or a change in market liquidity for certain assets, compromising risk management assumptions.
Operational risk	Increased legal compliance risk associated with climate-sensitive investments and businesses.
Liquidity risk	Banks' access to stable sources of financing could be reduced if market conditions change. Climate risk factors could prompt customers and investors to withdraw their deposits and credit lines from banks.
Reputational risk	Increased reputational risk for banks as a result of changes in the market or consumer sentiment.

Several climate risk governance bodies have been set up internationally. The Network of Central Banks and Supervisors for Greening the Financial System (NGFS), created in 2017, is one of them. It aims to enhance cooperation with a view to fulfilling the objectives outlined in the “Paris Climate Agreement”. The NGFS also aims to provide recommendations to central banks regarding climate-related risk management.

In an effort to enhance the management of climate-related risks and mitigate their impact on the financial sector, the NGFS has issued the following key recommendations for regulators and supervisors :

- integrate climate risk into financial stability monitoring and microprudential supervision,
- integrate the notion of sustainability into its own risk management mechanism,
- fill current gaps in data collection and use,
- raise awareness and build capacity,
- align with the objectives of climate-related public policies, and
- contribute to a framework of coordination and collaboration between authorities.

The BCEAO, which manages the secretariat of the WAMU Banking Commission, joined the NGFS in March 2020. In this capacity, it has taken part in working groups on microprudential supervision and on the macrofinancial impact of climate change. Discussions have continued within the General Secretariat of the Banking Commission to help raise awareness among supervised institutions and integrate climate risk into their risk management processes.

Chapter III

ACTIONS AND MEASURES

3.1 Trends in the membership of the Banking Commission

In 2022, the WAMU Banking Commission held five ordinary sessions of the Supervisory College and one ordinary meeting of the Resolution College, on the following dates :

- **Ordinary sessions of the Supervisory College :**
 - March 15, 2022,
 - June 20, 2022,
 - August 5, 2022,
 - September 20, 2022, and
 - December 13, 2022.
- **Meeting of the Resolution College :** December 14, 2022

Mr. Elonyo Emegnimo, Deputy Director General of the Treasury and Public Accounting at Togo's Ministry of the Economy and Finance, was appointed as the Togolese State representative within the Supervisory College.

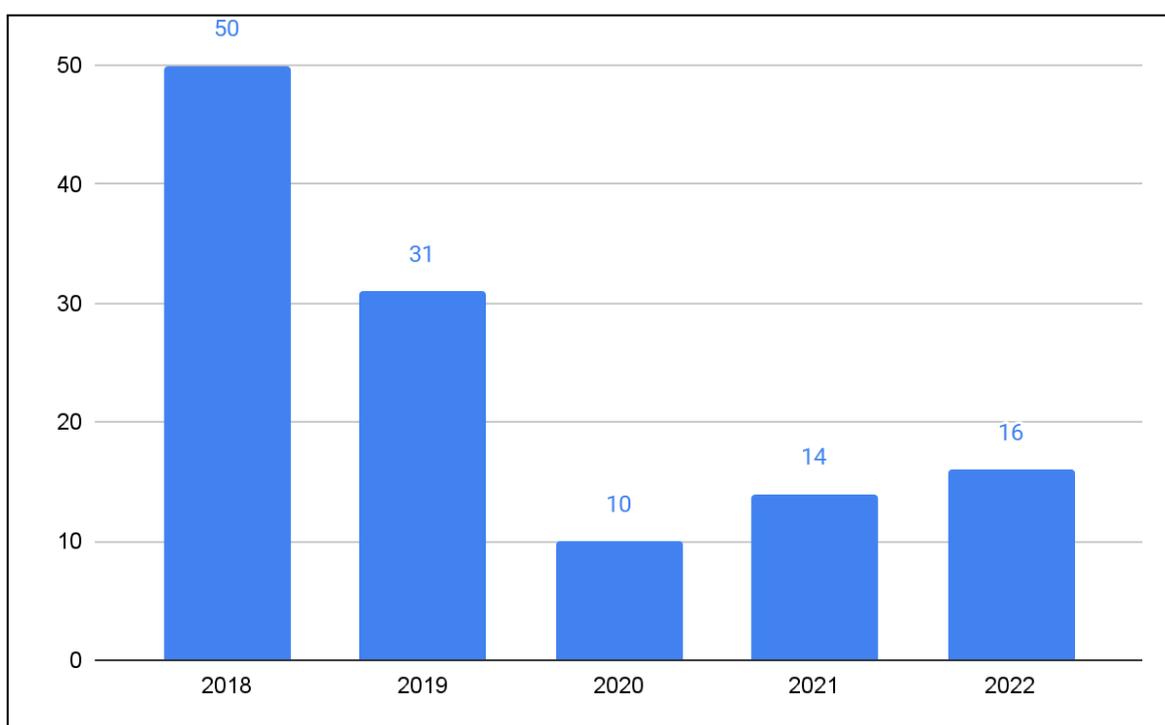
Mrs. Kra Aménan Pélagie Theoua N'Dri was appointed to the Supervisory College by the Council of Ministers.

There were no changes within the Resolution College, other than the participation of Mr. Elonyo Emegnimo as Representative of the State holding the Presidency of the WAMU Council of Ministers.

3.2 Administrative measures

Pursuant to the provisions of Articles 22 and 29 of the Appendix to the Convention governing it, the WAMU Banking Commission issued 16 injunctions in the 2022 financial year, compared with 14 in 2021.

Graph 7 : Trends in the number of injunctions



Source : General Secretariat of the WAMU Banking Commission

They were issued to fifteen credit institutions in Benin (3), Burkina Faso (4), Côte d'Ivoire (2), Mali (3), Niger (1), Senegal (1) and Togo (1), as well as to one (1) MFI in Senegal.

In general terms, these 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 issued a warning to the manager of an MFI based in Senegal, regarding the management of the institution, which was not in compliance with numerous provisions of the regulations applicable to decentralized financial systems.

In addition, the Supervisory Authority issued injunctions to SIBIs that were removed from the list, for the purpose of maintaining the specialized committees and control functions required by their previous status for a period of one year from notification of the Supervisory Authority's decision.

In addition, the Supervisory Authority lifted the close supervision of two credit institutions established in Niger and Senegal, due to their satisfactory implementation of the due diligences required by the Supervisory Authority.

3.3 Updated list of systemically important banks⁴

In 2022, the WAMU Banking Commission updated its list of SIBIs, resulting in withdrawals and new registrations. The four banks in Burkina Faso, Mali, Senegal and Togo were withdrawn, while six banks in Benin (1), Côte d'Ivoire (1), Mali (2), Senegal (1) and Togo (1) were added to the list of SIBIs.

3.4. Disciplinary and financial penalties

Pursuant to the provisions of Articles 31 and 32 of the Appendix to the Convention governing the WAMU Banking Commission, the Supervisory Authority, after duly summoning and hearing the directors of credit institutions and MFIs based in WAMU, issued the following disciplinary sanctions :

❖ **Reprimands**, against :

- seven credit institutions located in Benin (2), Burkina Faso (3), Mali (1), and Niger (1),
- two MFIs in Burkina Faso (1) and Senegal (1), and
- one manager of a credit institution based in Burkina Faso.

❖ **Warnings** :

- one bank based in Benin, and
- the Chairman of the Board of Directors of one credit institution based in Burkina Faso.

❖ **Suspension and disqualification**

- a five-year ban issued to a manager of an MFI established in Burkina Faso, and
- the suspension of a manager of one credit institution based in Benin.

⁴ SIBIs are institutions whose failure, due to their size, complexity, volume of business or systemic interconnection, could jeopardize the financial system and economic activity of the WAMU Union or a Member State.

❖ **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 and DFS regulation acts, the Supervisory Authority imposed, in addition to disciplinary sanctions, nine financial sanctions on :

- eight credit institutions, located respectively in Benin (3), Burkina Faso (3), Mali (1), and Niger (1), and
- one MFI in Senegal (1).

3.5. Notices to Ministers of Finance

3.5.1. 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) and two MFIs based in Mali (2).

The purpose of these extensions was to enable the entities concerned, in conjunction with the national authorities, to finalize all the due diligences required by the terms of reference of their missions, in application of the provisions of Articles 60 and 61 of the Banking Regulation Act and Articles 62 and 63 of the Act regulating DFSs.

❖ **Extension of the terms of office of two liquidators**

The Supervisory Authority issued two approval notices for the extension of the liquidation period and the term of office of the liquidator of a bank based in Côte d'Ivoire and for the extension of the term of office of the liquidator of a DFS based in Benin, in accordance with Article 35 of the Annex to the Convention governing the WAMU Banking Commission, in order specifically to enable them to finalize all the due diligences required by the terms of reference of their mandates.

3.5.2. 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 were not nationals of WAMU Member States to be appointed to management or administrative positions :

- thirty-five notices of assent, concerning twenty-two directors' positions and thirteen management positions, and
- one unfavorable opinion concerning a director's position in a bank in Senegal.

In addition, the community supervisory authority has rescinded its decision granting a favorable assent to a Beninese bank's application for a waiver of the nationality requirement for one of its senior executives, on the grounds that the sworn statement provided by the individual in the application submitted on his behalf was intentionally false.

❖ **Accreditation and licensing**

In fiscal year 2022, the WAMU Banking Commission issued two approval notices for applications to operate as a banking institution to two companies based in Burkina Faso (1) and Côte d'Ivoire (1).

The Banking Commission also issued two unfavorable opinions on applications for authorization to operate as a bank in Senegal (1) and Côte d'Ivoire (1).

❖ **Changes in ownership structure**

Pursuant to the provisions of Articles 15, 16, 39, and 41 of the Banking Regulation Act, the WAMU Banking Commission issued five favorable opinions on applications for prior authorization to modify the shareholding structure of credit institutions based in Burkina Faso (1), Côte d'Ivoire (1), Niger (1), and Senegal (2).

❖ **Changes of company names**

The Supervisory Authority issued one favorable opinion on a request for prior authorization to change the corporate name of a bank based in Burkina Faso.

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

The Banking Commission issued one unfavorable opinion on a request from a bank based in Mali for an exemption from the ceiling on loans to primary shareholders, managers, staff, and statutory auditors.

❖ **Opening of Islamic branches**

The WAMU Banking Commission issued two unfavorable opinions on requests for prior authorization to open an Islamic branch in two banks based in Mali (1) and Senegal (1).

3.6. Other measures

3.6.1. Approval of the appointment or reappointment of statutory auditors

The Banking Commission approved the appointment or reappointment of the statutory auditors of the following entities :

- forty-eight credit institutions in Benin (6), Burkina Faso (9), Côte d'Ivoire (10), Mali (7), Niger (4), Senegal (9), and Togo (3),
- three financial holding companies, based in Burkina Faso (2) and Côte d'Ivoire (1), and
- thirty-one MFIs in Benin (12), Burkina Faso (4), Côte d'Ivoire (3), Mali (2), Niger (1), Senegal (7), and Togo (2).

3.6.2. Other decisions

The Supervisory College took the following further decisions during the year under review :

- two deferrals of a decision on a banking license application submitted by one entity in Côte d'Ivoire,
- authorization to set up, in Côte d'Ivoire, one branch of a banking financial institution based in Niger,
- refusal to set up, in Senegal, one branch of a bank based in Côte d'Ivoire,
- suspended ruling in disciplinary proceedings against one bank established in Senegal,
- refusal to grant a bank based in Mali a temporary exemption from the application of the risk division ratio,
- refusal to extend the time limit for holding non-operating fixed assets acquired through the realization of guarantees, following requests from four banks based in Senegal (2) and Togo (2),
- one MFI in Burkina Faso was placed under provisional administration for a period of one year, due to a governance crisis preventing management from being carried out under normal conditions and due to the shortcomings noted following an audit by the Banking Commission,
- eleven managers of credit institutions in Benin (3), Burkina Faso (3), Côte d'Ivoire (1), Mali (1), Niger (1) and Senegal (1), as well as two MFIs in Burkina Faso (1) and Senegal (1), were called to hearings. In addition, the former Chairman of the Board of Directors of an MFI in Senegal was summoned to a hearing. These summonses were issued in respect of breaches of regulations in force or shortcomings identified following audits,
- the directors of a bank based in Côte d'Ivoire were summoned to a simple hearing in view of shortcomings identified following an audit of the conditions for start its business activities,
- registration of an entity subsequent to the removal of another from the list of financial holding companies established in Côte d'Ivoire, and
- validation, for 2022, of preventive recovery plans for eight SIBIs, including two regional and six national SIBIs.

Chapter IV
COOPERATION AND TRAINING ACTIVITIES

4.1 COOPERATION ACTIVITIES

Trends in the WAMU banking landscape in recent years, characterized in particular by 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, 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 the cooperation agreement for the resolution of banking crises in cross-border institutions, the General Secretariat of the WAMU Banking Commission took part in a working meeting with Bank Al-Maghrib, by videoconference, on May 19, 2022.

An experience-sharing meeting was also held on June 29, 2022, by videoconference, with the General Secretariat of Madagascar's Banking and Financial Supervision Commission (CSBF), as part of cooperation within the Francophone Banking Supervisors Group (GSBF).

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, by videoconference, the 8th meetings of the College of Supervisors of Oragroup, on October 13, 2022, and of the College of Supervisors of the Ecobank Group, on October 26 and 27, 2022.

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 Universal College of Supervisors of Standard Chartered Bank subsidiaries on July 22, 2022,
- the meeting of the College of Supervisors of United Bank for Africa subsidiaries, on September 5-7, 2022,
- the meeting of the College of Supervisors of First Bank of Nigeria Group (FBN) subsidiaries, on September 8 and 9, 2022,
- the meeting of the College of Supervisors of BMCE/Bank Of Africa subsidiaries on November 30, 2022,
- the meeting of the College of Supervisors of Attijariwafa bank (AWB) subsidiaries on December 8, 2022, and
- the meeting of the College of Supervisors of Banque Centrale Populaire du Maroc (BCP) group subsidiaries, on December 14, 2022.

The SGCB also took part in the following meetings :

- the 17th high-level meeting for Africa on capacity building in banking supervision, organized by the Financial Stability Institute and the Basel Committee for Banking Supervision, by videoconference, from January 31 to February 1, 2022,
- the 7th meeting of the Working Group organized by the Committee of African Banking Supervisors (CABS) on cross-border supervision, from December 5 to 6, 2022, and
- the GSBF plenary meeting on November 14, 2022, held by videoconference.

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

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

- the 36th meeting of the GIABA Technical Commission and Plenary, held by videoconference from February 13 to 18, 2022,

- the 41st statutory meeting of the College of Supervisors of the West African Monetary Zone (WAMZ), held by videoconference from February 21 to 24, 2022,
- an experience-sharing meeting between the SGCB and the DevPar Financial Consulting and CGA Europe Consortium on reforms to the governance and operational requirements of the West African Monetary Union Financial Market Authority (AMF-UMOA), held by videoconference on March 22, 2022,
- a quarterly meeting to monitor the Cooperation Plan between the BCEAO and the Banque de France, held by videoconference on May 16, 2022,
- the 37th meeting of the GIABA Technical Commission and Plenary, from May 29 to June 03, 2022, in Saly Portudal, Senegal,
- the 42nd statutory meeting of the WAMZ College of Supervisors, on August 15-18, 2022, held by videoconference,
- the 34th annual seminar for senior banking supervisors from emerging economies, October 24-28, 2022, in Washington, DC,
- the 43rd WAMZ College of Supervisors meeting, November 21-25, 2022, Cape Coast, Ghana,
- the 20th annual meeting of the Committee of Banking Supervisors of West and Central Africa (CSBAOC), held from November 24 to 25, 2022 in N'Djamena, Chad,
- the 38th GIABA Technical Commission and Plenary meeting, from November 28 to December 2, 2022, in Saly Portudal, Senegal, and
- a quarterly meeting to monitor the Cooperation Plan between the BCEAO and Banque de France, held by videoconference on December 12, 2022.

4.2. TRAINING ACTIVITIES

As was the case in previous years, the SGCB focused on capacity building for its staff, through the organization of and participation in training courses.

4.2.1. In-house training and seminars

Training sessions were organized in collaboration with partner institutions on the following topics :

- auditing of the AML/CFT system, from January 31 to February 4, 2022,
- process to revise the rating system for credit institutions in WAMU (SNEC-UMOA) and set up a rating system dedicated to financial holding companies in WAMU, on July 4-8, 2022, and from September 29 to August 2, 2022, organized by the SGCB in conjunction with AFRITAC de l'Ouest, and
- analysis of the Preventive Recovery Plans, from October 18 to 20, 2022.

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 on the following topics :

- financial modeling using Python, presented by the Financial Engineering Laboratory of Laval University, February 4, 2022,
- the basics of banking supervision, by the Africa Training Institute, from February 31 to 11, 2022,
- legal expertise and crisis resolution, by the International Banking and Finance Institute (IBFI), from February 7 to 9, 2022,

- restructuring and crisis resolution, by the International Monetary Fund (IMF), from March 14 to 25, 2022,
- banking supervision of climate and environmental risks, by the Bank for International Settlements (BIS) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), from May 18 to June 30, 2022,
- cybersecurity, through a webinar between the BCEAO and the BIS, held on June 3, 2022,
- the mutual evaluation methodology applied by the Financial Action Task Force (FATF), from August 4 to 8, 2022, at the FATF's initiative in Douala, Cameroon,
- the standards of the Islamic Financial Services Board (IFSB), by the IFSB, from August 29 to September 8, 2022,
- banking supervision and regulation, by the BIS and the IMF, from September 15, 2022, to February 23, 2023, and
- the supervision of digital financial inclusion, jointly organized by Toronto Centre and Digital Frontiers Institute, from September 19 to October 14, 2022.

Box 2 : The internal equity capital adequacy assessment process as a risk management tool in banks in the WAMU region

To reinforce the stability of the international banking sector, the Basel Committee on Banking Supervision (BCBS) introduced a new agreement in 2004. The second pillar of the agreement focuses on the prudential supervision of capital adequacy. Among other elements, the prudential supervision and risk assessment process (PSPER) process is based on the essential principle of providing regulated institutions with a framework for assessing both the overall adequacy of internal capital in relation to their risk profile, and the strategies to be adopted in order to maintain their capital levels.

As a component of the adoption of Basel standards within the West African Economic and Monetary Union (WAMU), the recently established Prudential Requirements for credit institutions and financial holding companies outlines the principal expectations of regulatory and supervisory authorities. These expectations specifically pertain to the establishment by credit institutions and financial holding companies of an internal process for evaluating their capital adequacy. Key areas of focus include :

- a robust risk and capital governance system,
- a strong internal control system,
- a sound assessment of capital adequacy,
- efficient capital planning,
- a comprehensive risk assessment,
- crisis simulations, and
- monitoring and notification.

In addition to traditional prudential indicators, the Internal Capital Assessment Process (ICAAP) is a risk management tool that covers a broad spectrum of elements such as internal auditing and governance. It also complies with the principle of proportionality, by enabling regulated institutions to take account of their business model, size, complexity, and market expectations when defining their tool.

Observations in the most advanced banking centers on this matter reveal that implementing the Prudential Information and Assessment of Financial Position (PIEAFP) within credit institutions poses certain challenges. One significant obstacle involves the comprehensive identification of all genuinely significant risks, especially those arising from new activities or changes in the business environment. Another hurdle is accurately quantifying the consequences of all identified risks in a meaningful and realistic manner.

In response to these challenges, regulatory and supervisory authorities emphasize the importance of transparency, completeness, and objectivity in the risk assessments conducted by regulated institutions. In the West African Monetary Union (WAMU), the banking regulatory and supervisory authorities are working on issuing additional implementing regulations to facilitate the implementation of the prudential guidelines in force since 2018.

Chapter V

ACTIVITIES AND MONITORING OF REGULATED ENTITIES

5.1. ECONOMIC AND FINANCIAL ENVIRONMENT

In 2022, the global economic and financial landscape experienced a notable slowing of growth after the robust recovery seen in 2021, which itself followed the recession induced by the COVID-19 pandemic in 2020. According to estimates published in April 2023 by the IMF, the global economy grew by 3.4% in 2022, following 6.3% growth in 2021. This slowdown can be ascribed to high inflation, tighter financing conditions, and the negative repercussions of the war in Ukraine.

In the Union, the growth rate was 5.9% in 2022 versus 6.1% in 2021. Growth was driven mainly by the tertiary sector reflecting the strong performance of commerce and services. Inflation rose from an average of 3.6% in 2021 to 7.4% in 2022, due to lower cereal production, market supply difficulties, soaring international food prices, and the depreciation of the euro against the dollar.

5.2. STATUS OF CREDIT INSTITUTIONS AND FINANCIAL HOLDING COMPANIES



- 157 licensed credit institutions, including 2 in 2022
- 155 credit institutions in operation
- 28 national SIBIs and 6 regional SIBIs
- 34 banking groups, accounting for 73.5% of active regulated institutions
- Balance sheet total up 17.0% to 64,306.7 billion
- Loans up 19.8% to 32,881.9 billion
- Deposits up 12.7% to 43,849.7 billion
- Return on equity (ROE) up 1.3 percentage points to 16.8%
- Provisional net income up 25.5% to 921.8 billion
- 2.2 percentage point decrease in the gross portfolio deterioration rate, which fell to 8.4%
- Solvency ratio of 13.3% in 2022 compared with 12.6% a year earlier

5.2.1. Credit institutions

5.2.1.1. Landscape of credit institutions

At the end of December 2022, the Union's banking system had 157 licensed credit institutions, compared with 155 in December 2021. This change was triggered by the following :

- an authorization granted to Banque Postale du Burkina Faso, and
- an authorization granted to Niger Transfert d'Argent (NITA) to set up a branch in Côte d'Ivoire, within the framework of the single authorization.

Approved credit institutions included 133 banks, 22 of which were branches, and 24 bank-like financial institutions, 5 of which were branches.

The breakdown by country and category was as follows.

Table No. 3 : Number of licensed credit institutions as at December 31, 2022

Country	Banks (a)	including bank branches	Bank-like financial institutions (b)	including branches of bank-like institutions	TOTAL (a+b)
Benin	14	2	1	-	15
Burkina Faso	16	2	4	1	20
Côte d'Ivoire	28	2	3	2	31
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	133	22	24	5	157

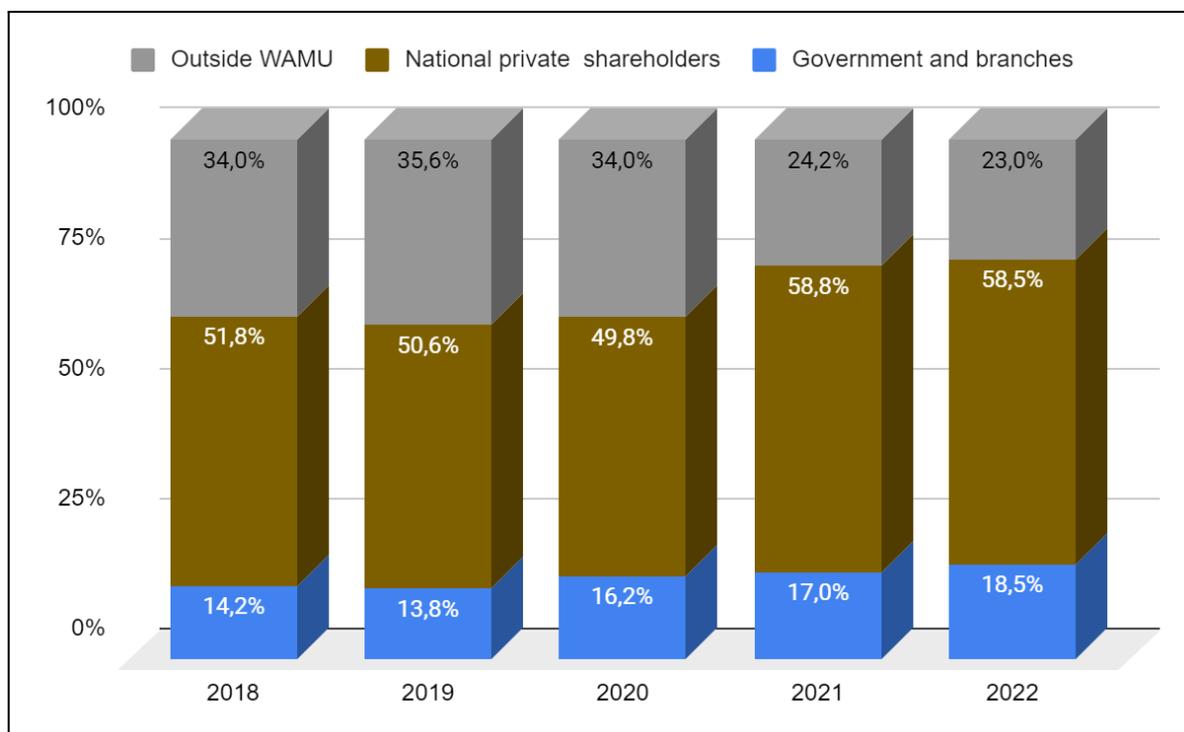
Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2022, 155⁵ credit institutions were in operation in WAMU, including 132 banks and 23 bank-like financial institutions. At that date, 28 banks were registered on the national SIBIs list.

► **Analysis of credit institutions' ownership structure**

Between 2018 and 2022, the ownership structure of credit institutions in the Union changed due to a number of movements in the banking ecosystem.

Graph 8 : Trends in the ownership structure of credit institutions



Source : General Secretariat of the WAMU Banking Commission

⁵ By the end of 2022, Banque Postale du Burkina and the Côte d'Ivoire branch of NITA had yet to start business.

Public equity investments (government and branches) rose from 251.8 billion in 2018 to 451.6 billion in 2022, increasing by 79.4% over the five-year period. This 199.8-billion increase was mainly due to institutions being taken over or new players joining the ecosystem. In relative terms, public shareholding represented 18.5% of company ownership at the end of 2022, compared with 14.2% five years earlier.

Private national capital participations (by individuals and legal entities from WAMU) had an estimated equity value of 1,430.5 billion in 2022, compared with 916.1 billion in 2018, representing a five-year increase of 56.2%. This 514.4-billion increase was mainly attributable to several acquisitions or creations of new institutions by banking groups based in the WAMU region, including Atlantic Financial Group, Vista Group, Groupe SUNU, Mansa Group and IB Holding. At the end of 2022, these shareholders accounted for 58.5% of the system's capitalization, compared with 51.8% five years earlier.

Foreign shareholders (outside WAMU) held stakes valued at 565.1 billion in 2022, compared with 600.4 billion in 2018. This 35.3-billion decrease was mainly due to the exit of the Diamond Bank group from the ecosystem and the partial withdrawal of the Islamic Development Bank (IDB), which were more significant than the entry of Orange Bank into the banking market. The relative share of this shareholder category in the capitalization of the banking system also decreased from 34.0% in 2018 to 23.0% in 2022.

► **Key credit institution indicators**

Based on data received from the 155 credit institutions in operation, the key indicators for the banking landscape were as follows :

Table 4 : Business indicators of active credit institutions at the end of 2022

Country	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	5,933.0	9.2%	208	308	2,414,034	2,764
Burkina Faso	15	4	19	9,315.7	14.5%	359	554	3,135,260	4,046
Côte d'Ivoire	28	2	30	21,581.2	33.6%	664	935	6,331,550	9,999
Guinea-Bissau	6	0	6	489.8	0.8%	32	78	210,601	631
Mali	14	3	17	7,346.9	11.4%	458	461	2,297,126	3,980
Niger	14	6	20	2,631.1	4.1%	2,315	278	1,003,225	5,525
Senegal	27	4	31	12,271.5	19.1%	550	711	2,920,268	6,810
Togo	14	3	17	4,737.4	7.4%	271	355	1,358,697	3,173
WAMU	132	23	155	64,306.7	100%	4,857	3,680	19,670,761	36,928

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

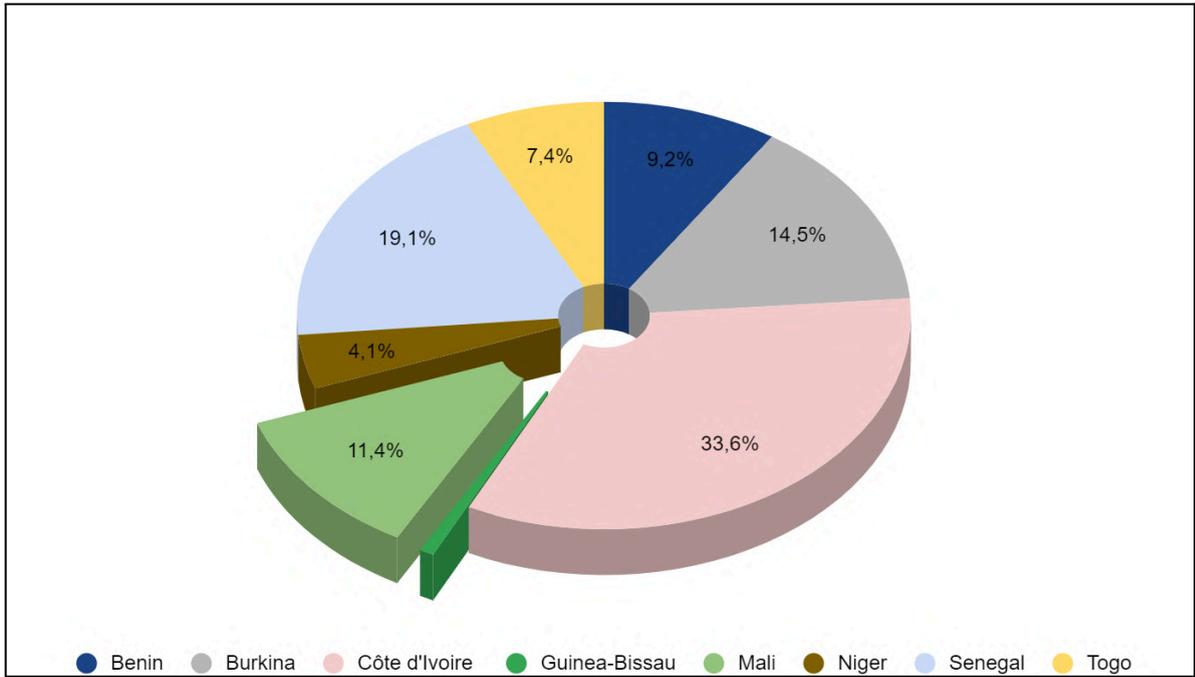
(**) Branches, offices and points of sale

(***) Automated Teller Machines (ATMs)

Source : General Secretariat of the WAMU Banking Commission

As was the case in previous years, banking in the Union at the end of 2022 continued to be dominated by the banking centers of Côte d'Ivoire (33.6%) and Senegal (19.1%), with a combined market share of 52.7% based on total assets. They were followed by Burkina Faso (14.5%), Mali (11.4%), Benin (9.2%), Togo (7.4%), Niger (4.1%) and Guinea-Bissau (0.8%).

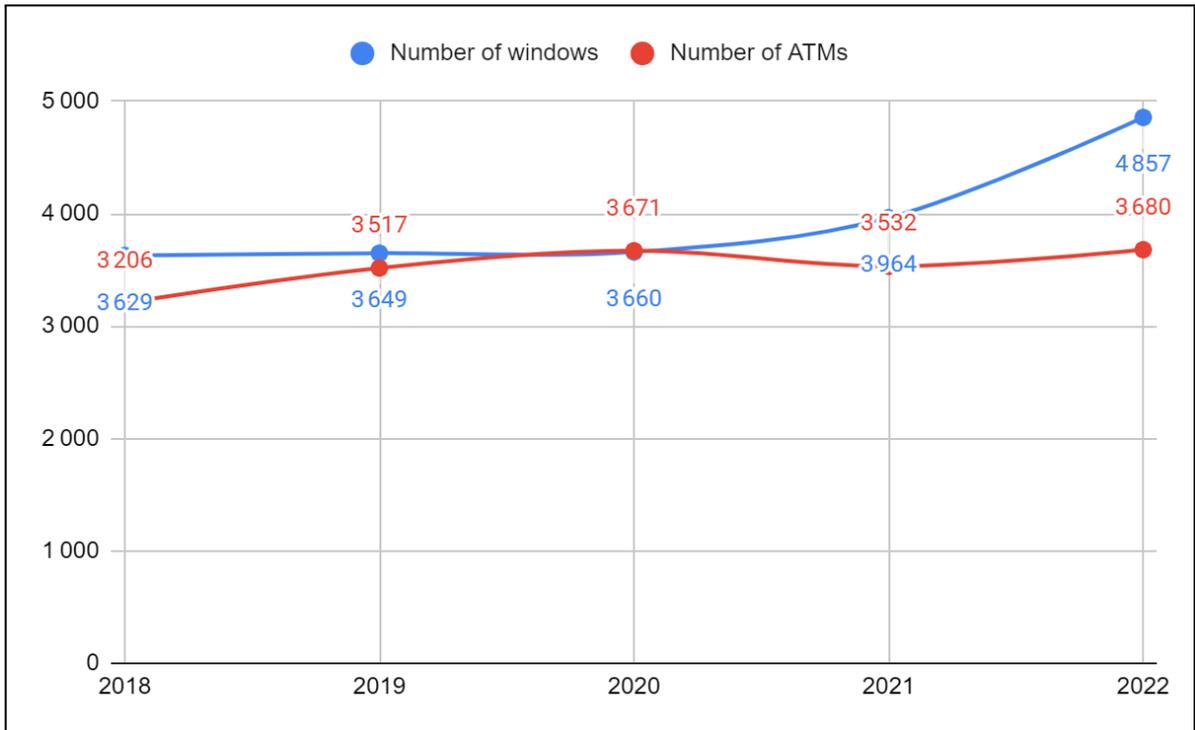
Graph 9 : Market share of WAMU banking centers in 2022



Source : General Secretariat of the WAMU Banking Commission

The number of branches⁶ and offices rose by 893 units year on year in 2022, or 22.5%, to a total of 4,857. The number of ATMs rose by 148 units in one year to 3,680, up 4.2%.

Graph 10 : Trends in the number of ATMs and windows of WAMU credit institutions

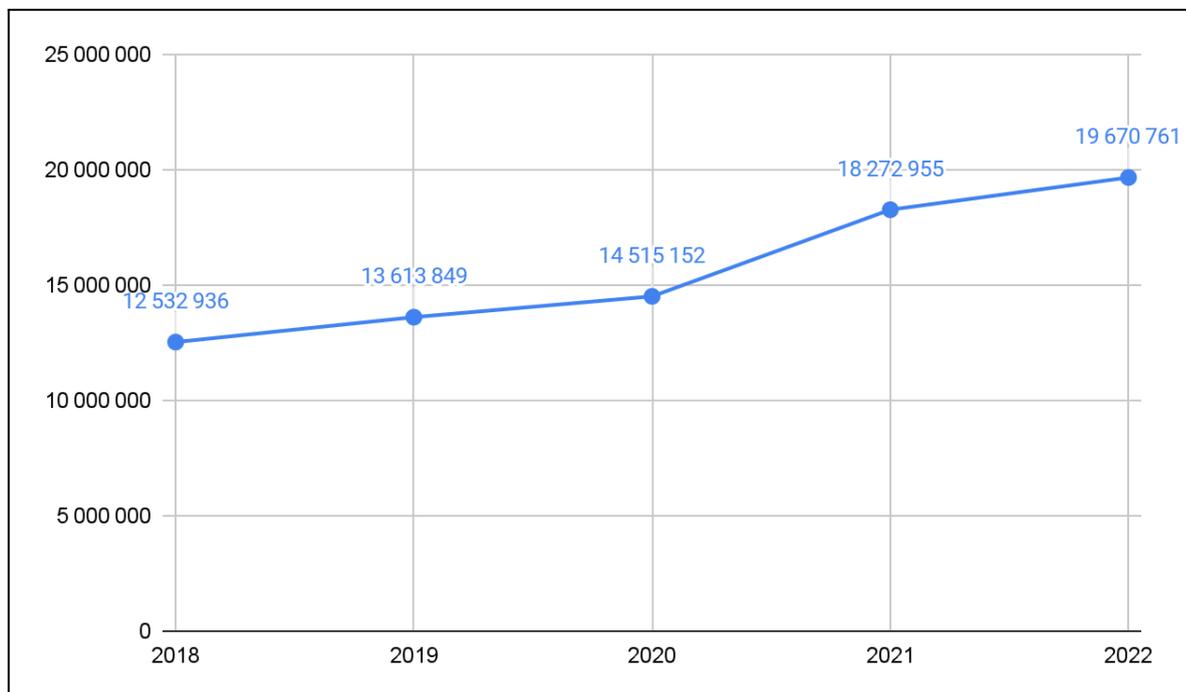


Source : General Secretariat of the WAMU Banking Commission

⁶ These locations do not include service points, of which 1,879 were identified in Niger alone for three financial institutions specializing in money transfers. These are located mainly in transportation stations.

The number of bank accounts on the books of credit institutions also rose by 7.6% to 19,670,761 at the end of December 2022. This trend was reflected in its two components, i.e., individual and corporate accounts, which recorded annual increases of 6.9% and 18.5% respectively, with 18,221,904 and 1,448,857 units.

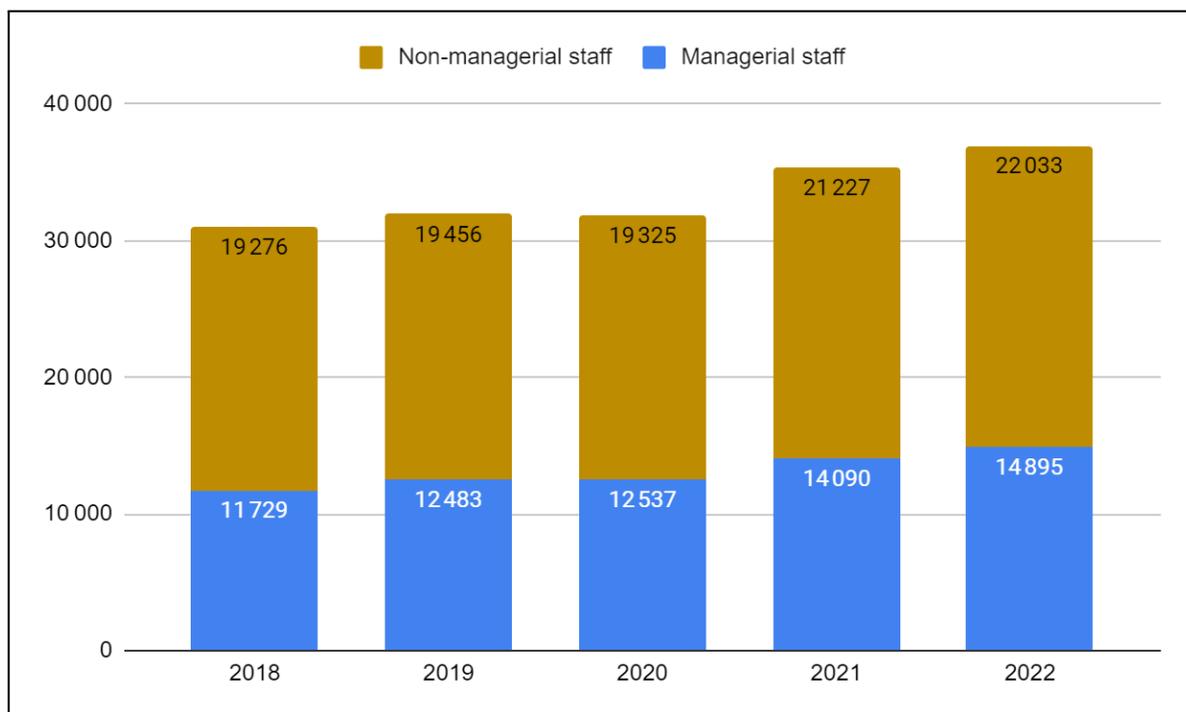
Graph 11 : Trends in bank accounts held with credit institutions



Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2022, the number of staff in the banking sector had risen by 1,611 (+4.6%) compared with the end of 2021, to total 36,928, mainly due to the expansion of the banking network. Managerial staff accounted for 40.3% of jobs, compared with 39.9% in 2021.

Graph 12 : Staffing levels in WAMU credit institutions



Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2022, the banking system comprised 65 international banks⁷ and 67 sub-regional banks, as well as 23 bank-like financial institutions, including 5 international and 18 sub-regional institutions.

Table 5 : Breakdown of active credit institutions by type

Category	Number of institutions									Market share (%)	Number			Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU		Windows ^(*)	ATMs ^(**)	Bank accounts	
Sub-regional banks	5	7	13	5	7	8	14	8	67	52.7%	52.3%	53.6%	43.5%	42.7%
Cross-border banks	9	8	15	1	7	6	13	6	65	46.1%	45.0%	46.4%	55.2%	46.1%
Sub-regional bank-like institutions	1	3	2	0	1	6	2	3	18	1.1%	0.7%	0.0%	1.3%	10.6%
Cross-border bank-like institutions	0	1	1	0	1	0	2	0	5	0.1%	2.0%	0.0%	0.0%	0.6%
Total	15	19	31	6	16	20	31	17	155	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 (ATMs)

Source : General Secretariat of the WAMU Banking Commission

Sub-regional banks held 52.7% of the Union's banking assets. The percentage was 51.6% in 2021. They accounted for 52.3% of the branch network, had 53.6% of the Union's ATMs, held 43.5% of its bank accounts and employed 42.7% of its banking staff.

Cross-border banks had a 46.1% market share. This category included 45.0% of branches, 46.4% of ATMs, 55.2% of customer accounts and 46.1% of staff.

Sub-regional bank-like institutions accounted for 1.1% of assets, 0.7% of branches and 10.6% of employees.

Cross-border bank-like institutions accounted for 0.1% of assets, 2.0% of branches and 0.6% of staff.

➤ **Breakdown of the number of credit institutions based on size**

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

Quartiles are the three 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 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, 2022 :

- 25% of the credit institutions had a balance sheet total, total deposits, and total loans below 91,035 million, 45,454 million and 35,580 million, respectively.
- 50% of the credit institutions had a balance sheet total, total deposits and total loans below 274,338 million, 179,541 million and 119,075 million, respectively.

⁷ 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.

- 25% of credit institutions had a balance sheet total, total deposits and total loans above of 576,626 million, 388,998 million and 282,492 million, respectively.

Table 6 : Trends in the quartiles between 2021 and 2022

Quartile	Balance sheet total (in millions of CFA F)		Total deposits (in millions of CFA F)		Total loans (in millions of CFA F)	
	2022	2021	2022	2021	2022	2021
Q1	91,035	70,647	45,454	41,852	35,580	29,263
Q2	274,338	221,947	179,541	154,301	119,075	100,569
Q3	576,626	473,404	388,998	357,853	282,492	225,149

Source : General Secretariat of the WAMU Banking Commission

Credit institutions with a balance sheet total below the first quartile (Q1 or 91,035 million) held 2.0% of assets, 4.6% of offices and branches, 1.2% of ATMs and 1.8% of bank accounts. They employed 10.9% of the banking system's staff.

Those with a balance sheet total between the first (Q1) and second quartile (Q2 or 274,338 million) accounted for 10.4% of the balance sheet total. This category accounted for 16.9% of branches, 14.8% of ATMs, 15.5% of customer accounts, and 14.3% of staff.

Entities with a balance sheet total between the second (Q2) and third quartile (Q3 or 576,626 million) accounted for 22.6% of the assets of the Union's banking system. This category included 23.4% of branches, 20.5% of ATMs, 19.1% of customer accounts, and 20.6% of staff.

Credit institutions with a balance sheet total above the third quartile (Q3) accounted for 65.0% of the assets of the WAMU banking system. They covered 55.1% of the branch network, 63.5% of ATMs, 63.6% of bank accounts and 54.0% of staff.

Table 7 : Breakdown of credit institutions by quartiles according to balance sheet total

Category	Number of institutions by country									Market share	Windows	ATMs	Bank accounts	Staff
	Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAM U					
< Q1	4	3	3	4	3	8	9	4	38	2.0%	4.6%	1.2%	1.8%	10.9%
Between Q1 and Q2	1	4	9	2	6	7	4	6	39	10.4%	16.9%	14.8%	15.5%	14.3%
Between Q2 and Q3	6	7	6	0	3	3	10	4	39	22.6%	23.4%	20.5%	19.1%	20.6%
> Q3	4	5	13	0	4	2	8	3	39	65.0%	55.1%	63.5%	63.6%	54.0%
Total	15	19	31	6	16	20	31	17	155	100%	100%	100%	100%	100%

Source : General Secretariat of the WAMU Banking Commission

Credit institutions with total deposits below the first quartile (Q1 or 45,454 million) held 4.8% of assets, 4.8% of ATMs, 8.0% of offices and branches and 10.1% of bank accounts. They employed 15.1% of the banking system's staff.

Those with total deposits between the first (Q1) and second quartile (Q2 or 179,541 million) accounted for 20.7% of assets. This category accounted for 25.1% of branches, 22.1% of ATMs, 15.6% of customer accounts and 21.7% of staff.

Banks and bank-like financial institutions with total deposits between the second (Q2) and third quartile (Q3 or 388,998 million), accounted for 28.4% of assets. They accounted for 28.1% of branches, 29.9% of ATMs, 36.2% of customer accounts and 24.3% of staff.

Entities with total deposits above the third quartile (Q3) accounted for 46.1% of banking system assets, 38.8% of the branch network, 43.2% of ATMs, 38.1% of bank accounts and 38.9% of staff.

Table 8 : Breakdown of credit institutions by quartiles according to total deposits

Category	Number of institutions by 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	3	4	3	8	9	4	38	4.8%	8.0%	4.8%	10.1%	15.1%
Between Q1 and Q2	1	4	9	2	6	7	4	6	39	20.7%	25.1%	22.1%	15.6%	21.7%
Between Q2 and Q3	6	7	6	0	3	3	10	4	39	28.4%	28.1%	29.9%	36.2%	24.3%
> Q3	4	5	13	0	4	2	8	3	39	46.1%	38.8%	43.2%	38.1%	38.9%
Total	15	19	31	6	16	20	31	17	155	100%	100%	100%	100%	100%

Source : General Secretariat of the WAMU Banking Commission

Credit institutions with total loans below the first quartile (Q1), i.e., 35,580 million, represented 6.8% of assets, 13.0% of offices and branches, 9.2% of ATMs and 13.0% of bank accounts. They employed 18.8% of the banking system's staff.

Those with total loans between the first (Q1) and second quartile (Q2 or 119,075 million) accounted for 28.6% of assets. This category had 30.8% of branches, 29.1% of ATMs, 29.0% of customer accounts and 26.8% of staff.

Institutions with total loans between the second (Q2) and third quartile (Q3 or 282,492 million) accounted for 31.8% of banking assets, 26.5% of branches, 30.5% of ATMs, 30.8% of customer accounts, and 24.9% of staff.

Entities with total loans above the third quartile (Q3) held 32.8% of banking system assets, covered 29.7% of the branch network and had 31.2% of ATMs, 27.2% of bank accounts, and 29.5% of staff.

Table 9 : Breakdown of credit institutions by quartiles according to total loans

Category	Number of institutions by 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	2	3	8	8	6	38	6.8%	13.0%	9.2%	13.0%	18.8%
Between Q1 and Q2	2	3	10	4	2	7	6	5	39	28.6%	30.8%	29.1%	29.0%	26.8%
Between Q2 and Q3	4	9	5	0	9	2	6	4	39	31.8%	26.5%	30.5%	30.8%	24.9%
> Q3	5	4	12	0	2	3	11	2	39	32.8%	29.7%	31.2%	27.2%	29.5%
Total	15	19	31	6	16	20	31	17	155	100%	100%	100%	100%	100%

Source : General Secretariat of the WAMU Banking Commission

The spread in the breakdown of credit institutions based on their balance sheet total, total deposits and total loans increased between 2018 and 2022. Based on the balance sheet total, the interquartile range increased from 301.8 billion in 2018 to 484.7 billion in 2022, while the range for total deposits rose from 190.4 billion in 2018 to 328.0 billion in 2022. The interquartile range for total loans broadened from 161.0 billion in 2018 to 243.5 billion in 2022.

► **Analysis of activity by banking group**

⇒ **Institutions affiliated with a banking group**

As at December 31, 2022, 114 of the 155 credit institutions operating in the Union, or 73.5%, were affiliated with 34 banking groups, as in 2021. This subset accounted for 85.2% of banking assets, 81.4% of branches, 83.6% of ATMs, 83.9% of customer bank accounts, 75.1% of employees and 91.0% of provisional overall net income.

The number of banking groups operating in WAMU, each holding at least 2% of the balance sheet total of the banking system, stood at 13 in 2022, as in 2021. These major groups, which comprised 81 operating units, accounted for 73.6% of the balance sheet total and 71.2% of the number of windows, controlled 76.6% of ATMs, held 73.4% of customer bank accounts and employed 63.4% of banking system staff. Their operations accounted for 83.4% of the banking system's provisional overall net income.

Table 10 : Main banking groups operating in WAMU

Rank	Main groups (minimum market share of at least 2%)	Country of origin of parent company	Number of subsidiaries/branches	Market share	Windows	ATMs	Number of bank accounts	Staff	Share of overall net provisional income
1.	Ecobank	Togo	8	10.0%	7.2%	14.5%	13.7%	7.3%	14.0%
2.	Société Générale	France	5	9.1%	5.4%	9.0%	7.0%	7.2%	11.5%
3.	CBI	Burkina Faso	8	8.7%	5.2%	4.1%	3.6%	4.3%	11.4%
4.	BOA	Morocco	7	7.4%	9.7%	8.2%	13.4%	8.3%	10.2%
5.	ABI	Morocco	9	6.8%	7.5%	7.1%	8.3%	6.4%	5.5%
6.	Attijariwafa bank	Morocco	9	6.0%	10.1%	7.5%	6.4%	8.0%	8.9%
7.	Oragroup	Togo	8	6.0%	4.3%	6.3%	3.4%	4.6%	3.9%
8.	NSIA	Côte d'Ivoire	4	5.2%	4.6%	4.4%	3.8%	4.7%	4.3%
9.	UBA	Nigeria	5	3.6%	2.4%	2.9%	8.3%	2.8%	4.3%
10.	BDM	Mali	6	3.5%	7.2%	3.7%	1.7%	2.4%	3.9%
11.	BSIC	Libya	7	2.7%	4.4%	3.5%	1.7%	3.4%	1.5%
12.	BNP Paribas	France	2	2.5%	2.5%	4.2%	1.9%	2.9%	2.1%
13.	BGFIBANK	Gabon	3	2.3%	0.6%	1.1%	0.2%	1.0%	2.0%
TOTAL			81	73.6%	71.2%	76.6%	73.4%	63.4%	83.4%

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; 1.6%)
- IB Holding (2 banks; 1.3%)
- Islamic Development Bank (1 bank; 1.1%)
- Libyan Foreign Bank (4 banks; 1.1%)
- BDK Group (2 banks; 1.0%)
- Citigroup (2 banks; 0.9%)
- Banque pour le Commerce et l'Industrie (2 banks; 0.6%)
- Vista Group (1 bank; 0.5%)
- Mansa Financial Group (1 bank; 0.5%)
- First Bank of Nigeria (1 bank; 0.5%)

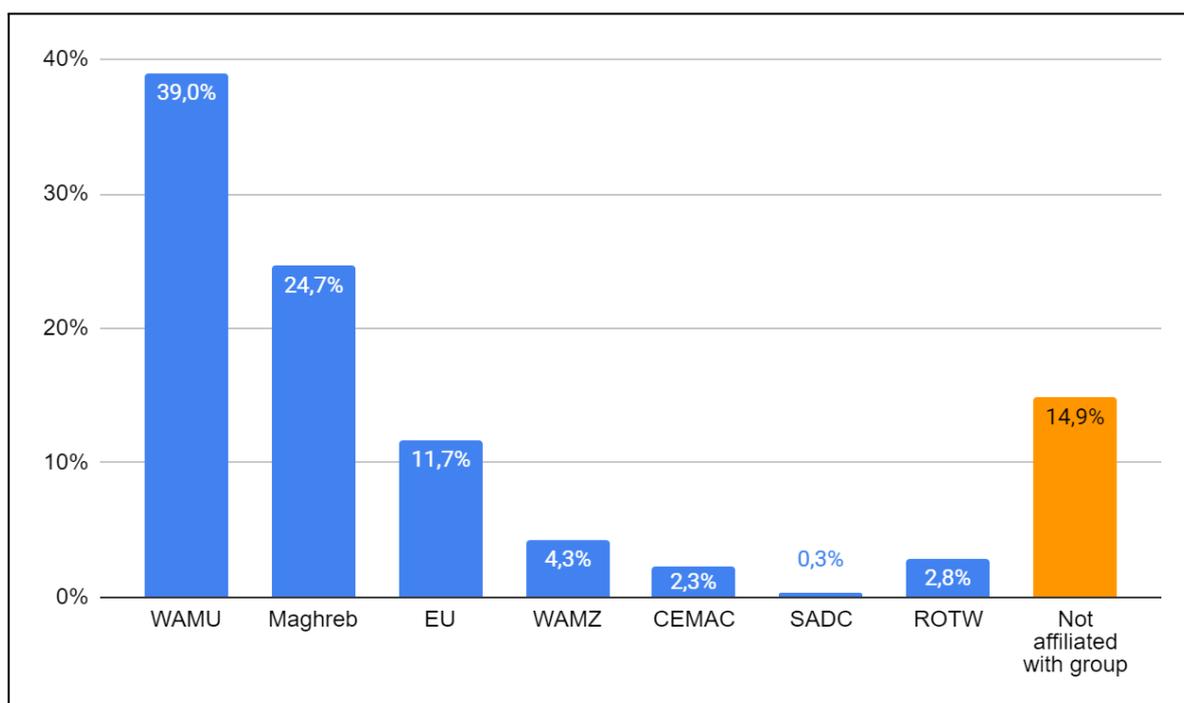
- Standard Chartered Bank (1 bank; 0.4%)
- AFG Holding (1 bank; 0.4%)
- Afriland First Group (2 banks; 0.3%)
- Standard Bank (1 bank; 0.3%)
- SUNU Investment Holding (1 bank; 0.3%)
- Guaranty Trust Bank (1 bank; 0.2%)
- Orange Abidjan Participations (1 bank; 0.2%)
- African Lease Group (1 bank; 0.2%)
- TLG Finance (4 banks; 0.1%)
- Crédit Libanais (1 bank; 0.1%)
- African Guarantee Fund (1 bank; 0.1%)

These 21 groups controlled 34 credit institutions in the Union, and accounted for 11.6% of assets, 10.3% of branches and 7.0% of ATMs. They held 10.5% of customer bank accounts and employed 11.7% of staff. Their contribution to the overall net income of the Union's banking system stood at 7.7% as at December 31, 2022.

5.2.1.1.2.2. Banking groups by geographical area

The 34 banking groups operating in WAMU as at December 31, 2022, 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 13 : Market share of banking groups by geographic region of origin



Source : General Secretariat of the WAMU Banking Commission

There were 13 **WAMU banking groups**,⁸ i.e., banks whose parent companies originated from within the Union. These entities, which accounted for 39.0% of total market share based on balance sheet total, owned 45 units, 33.5% of branches and 36.4% of ATMs, employed 28.3% of staff, and held 28.2% of customer bank accounts and 36.7% of deposits. They accounted for 36.5% of loans to customers and 41.2% of provisional overall net income.

⁸ Burkina Faso (CBI, Vista Group) - Côte d'Ivoire (AFG Holding, Bridge Bank Group, Mansa Financial Group, NSIA, SIH) - Mali (BDM) - Senegal (Groupe BDK) - Togo (African Lease Group, Ecobank, IB Holding, Oragroup).

With a 24.7% share of assets, the 7 **Maghreb banking groups**⁹ present in the Union totaled 42 entities, 34.3% of the branch network, and 27.8% of ATMs, employing 29.9% of staff. They held 30.7% of customer accounts, 25.8% of deposits and accounted for 25.5% of loans granted. At the end of December 2022, these institutions accounted for 27.1% of the banking sector's provisional overall net income.

These groups were dominated by Moroccan entities, with 25 credit institutions affiliated with 3 groups that ranked among the top 6 in WAMU. These institutions accounted for 20.2% of market share, 22.0% of deposits, 21.0% of loans to customers, and 24.6% of provisional overall net income. They accounted for 27.3% of branches, 22.9% of ATMs, 28.1% of bank accounts, and 22.7% of staff.

Table 11 : Main geographic areas represented by the banking groups operating in WAMU

Geographic area	Number of groups	Number of institutions	Market share (balance sheet total)	Percentage of windows	Percentage of ATMs	Percentage of bank accounts	Percentage of employees	Share of deposits	Share of loans	Profit share
WAMU	13	45	39.0%	33.5%	36.4%	28.2%	28.3%	36.7%	36.5%	41.2%
Maghreb	7	42	24.7%	34.3%	27.8%	30.7%	29.9%	25.8%	25.5%	27.1%
EU	3	8	11.7%	7.9%	13.2%	14.6%	10.3%	13.6%	13.8%	12.9%
WAMZ	3	7	4.3%	2.8%	3.1%	9.2%	3.8%	4.2%	2.5%	5.5%
CEMAC	1	3	2.3%	0.6%	1.1%	0.2%	1.0%	2.0%	2.5%	2.0%
SADC	2	2	0.3%	0.1%	0.0%	0.0%	0.1%	0.2%	0.3%	0.3%
ROTW	5	7	2.8%	2.2%	2.0%	1.7%	1.1%	3.1%	2.9%	2.1%
WAMU	34	114	85.2%	81.4%	83.6%	83.9%	75.1%	85.6%	84.0%	91.0%

Source : General Secretariat of the WAMU Banking Commission

The 3 **EU banking groups**¹⁰ of French origin, with 8 subsidiaries, accounted for 11.7% of all assets, 7.9% of the branch network, 13.2% of ATMs, and 14.6% of customer accounts, employing 10.3% of staff. They mobilized 13.6% of deposits and granted 13.8% of loans to customers. They accounted for 12.9% of the banking sector's provisional net income.

With a market share of 4.3%, all 3 **WAMZ banking groups**¹¹ were Nigerian. Their 7 operating banking units accounted for 2.8% of the branch network, 3.1% of ATMs, and 9.2% of bank accounts and employed 3.8% of staff. They mobilized 4.2% of deposits and granted 2.5% 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**¹² had 3 banking entities, held 0.6% of the branch network, 1.1% of ATMs, and 0.2% of bank accounts and employed 1.0% of staff. They mobilized 2.0% of deposits and granted 2.5% of loans to customers. Their assets represented 2.3% of the Union's balance sheet total. The overall provisional net income of this group represented 2.0% of the total in the Union.

The 2 **banking groups from SADC**¹³ with 2 credit institutions holding 0.1% of the branch network and 0.1% of staff, accounted for 0.2% of deposits and granted 0.3% of loans to customers. Their assets represented 0.3% of the Union's balance sheet total. The overall provisional net income of this group represented 0.3% of the total in the Union.

The 5 **banking groups from the ROTW**¹⁴ made up a 2.8% share of the market, had 7 branches, accounted for 2.2% of the branch network, 2.0% of ATMs, 1.7% of bank accounts and 1.1% of staff. These institutions held 3.1% of deposits and granted 2.9% of loans to customers. They contributed 2.1% to the overall net provisional income.

⁹ Libya (BSIC, LFB) - Morocco (ABI, Attijariwafa bank, BMCE/BOA) - Mauritania (BCI) - Tunisia (TLG Finance).

¹⁰ France (Société Générale, BNP Paribas, Orange Abidjan Participations).

¹¹ Nigeria (First Bank, GT Bank, UBA).

¹² Gabon (BGFIBank).

¹³ South Africa (Standard Bank) - Mauritius (African Guarantee Fund, with operational headquarters in Kenya).

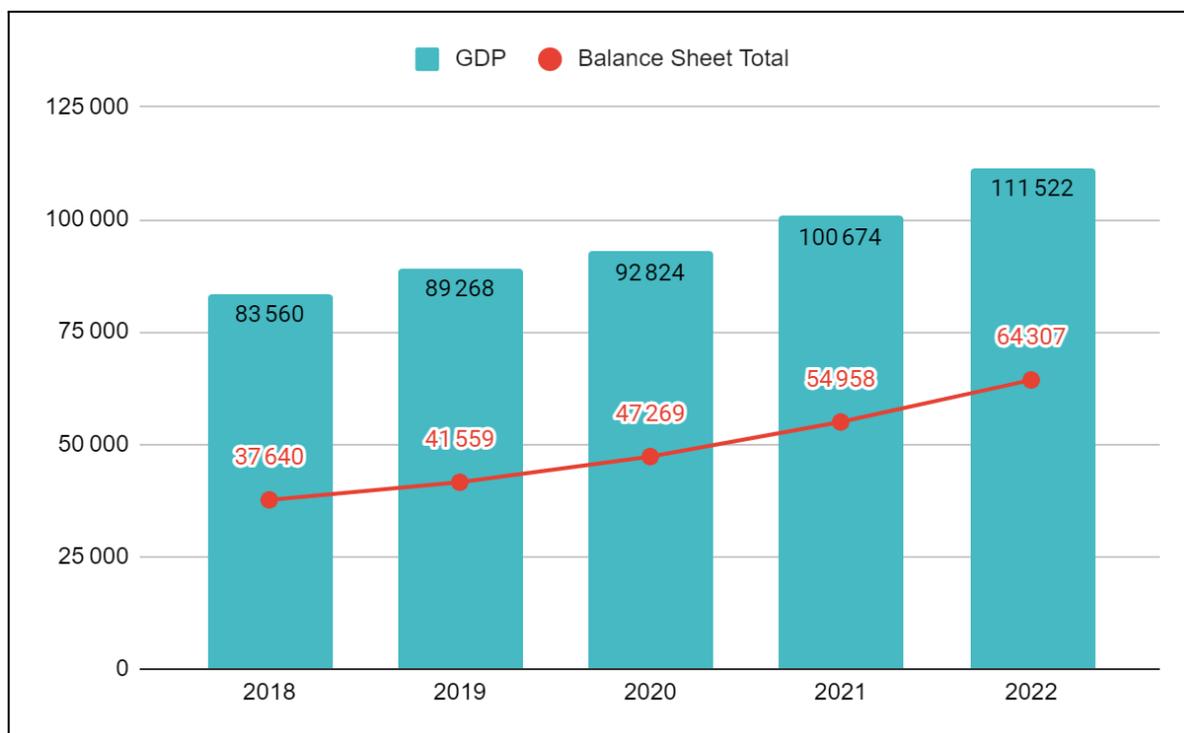
¹⁴ Saudi Arabia (Islamic Development Bank) - USA (Citigroup) - Lebanon (Crédit Libanais) - Switzerland (Afriland First Group) - UK (Standard Chartered Bank).

5.2.1.2. Activities and results of credit institutions

► Balance sheet total

The balance sheet total of credit institutions in WAMU grew at an annual rate of 9,348.9 billion (+17.0%) to reach 64,306.7 billion by December 31, 2022.

Graph 14 : Balance sheet total and GDP in the WAMU region



Source : General Secretariat of the WAMU Banking Commission & BCEAO

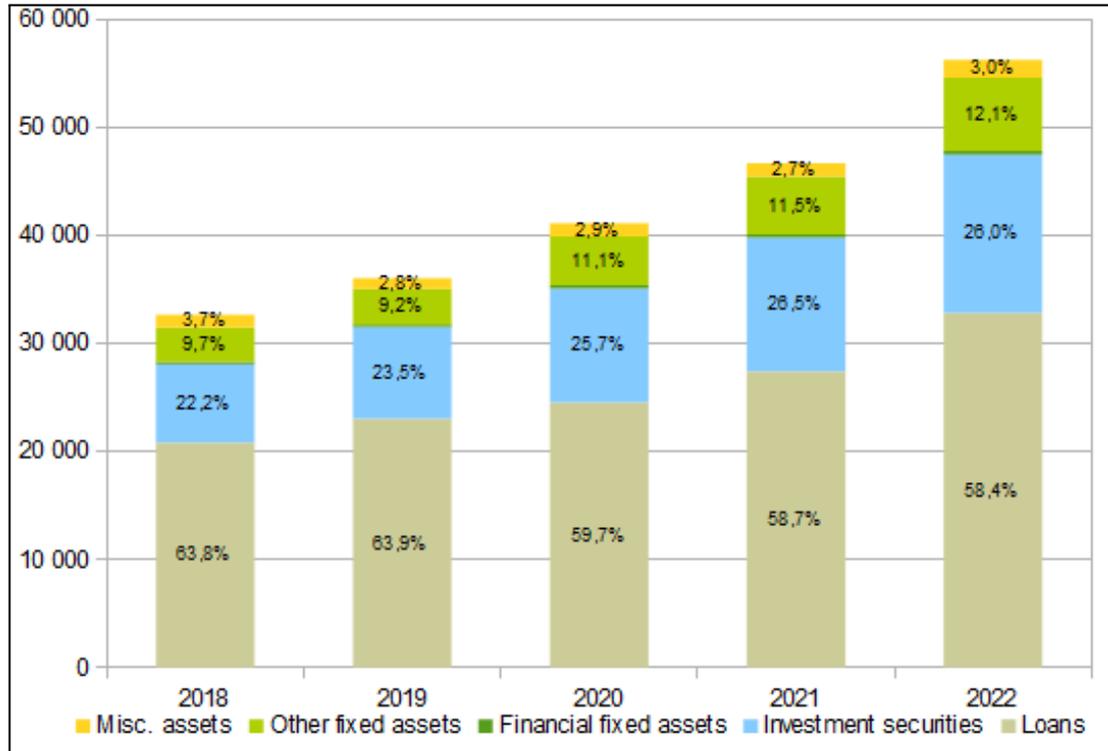
All WAMU banking centers experienced positive trends in their balance sheet totals, with growth as follows : Côte d'Ivoire (+3,020 billion; +16.3%), Senegal (+2,149 billion; +21.2%), Burkina Faso (+1,295 billion; +16.1%), Mali (+975 billion; +15.3%), Togo (+787 billion; +19.9%), Benin (+651.3 billion; +12.3%), Niger (+371 billion; +16.4%), and Guinea-Bissau (+102 billion; +26.2%).

► Uses

The banking system's assets totaled 56,297.9 billion at the end of 2022, up 20.5% over the year, reflecting a rise in loans to customers and investment securities. This trend was due to post-Covid 19 economic recovery in the Union and the efforts of credit institutions to support the recovery by increasing government financing via bond and note issues.

As was the case in previous years, the structure of uses was dominated by loans to customers (58.4%) and investment securities (26.0%). Financial fixed assets, other fixed assets and sundry assets accounted for 0.5%, 12.1% and 3.0% respectively.

Graph 15 : Trends in credit institution uses (in billions of CFA F)

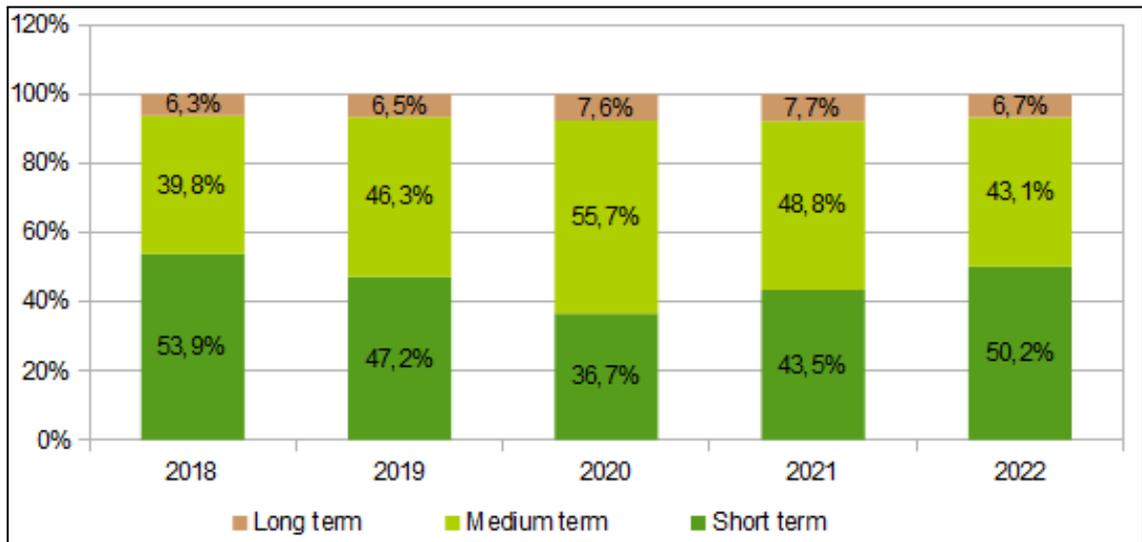


Source : General Secretariat of the WAMU Banking Commission

Loans to customers, net of provisions, rose by 19.8% year over year to reach 32,881.9 billion by the end of 2022, following an 11.8% increase in 2021.

Their structure by maturity¹⁵ showed a preponderance of short-term loans, which accounted for 50.2% of total loans at the end of December 2022. Medium-term and long-term loans accounted for 43.1% and 6.7% of total outstanding loans respectively in 2022.

Graph 16 : Trends in loans to customers by maturity



Source : General Secretariat of the WAMU Banking Commission

Short-term loans amounted to 16,029.1 billion, up 23.9% year over year, compared with 1.9% in 2021.

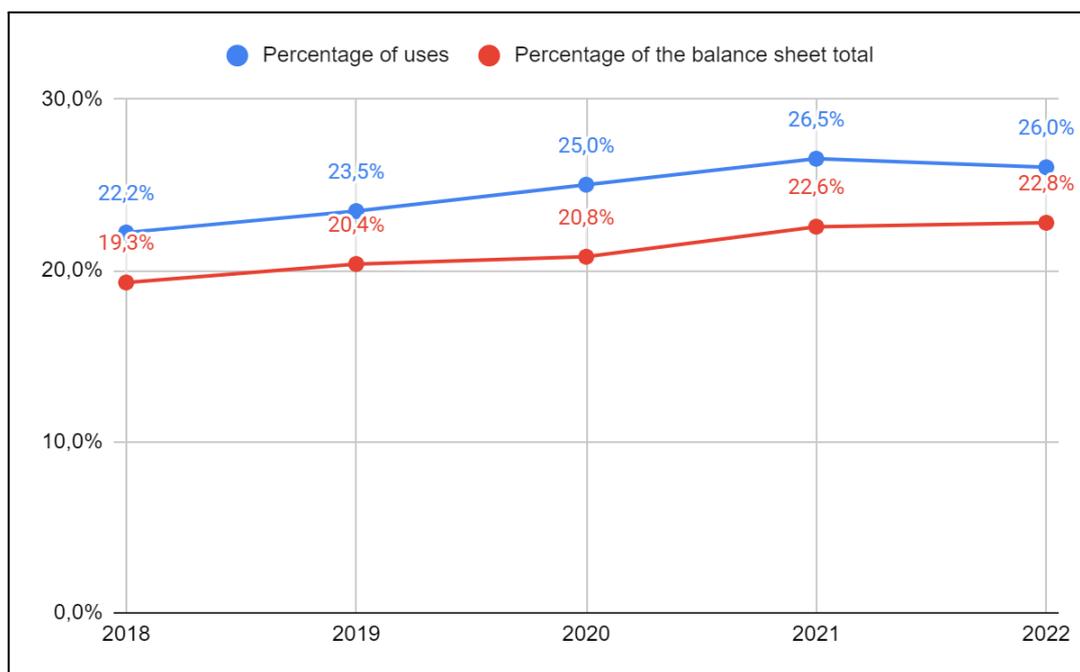
¹⁵Short-term loans are customer commitments with maturities of less than 2 years, while medium-term loans have maturities of 2 to 10 years, and long-term loans have maturities of more than 10 years.

Medium-term loans amounted to 13,761.1 billion, up 19.2% year over year from 28.6% a year earlier.

Long-term credit, at 2,128.4 billion, grew by 15.9% in 2022, compared with 17.6% in 2021.

Investment securities reported on credit institutions' balance sheets, representing 26.0% of assets, amounted to 14,656.7 billion at the end of 2022, up 2,255.9 billion (+18.2%) over the year, partly due to issues of government securities¹⁶ (stimulus bills and bonds) as part of post-COVID-19 stimulus measures. The percentage of investment securities in uses rose from 22.2% in 2018 to 26.5% in 2021, before falling back slightly to 26% in 2022. The percentage of total banking system assets rose steadily from 19.3% in 2018 to 22.8% in 2022.

Graph 17 : Trends in the weight of investment securities in the assets and liabilities and balance sheet totals of credit institutions



Source : General Secretariat of the WAMU Banking Commission

Financial fixed assets were valued at 306.9 billion at the end of 2022, up 47.6 billion (+18.4%).

Other fixed assets stood at 6,790.8 billion at the end of 2022, up 1,425.3 billion (+26.6%) year over year.

Miscellaneous uses increased by 408.3 billion (+32.6%) over the year to reach 1,661.6 billion at the end of December 2022.

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

Table 12 : Breakdown of loans registered with the Central credit register by business segment

Sector	2018	2019	2020	2021	2022
Agriculture, forestry and fishing	5%	3%	3%	3%	4%
Extractive industries	2%	2%	2%	2%	2%
Manufacturing industries	16%	14%	14%	12%	12%
Electricity, gas and water	6%	5%	5%	6%	7%
Public works and civil engineering	10%	10%	10%	10%	9%
Retail, restaurants and hotels	28%	28%	28%	28%	29%

¹⁶According to the BCEAO annual report, the volume of public securities issued was 4,407 billion in 2022.

Sector	2018	2019	2020	2021	2022
Transportation, warehousing and communications	10%	11%	11%	10%	9%
Insurance, real estate and services to businesses	7%	7%	8%	9%	7%
Community and social services	16%	20%	19%	20%	21%
TOTAL	100%	100%	100%	100%	100%

Source : BCEAO

Trends in the HERFINDAHL-HIRSCHMANN concentration index (HHI)¹⁷ as at the end of December 2022, based on loans to customers, are shown in the table below :

Table 13 : Trends in the HERFINDAHL-HIRSCHMANN index for WAMU countries

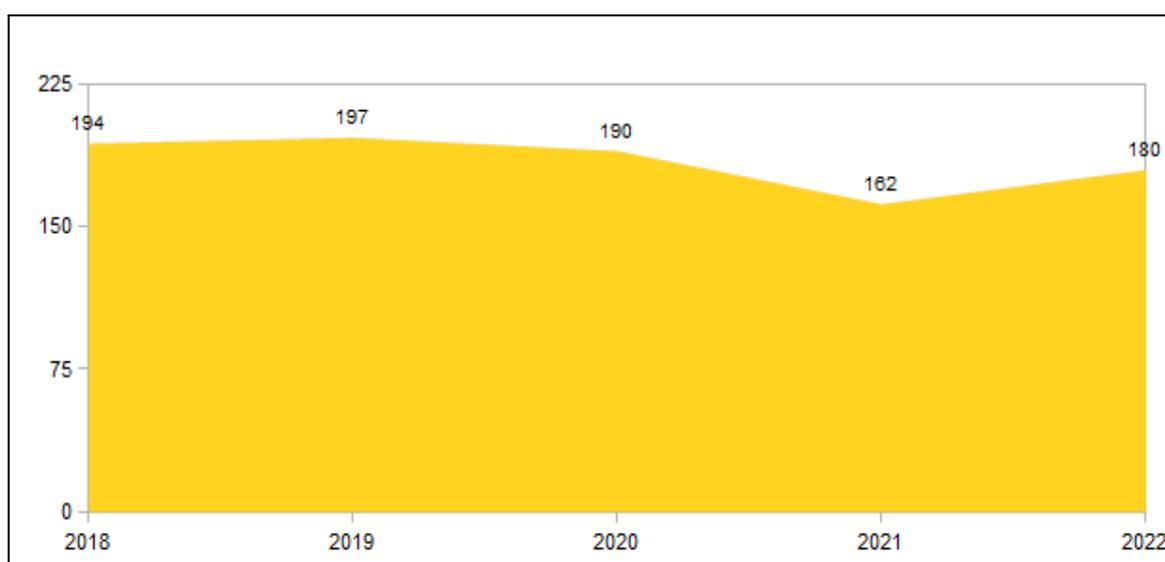
Country	2018	2019	2020	2021	2022
Benin	1,344	1,275	1,261	1,016	1,059
Burkina Faso	1,261	1,225	1,245	1,139	1,112
Côte d'Ivoire	891	954	869	750	859
Guinea-Bissau	2,199	2,162	2,074	2,086	1,811
Mali	1,044	1,104	1,156	1,115	1,254
Niger	1,354	1,269	1,174	1,107	1,220
Senegal	751	779	718	621	656
Togo	1,342	1,248	1,225	1,001	1,187
WAMU	194	197	190	162	180

Source : General Secretariat of the WAMU Banking Commission

An analysis of the results reveals that Côte d'Ivoire and Senegal were the countries in the Union with the lowest credit concentration, unlike Guinea-Bissau where the figure had been high since 2018. The level of concentration remained average in the other countries of the Union.

Over the period under review, the index showed a downward trend in most WAMU countries. This was mainly due to the addition of new bank-like institutions over the years.

Graph 18 : Trends in the HERFINDAHL-HIRSCHMANN index for WAMU countries



Source : General Secretariat of the WAMU Banking Commission

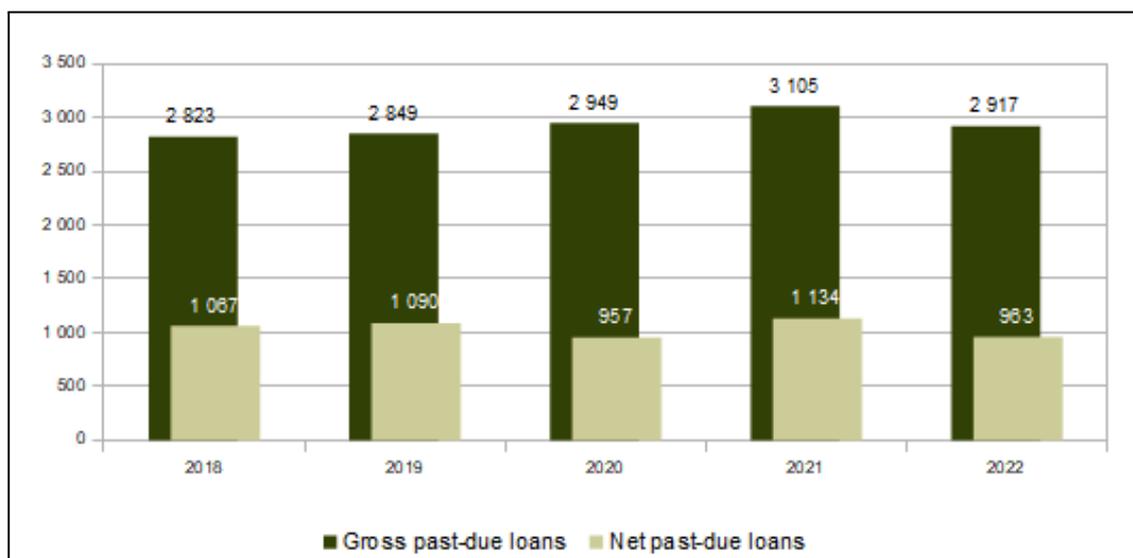
¹⁷ The higher a market's HHI, the more concentrated the indicator is among a small number of players, with the risk of oligopolistic situations. A distinction is made between 3 situations : HHI < 1,000 (low concentration); 1,000 < HHI < 2,000 (intermediate zone, medium concentration); HHI > 2,000 (concentrated sector, high-risk zone).

► **Portfolio quality**

Gross outstanding loans fell by 187.1 billion (-6.0%) to stand at 2,917.5 billion at the end of December 2022, compared with 3,104.6 billion a year earlier. This trend was mainly driven by doubtful and disputed loans, which contracted by 193.7 billion (-7.2%), thanks to an improved provisioning rate.

Based on provisions of 1,954.2 billion, the banking system's net past-due loans stood at 963.3 billion at the end of 2022, down 170.3 billion (-15.0%) year over year.

Graph 19 : Trends in gross and net past-due loans of credit institutions (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

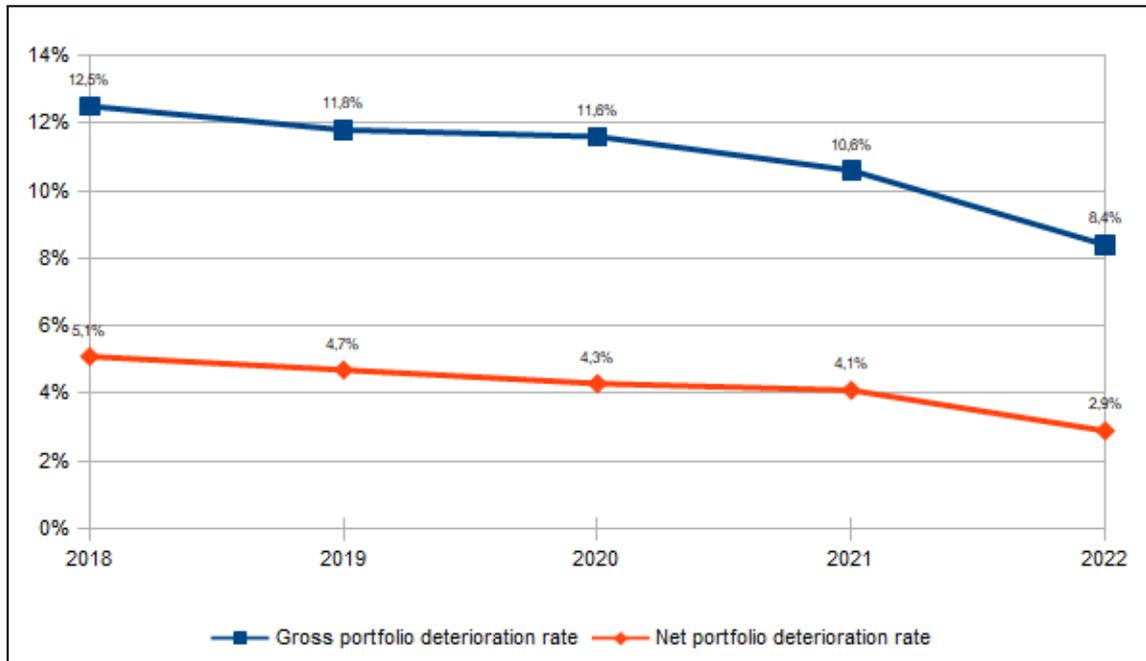
The gross deterioration rate for the WAMU portfolio improved by 2.2 pps, reaching 8.4% at the end of December 2022, compared with 10.6% in 2021. This positive trend was due to an increase¹⁸ of 5,427.9 billion (+19.8%) in loans to customers, coupled with a 187.1 billion (-6.0%) decrease in past-due loans¹⁹ between 2021 and 2022. The net interest rate also contracted by 1.2 pp, to 2.9% in 2022 from 4.1% a year earlier.

The provisioning rate stood at 67.0% at the end of December 2022, up 3.5 pps over the same period the year before.

¹⁸ All the Union's banking centers recorded increases in customer loans : Benin (645.3 bn; +32.4%), Burkina (864.9 bn; +22.6%), Côte d'Ivoire (1,406.8 bn; +14.5%), Guinea-Bissau (74.7 bn; +50.2%), Mali (583.4 bn; +17.9%), Niger (181.5 bn; +14.6%), Senegal (1,158.6 bn; 20.4%), Togo (512.8 bn; 31.8%).

¹⁹ Overdue receivables fell in seven (7) banking centers : Benin (-70.9 bn; -26.5%), Burkina Faso (-25.3 bn; -8.3%), Côte d'Ivoire (-23.9 bn; -2.6%), Guinea-Bissau (-12.1 bn; -38.9%), Niger (-8.6 bn; -3.2%), Senegal (-45.0 bn; -6.1%), and Togo (-21.2 bn; -10.5%).

Graph 20 : Trends in the deterioration rates of credit institutions' portfolios

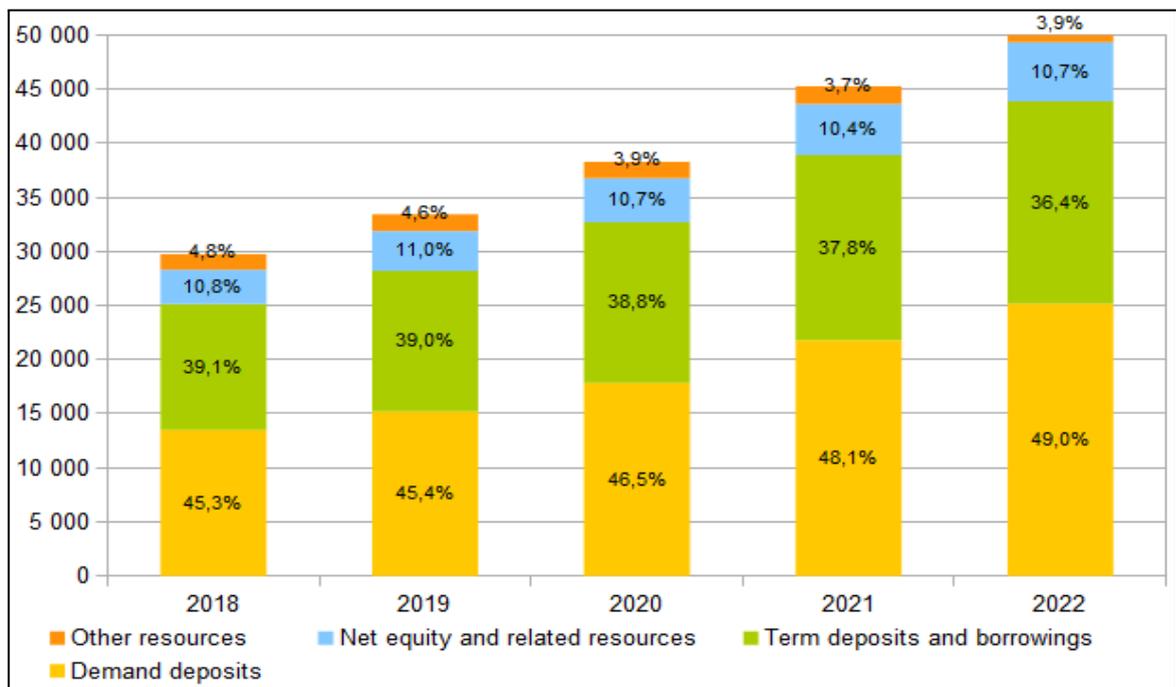


Source : General Secretariat of the WAMU Banking Commission

► **Resources**

Resources increased by 13.4% year over year to 51,341.9 billion at the end of 2022, thanks to improved deposit-taking and stronger equity capital. They broke down into deposits and borrowings (term deposits, sight deposits, loans), net equity and other resources²⁰, in proportions of 85.4%, 10.7% and 3.9% respectively.

Graph 21 : Trends in credit institutions' resources (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

²⁰ Other resources consisted of outstanding payments on investment securities and portfolio securities, trading securities on the liabilities side, conditional instruments sold, securities settlement accounts, liaison accounts on the liabilities side, sundry creditors, provisions, suspense and accrual accounts and deferred income, and outstanding payments on long-term investments.

Deposits and borrowings rose by 4,943.5 billion (12.7%) over the year, to reach 43,849.7 billion at the end of 2022. They were made up of sight deposits (25,156.4 billion; 57.4%) and term deposits (18,693.3 billion; 42.6%), which rose by 15.5% and 9.1% respectively during the period under review.

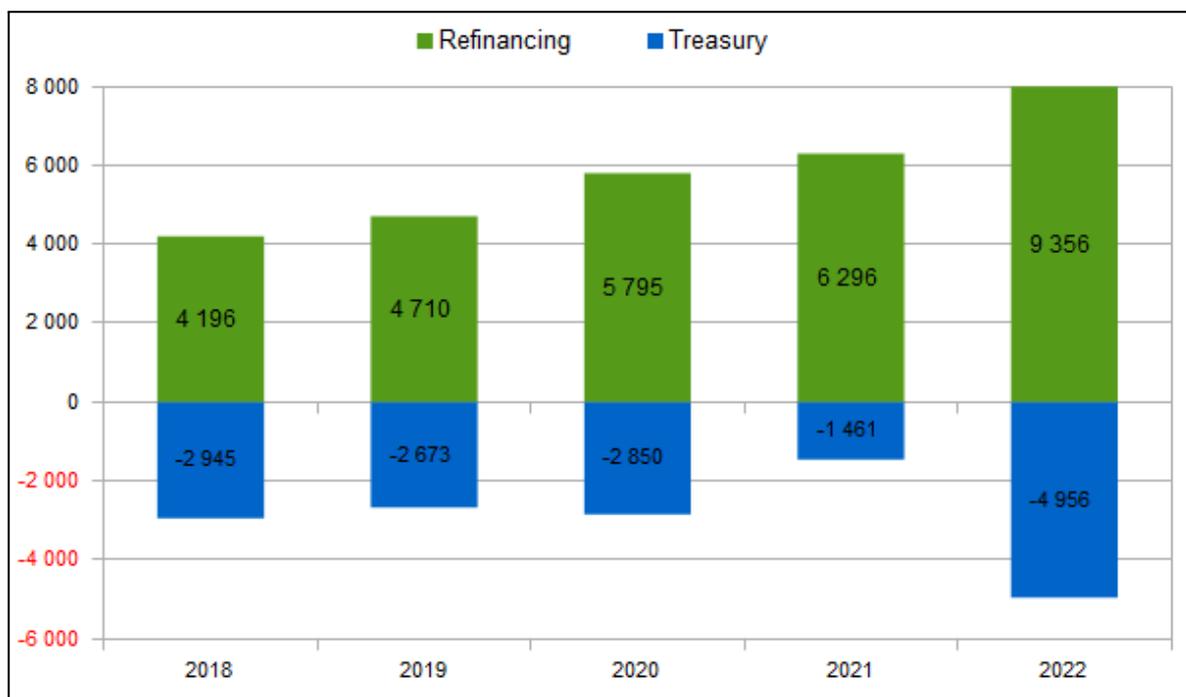
The banking system's **equity and related resources** rose by 781.6 billion (+16.6%), from 4,711.4 billion in 2021 to 5,493.0 billion a year later. They were made up of capital and reserves (5,153.4 billion; 93.8%) and other shareholders' equity²¹ (339.6 billion; 6.2%). These two components grew by +16.5% and +18.0% respectively between 2021 and 2022.

Other resources (related payables, payments on securities and financial fixed assets, prepayments and accrued income, provisions for liabilities and charges) increased by 344.8 billion (+20.8%) year over year, to reach 1,999.2 billion at the end of 2022.

► **Cash position**

Faster growth in banking uses (+9,565.0 billion, +20.5%) compared with resources (+6,070.0 billion, +13.4%) was behind the rise of 3,495.1 billion (+239.2%) in the structural cash deficit of credit institutions at the end of 2022. To address this shortfall, credit institutions had access to interventions through the Central Bank's refinancing windows, with outstanding refinancing estimated at 9,355.9 billion as at December 31, 2022.

Graph 22 : Trends in credit institutions' cash positions and outstanding refinancing with the BCEAO (in billions of CFA F)

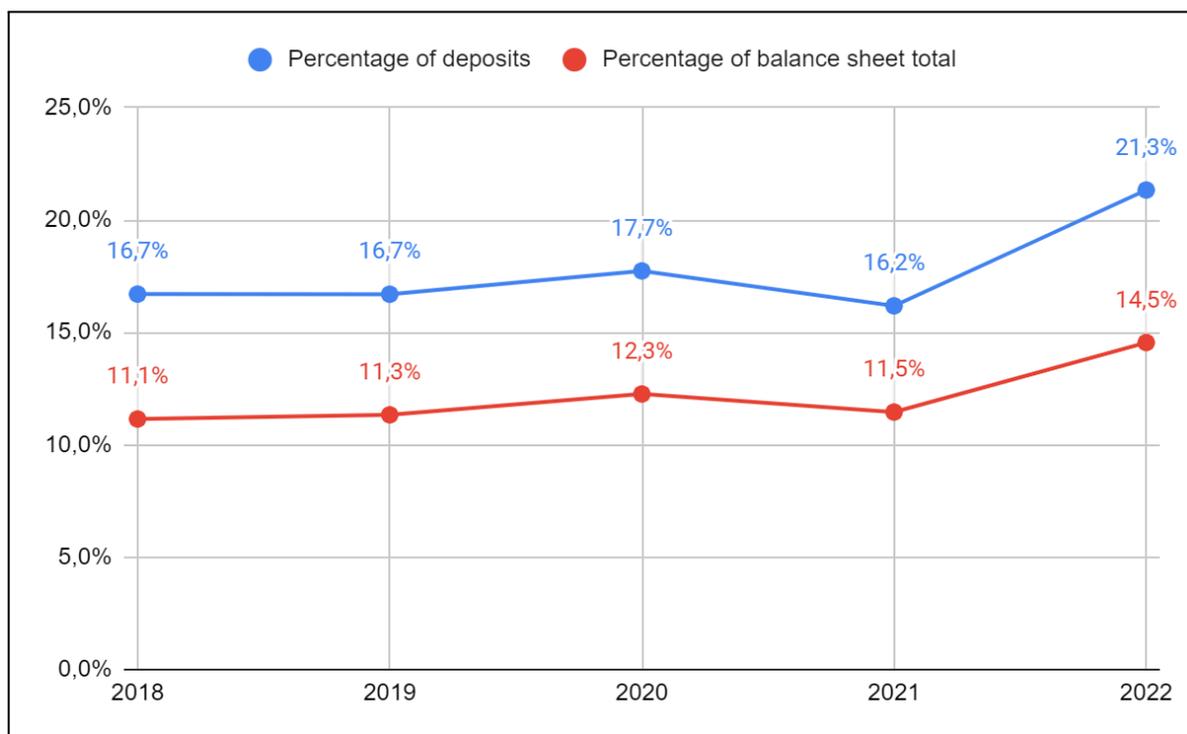


Source : BCEAO and General Secretariat of the WAMU Banking Commission

The percentage of deposits devoted to refinancing reached 21.3% in 2022, compared with 16.2% in 2021 and 16.7% in 2018. As a percentage of total assets, this amounted to 14.5% in 2022, compared with 11.5% a year ago and 11.1% five years ago.

²¹ Including regulated provisions, subordinated debt, shareholders' blocked accounts and revaluation differences.

Graph 23 : Trends in refinancing as a percentage of deposits and of the balance sheet total



Source : BCEAO and General Secretariat of the WAMU Banking Commission

► Financial results

The Union's NBI stood at 2,981.5 billion in 2022, up 14.2% compared to 2021. It was mainly composed of net income from customer transactions and income from securities and miscellaneous transactions, which accounted for 61.7% and 33.6% respectively, compared with 61.2% and 31.8% in 2021.

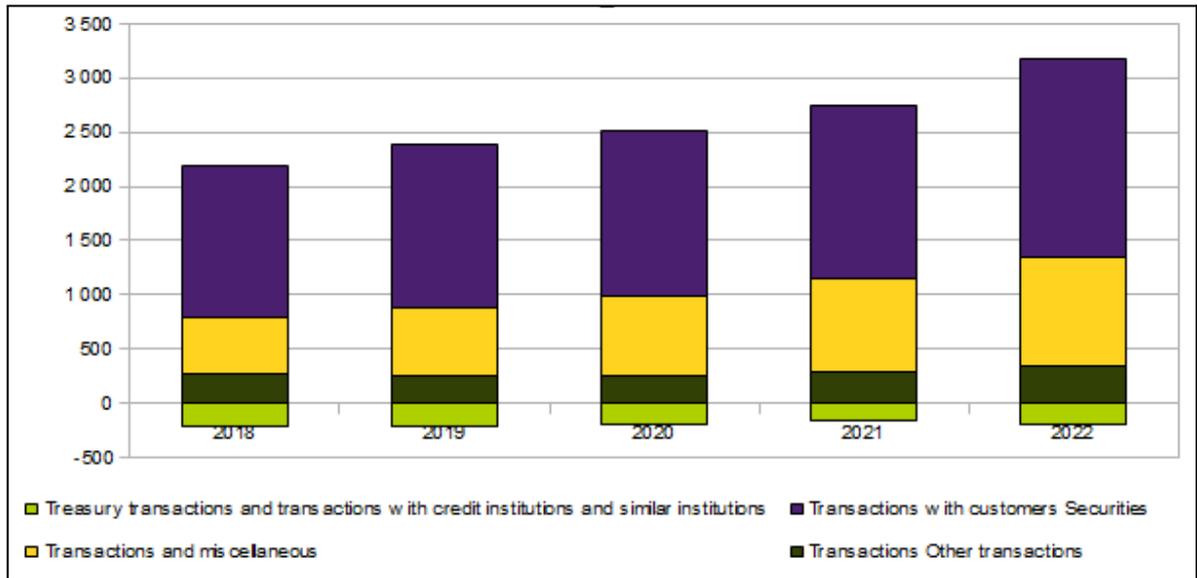
Net income from customer transactions rose by 15.0% to 1,838.5 billion in 2022 from 1,598.9 billion in 2021, up by 239.6 billion.

Net income from securities and miscellaneous transactions rose by 16.6% to 1,002.9 billion in 2022, compared with 860.3 billion a year earlier, up by 142.6 billion.

Income from treasury transactions and transactions with credit institutions and similar entities posted a 203.2 billion deficit in 2022, compared with a deficit of 156.8 billion a year earlier, down by 46.4 billion (+29.6%).

Income from other transactions (foreign exchange, financial services and miscellaneous) rose by 46.1 billion, or 15.9%, from 289.6 billion in 2021 to 335.7 billion in 2022.

Graph 24 : 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 12.8%, from 2,740.8 billion in 2021 to 3,091.1 billion in 2022.

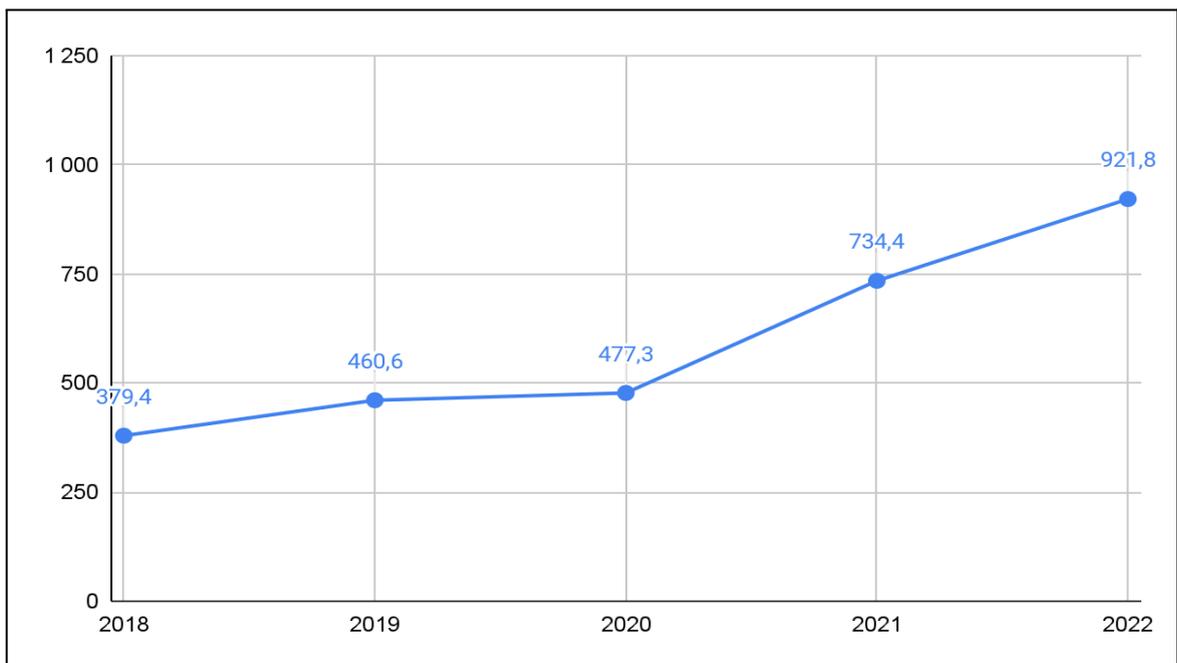
Gross operating income followed a similar trend, with growth of 16.8% to reach 1,324.9 billion, despite an 8.6% rise in overhead.

Operating income including the cost of risk stood at 1,020.7 billion at the end of the 2022 financial year, compared with 808.8 billion a year earlier, increasing by 26.2%.

Net provisioning decreased temporarily by 5.9 pps to 23.7% at the end of 2022, compared with 29.6% in 2021.

Banking activity in the WAMU remained profitable, with provisional overall net income up 25.5% to stand at 921.8 billion at the end of 2022, compared with an actual figure of 734.4 billion in 2021. All the Union's banking centers reported profits.

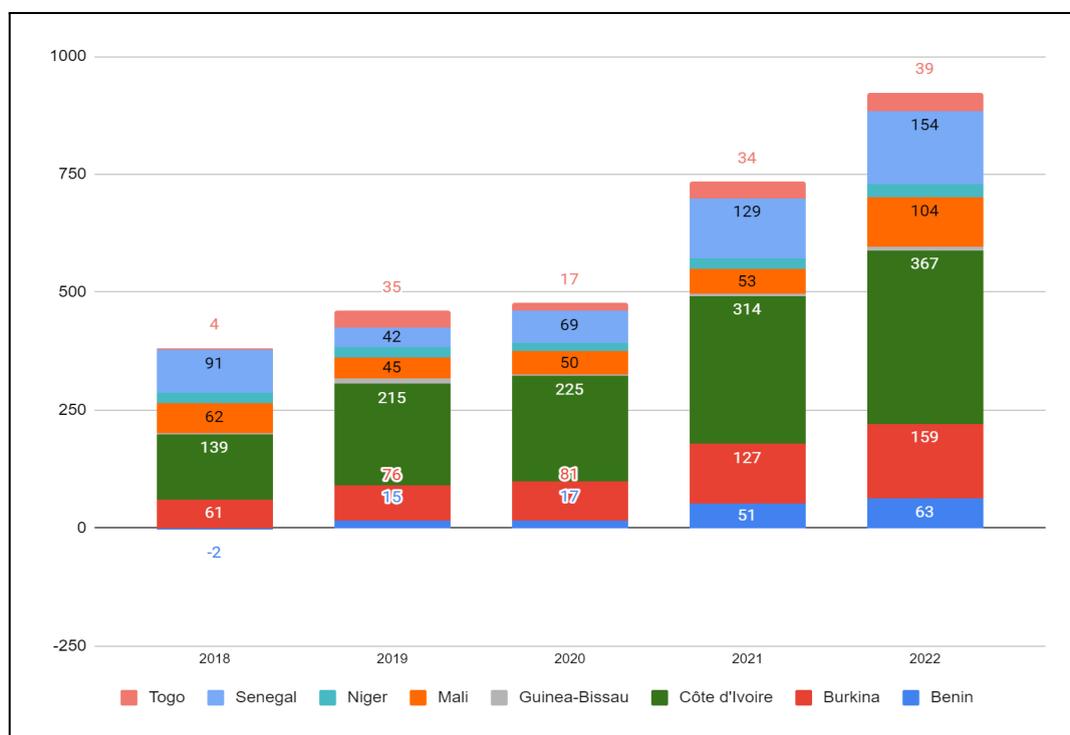
Graph 25 : Trends in the net income of credit institutions (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Overall net income was 366.8 billion in Côte d'Ivoire, 158.6 billion in Burkina Faso, 153.9 billion in Senegal, 104.4 billion in Mali, 62.9 billion in Benin, 38.5 billion in Togo, 28.6 billion in Niger and 8.2 billion in Guinea-Bissau.

Graph 26 : Trends in overall net income by country in WAMU between 2018 and 2022 (billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

► Key operating ratios

The net cost/income ratio, which measures the level of absorption of NBI by overhead, contracted by 2.4 pps year over year, from 61.6% in 2021 to 59.3% in 2022.

The net margin rate, which measures profitability by dividing net income by NBI, increased by 2.8 pps to 30.8% as at December 31, 2022, compared with 28.1% a year earlier.

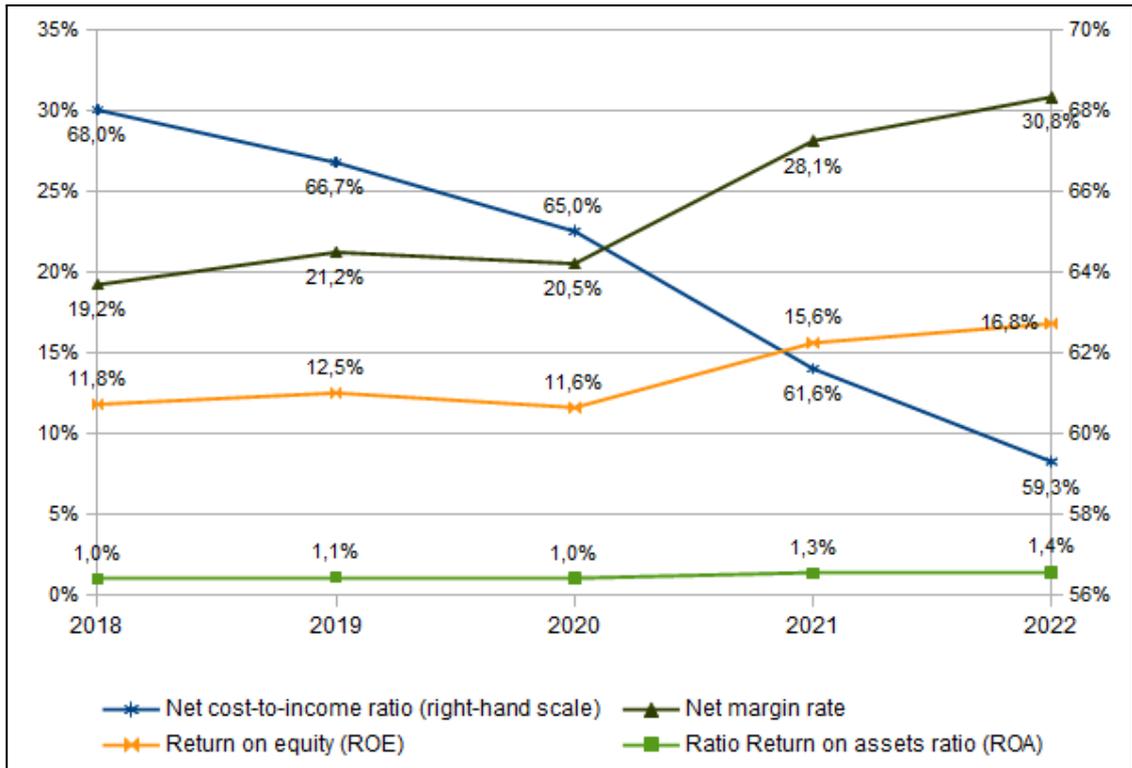
The return on equity (ROE)²² ratio, which measures the yield on equity as a percentage of net income, rose by 1.2 pp to 16.8% by the end of 2022, compared with 15.6% in 2021.

The return on assets (ROA)²³ ratio, which measures the ratio of net income to balance sheet total, stood at 1.4% at the end of the year under review, compared with 1.3% one year prior.

²² Return on Equity (ROE)

²³ Return on Assets (ROA)

Graph 27 : Trends in key banking system ratios



Source : General Secretariat of the WAMU Banking Commission

Table 14 : Overview of the activities and key ratios of credit institutions*(Amounts in millions of CFA F)*

HEADINGS	12/31/2020	12/31/2021	31/12/2022 (*)	Change 2022/2021
NET USES (1+2)	41,135,023	46,732,878	56,297,909	20.5%
1. LOANS (a+b+c+d+e)	24,555,348	27,453,986	32,881,902	19.8%
a) Short-term loans	13,195,110	12,939,016	16,029,144	23.9%
b) Medium-term loans	9,075,270	11,544,473	13,761,083	19.2%
c) Long-term loans	1,007,447	1,518,904	1,775,180	16.9%
d) Leasing operations	231,239	317,986	353,192	11.1%
e) Past-due loans	1,046,283	1,133,607	963,304	-15.0%
2. OTHER USES (a+b+c+d)	16,579,675	19,278,893	23,416,007	21.5%
a) Investment securities	10,569,859	12,400,814	14,656,681	18.2%
b) Long-term investments	281,150	259,224	306,852	18.4%
c) Other fixed assets	4,548,546	5,365,545	6,790,841	26.6%
d) Miscellaneous	1,180,121	1,253,309	1,661,633	32.6%
RESOURCES (1+2+3)	38,284,601	45,271,923	51,341,890	13.4%
1. DEPOSITS AND BORROWINGS (a+b)	32,672,315	38,906,180	43,849,688	12.7%
a) Demand deposits	17,811,400	21,775,751	25,156,403	15.5%
b) Term deposits	14,860,915	17,130,430	18,693,284	9.1%
2. NET EQUITY (a+b)	4,103,043	4,711,370	5,493,011	16.6%
a) Capital, endowments & reserves	3,816,266	4,423,596	5,153,376	16.5%
b) Other	286,777	287,774	339,635	18.0%
3. OTHER RESOURCES	1,509,243	1,654,372	1,999,191	20.8%
CASH FLOW : RESOURCES - USES	-2,850,421	-1,460,956	-4,956,019	-239.2%
TRENDS IN RESULTS				
TREASURY AND INTERBANK TRANSACTIONS	-188,019	-156,754	-203,194	-29.6%
CUSTOMER TRANSACTIONS	1,529,294	1,598,924	1,838,490	15.0%
SECURITIES AND MISCELLANEOUS TRANSACTIONS	740,352	860,342	1,002,942	16.6%
MISCELLANEOUS TRANSACTIONS	248,667	289,629	335,706	15.9%
DEDUCTION OF INTEREST ON OVERDUE RECEIVABLES	24,227	18,462	7,587	-58.9%
1. NET BANKING INCOME	2,330,294	2,610,603	2,981,531	14.2%
NET INCIDENTAL INCOME	102,064	130,197	109,596	-15.8%
2. TOTAL OPERATING INCOME	2,432,358	2,740,800	3,091,127	12.8%
OVERHEAD COSTS	-1,360,409	-1,455,563	-1,580,598	-8.6%
NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	-152,052	-150,686	-185,621	-23.2%
3. GROSS OPERATING INCOME	919,897	1,134,551	1,324,908	16.8%
NET WRITE-DOWNS ON CONTINGENCIES AND LOSSES ON UNCOLLECTIBLE LOANS	-408,104	-340,226	-317,806	6.6%
REINSTATEMENT OF INTEREST ON OVERDUE RECEIVABLES	22,494	14,425	13,627	-5.5%
4. OPERATING INCOME	534,287	808,750	1,020,729	26.2%
NET EXTRAORDINARY INCOME	28,895	38,793	35,773	-7.8%
INCOME TAX	-85,888	-113,192	-134,683	-19.0%
5. RESULT	477,294	734,352	921,818	25.5%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

Table 15 : Key ratios of credit institutions

KEY RATIOS	12/31/20	12/31/21	31/12/2022 (*)	Differences 2022/2020
GROSS CUSTOMER PORTFOLIO DETERIORATION RATE <i>Gross past-due loans / Total gross loans</i>	11.6%	10.6%	8.4%	-2.2
NET CUSTOMER PORTFOLIO DETERIORATION RATE <i>Net past-due loans / Total net loans</i>	4.3%	4.1%	2.9%	-1.2
PROVISIONING RATE FOR PAST-DUE LOANS <i>Provisions / Gross past-due loans</i>	66.1%	63.5%	67.0%	3.5
PROVISIONING RATE FOR DOUBTFUL AND DISPUTED LOANS <i>Provisions / Gross doubtful and disputed loans</i>	73.4%	70.5%	74.3%	3.8
OVERALL MARGIN <i>Return on loans - Cost of capital</i>	5.1%	4.8%	4.8%	0
NET OPERATING COEFFICIENT <i>(Overhead + Depreciation) / Net Banking Income</i>	65.0%	61.6%	59.3%	-2.4
NET PROVISIONING RATE <i>Net allocations to provisions / (Gross operating income + Dubious)</i>	43.3%	29.6%	23.7%	-5.9
NET MARGIN <i>Net income / Net banking income</i>	20.5%	28.1%	30.9%	2.8
RETURN ON EQUITY <i>Net income / Shareholders' equity</i>	11.6%	15.6%	16.8%	1.2
RETURN ON ASSETS <i>Net income / Balance sheet total</i>	1.0%	1.3%	1.4%	0.1

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

5.2.1.3. Prudential status of credit institutions

The prudential status of the Union's banking system, based on provisional data as at December 31, 2022, presented below, covers 125 regulated institutions²⁴ comprising 110 banks and 15 bank-like financial institutions.

► Capital adequacy standards

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

This provision requires all credit institutions in WAMU to hold, at all times, Tier 1 capital at least equal to the 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 twelve credit institutions met these requirements, representing 89.6% of the regulated institutions concerned, compared with 84.7% as at December 31, 2021. They accounted for 91.6% of the banking system's assets and 96.6% of its risk-weighted assets, compared with one hundred and five institutions accounting for 90.9% and 94.9% in 2021.

❖ Minimum ratio (CET1)²⁵

This standard measures the ratio between hard core capital and risk-weighted assets. The regulatory threshold was set at 7.50% for 2022, compared with 6.875% for 2021. 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 seventeen credit institutions, or 93.6%, were in compliance with this standard. These institutions accounted for 92.6% of the banking system's assets and 97.5% of its risk-weighted assets, compared with one hundred and eleven credit institutions in 2021 (91.2% and 94.7%).

❖ Minimum ratio (T1)²⁶

This standard, measured using the ratio of core equity tier one (CET1) plus additional tier one capital or other T1 items to risk-weighted assets, was set at 8.50% for 2022, compared with 7.875% for 2021.

This ratio was complied with by one hundred and fourteen credit institutions, i.e., 91.2% of the regulated institutions concerned, which accounted for 90.8% of the banking system's assets and 95.3% of its risk-weighted assets, compared with one hundred and ten credit institutions with 90.3% and 93.1% in 2021.

❖ Total solvency ratio

This indicator is determined by the ratio of effective shareholders' equity²⁷ to risk-weighted assets. The threshold for this indicator was set at 11.25% for 2022, compared with 10.375% in 2021.

As at December 31, 2022, actual equity capital and risk-weighted assets stood at 4,383.5 billion and 32,944.9 billion respectively, compared with 3,697.4 billion and 29,361.8 billion in 2021.

Table 16 : Breakdown of credit institutions by minimum solvency ratio

Range	Number of credit institutions	Share of total assets	Share of risk-weighted assets
≥ 11.25%	114	91.3%	95.2%
<i>including ≥ 11.5%</i> ²⁸	113	90.8%	95.5%
< 11.25%	11	8.7%	4.8%
TOTAL	125	100%	100%

Source : General Secretariat of the WAMU Banking Commission

²⁴ The prudential status of branches is included in the declarations of the corresponding subsidiaries.

²⁵ CET1 : Common Equity Tier one or Hard-core capital

²⁶ (T1) : Tier One or Core Capital

²⁷ The equity capital used to calculate the total solvency ratio is the actual equity capital obtained by adding core capital (T1) and additional equity capital (T2).

²⁸ Target ratio at the end of the transitional period in 2023

In the Union as a whole, one hundred and fourteen credit institutions met the solvency standard at the end of December 2022. These institutions accounted for 91.3% of banking assets and 95.2% of risk-weighted assets, compared with one hundred and eight credit institutions with 89.3% and 91.5% in 2021.

At the end of December 2022, the total solvency ratio in the Union stood at 13.3%, above the minimum regulatory threshold set at 11.25% for 2022 and 11.5% at the end of the prudential transition period.

By country, the ratio was as follows :

Table 19 : Minimum solvency ratio of credit institutions by country and WAMU-wide

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau (*)	Mali	Niger	Senegal	Togo	WAMU
16.2%	14.2%	13.1%	-4.0%	14.4%	15.4%	12.9%	7.8%	13.3%

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

Source : General Secretariat of the WAMU Banking Commission

Graph 28 : 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 35% for 2022, compared with 45% in 2021. It measures customer concentration risks, or "large risks".²⁹

As at December 31, 2022, eighty-five credit institutions, or 73.3% of those subject to the standard, accounting for 70.6% of assets and 74.9% of risk-weighted assets, complied with the risk division standard, compared with seventy-six credit institutions, accounting for 69.3% and 71.0% in 2021.

²⁹ 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).

❖ Leverage ratio

The purpose of the leverage ratio is to control 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, 2022, total exposure was estimated at 65,354.0 billion. This resulted in a leverage ratio of 6.3%, compared with 6.4% in 2021. One hundred and thirteen credit institutions, holding 90.4% of assets and 94.9% of risk-weighted assets, meet the leverage standard, compared with one hundred and eight credit institutions holding 89.0% and 93.9% in 2021.

By country, the leverage ratio was as follows :

Table 18 : Leverage ratio by country and in WAMU

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau (*)	Mali	Niger	Senegal	Togo	WAMU
5.4%	6.9%	6.5%	-2.0%	7.6%	8.8%	6.2%	2.7%	6.3%

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

Source : General Secretariat of the WAMU Banking Commission

► Other prudential standards

❖ Individual and total limits on investments in commercial entities

As at December 31, 2022, one hundred and fifteen credit institutions complied with the standard, limiting individual holdings in commercial entities to 25% of the capital of these companies. They represented 89.3% of assets and 94.4% of risk-weighted assets, compared with one hundred and four credit institutions for 82.6% and 87.7% in 2021.

Similarly, one hundred and fifteen 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 92.3% of assets and 97.1% of risk-weighted assets, compared with one hundred and twelve credit institutions for 91.5% and 95.8% in 2021.

In addition, one hundred and twenty-five credit institutions were in compliance with the standard limiting overall holdings in commercial entities to 60% of the institution's actual capital. They accounted for 94.8% of assets and 100% of risk-weighted assets, compared with one hundred and twenty-three credit institutions representing 95.1% of assets and 100% in 2021.

❖ Ceiling on non-operating fixed assets

At the end of 2022, one hundred and one credit institutions, whose activities represented 82.4% of assets and 86.8% 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-four credit institutions with 79.1% and 82.0% in 2021.

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

As at December 31, 2022, 114 regulated institutions, accounting for 91.6% of assets and 96.5% of risk-weighted assets, met the standard limiting total non-operating fixed assets and participating interests to 100% of tier one capital (T1), compared with one hundred and ten credit institutions for 91.0% and 95.3% in 2021.

❖ Ceiling on loans to shareholders, management and staff

One hundred and ten credit institutions, holding 90.0% of assets and 94.1% of risk-weighted assets, were in compliance with the standard, limiting cumulative loans to shareholders, management and staff to 20% of actual capital, compared with one hundred and four credit institutions with 86.4% and 89.5% in 2021.

❖ 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, one hundred and five entities, representing 82.9% of assets and 89.3% of risk-weighted assets, were in compliance with this requirement, compared with ninety-five credit institutions for 79.1% and 83.3% in 2021.

❖ 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, 2022, one hundred and ten credit institutions, accounting for 85.7% of assets and 91.1% of risk-weighted assets, met this requirement, compared with one hundred and two credit institutions with 84.7% and 89.8% in 2021. 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 in WAMU

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
113.4%	111.0%	105.1%	113.5%	105.1%	102.5%	106.8%	107.8%	107.3%

Source : General Secretariat of the WAMU Banking Commission

At the end of 2022, the liquidity ratio stood at 107.3%, compared with 109.1% a year earlier.

It should be pointed out 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 regulator.

► Overview of credit institutions' prudential status

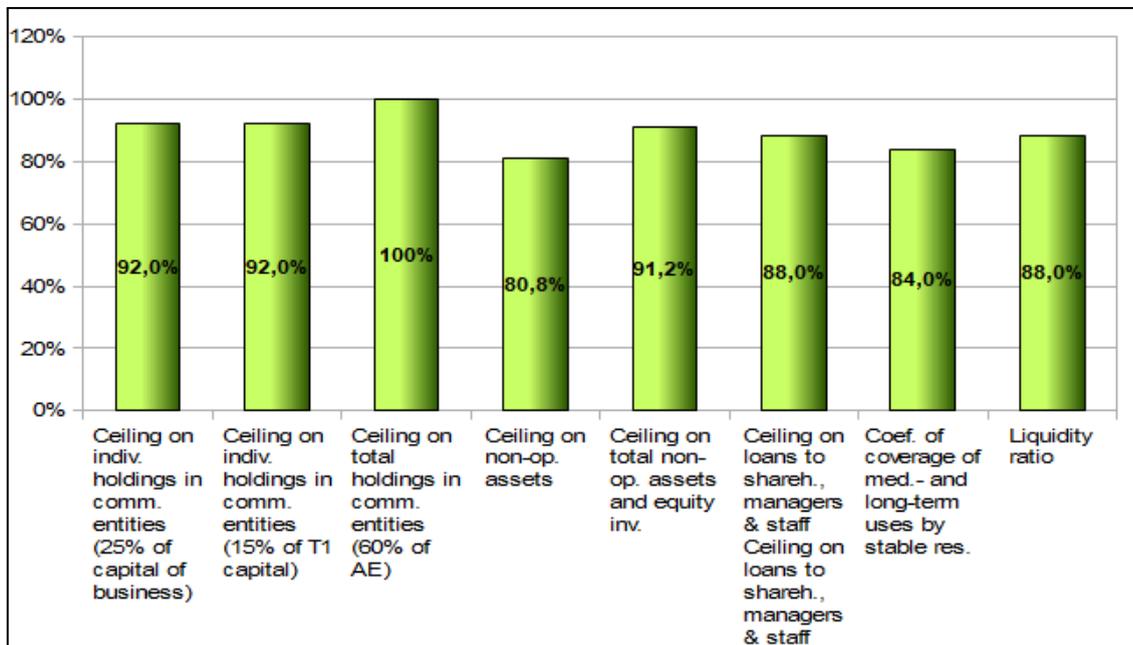
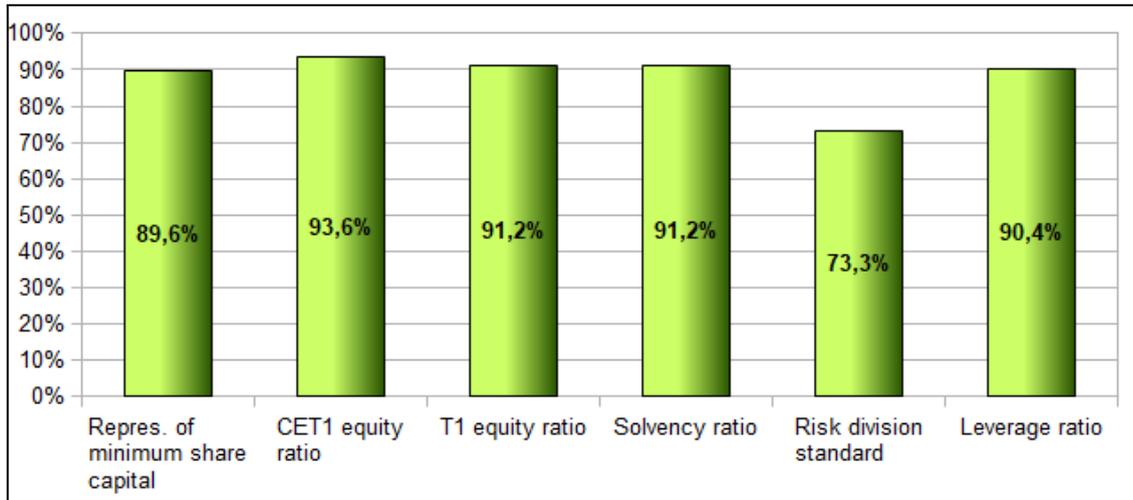
The table and graph below provide an overview of prudential compliance by credit institutions operating in the Union at the end of December 2022.

Table 20 : Number of credit institutions in compliance with the prudential requirements as at December 31, 2022

	Minimum share capital represented by T1 core capital	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			Individual holdings in commercial entities (25% of the capital of the business)	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	Coefficient of coverage of medium- and long-term uses with stable resources	Liquidity ratio (\geq 50%)
Benin (13)	12	13	11	12	10	11	13	13	13	11	12	13	11	11
Burkina Faso (16)	16	16	16	15	13	15	15	16	16	15	16	16	15	15
Côte d'Ivoire (27)	25	25	25	25	18	25	25	25	27	25	25	25	24	23
Guinea-Bissau (3)	2	2	2	2	1	2	2	2	3	1	2	2	2	3
Mali (15)	14	15	14	14	9	14	15	15	15	9	14	14	15	15
Niger (12)	11	12	12	12	9	12	12	11	12	9	12	11	7	7
Senegal (25)	21	23	23	23	16	24	22	22	25	21	23	19	20	23
Togo (14)	11	11	11	11	9	10	11	11	14	10	10	10	11	13
WAMU (125)	112	117	114	114	85	113	115	115	125	101	114	110	105	110

Source : General Secretariat of the WAMU Banking Commission

Graph 29 : Percentage of credit institutions in compliance with prudential requirements as at December 31, 2022



Source : General Secretariat of the WAMU Banking Commission

5.2.1.4. Activities and profitability of national SIBIs

The 28 national SIBIs, representing 42.7% of total banking assets in the WAMU, had a balance sheet total of 27,433.8 billion, up 23.8% over 2021.

Table 21 : Breakdown of national SIBIs at the end of 2022

Country	Number of SIBIs	Balance sheet total (billions CFA F)	Local market share	Market weight in the Union	Windows	ATMs	Bank accounts	Staff
Benin	4	2,611.8	44.0%	4.1%	116	186	1,841,652	1,517
Burkina Faso	3	4,414.7	47.4%	6.9%	148	247	1,502,042	1,700
Côte d'Ivoire	4	8,126.1	37.7%	12.6%	206	256	1,746,372	2,985
Guinea-Bissau	2	203.8	41.6%	0.3%	20	56	114,978	302
Mali	4	4,283.7	58.3%	6.7%	264	307	1,386,170	1,808
Niger	3	1,221.0	46.4%	1.9%	52	31	585,727	900
Senegal	4	4,046.3	33.0%	6.3%	176	295	981,125	2,596
Togo	4	2,526.5	53.3%	3.9%	116	217	712,239	1,148
WAMU	28	27,433.8	42.7%	42.7%	1,098	1,595	8,870,305	12,956

Source : General Secretariat of the WAMU Banking Commission

National SIBIs had 22.6% of windows, controlled 43.3% of ATMs, held 45.1% of customer bank accounts and employed 34.5% of WAMU banking system staff.

Their resources and uses represented respectively 43.7% and 43.1% of those of the WAMU banking system. National SIBIs accounted for 43.5% of deposits and 43.0% of loans in the WAMU banking system. They contributed 53.2% to the total provisional net income of the Union.

As at December 31, 2022, gross outstanding loans to domestic SIBIs decreased by 35.8 billion (-2.8%). They stood at 1,254.4 billion at the end of December 2022, compared with 1,290.1 billion a year earlier and accounted for 43.0% of the outstanding gross past-due loans of the WAMU banking system.

After deducting provisions of 934.0 billion, up 6.2 billion (+0.7%), representing 47.8% of provisions at Union level, the net past-due loans of national SIBIs stood at 320.4 billion at the end of the period under review, compared with 337.6 billion a year earlier, down 17.1 billion (-5.1%).

The gross deterioration rate of the domestic SIBI portfolio stood at 8.3% at the end of 2022, versus 10.1% a year earlier, improving by 1.9 pp. Their net rate was 2.3% in 2022 versus 3.1% a year earlier.

The provisioning rate stood at 74.5% at the end of December 2022, up 1.6 pp compared to the same period the year before.

The cash deficit of domestic SIBIs increased from -67.1 billion as at December 31, 2021, to -1,793.9 billion at the end of 2022.

The SIBIs' total provisional net income rose by 43.8% to 490.1 billion at the end of 2022, compared with 340.8 billion in 2021. Thus, in 2022, the twenty-eight national SIBIs accounted for 53.2% of the provisional net profit of the WAMU banking system.

Table 22 : Share of national SIBIs by indicator and country in the WAMU banking system at the end of 2022

Country	Jobs	Credits	Resources	Deposits	Provisional net income
Benin	43.5%	45.1%	45.0%	44.6%	49.0%
Burkina Faso	47.1%	46.8%	48.8%	49.5%	59.7%
Côte d'Ivoire	38.2%	39.1%	38.6%	38.1%	43.7%
Guinea-Bissau	39.5%	42.5%	51.1%	56.6%	54.7%
Mali	58.2%	59.3%	60.0%	59.4%	81.8%
Niger	47.2%	44.8%	47.2%	48.6%	73.0%
Senegal	32.9%	32.8%	34.6%	34.2%	48.2%
Togo	56.2%	55.6%	55.4%	56.6%	50.7%
WAMU	43.1%	43.0%	43.7%	43.5%	53.2%

Source : General Secretariat of the WAMU Banking Commission

The SIBIs' net cost/income ratio fell by 4.6 pps, year over year, from 56.4% in 2021 to 51.8% in 2022.

The net margin increased by 5.1 pps to 35.2% as at December 31, 2022, from 30.1% a year earlier.

The return on equity (ROE) ratio rose by 1.5 pp to 19.3% at the end of 2022, compared with 17.8% in 2021.

The return on assets (ROA) ratio stood at 1.8% at the end of the year under review, compared with 1.5% in 2021, improving by 0.3 pp.

5.2.1.5. Prudential status of SIBIs

► Capital adequacy standards

❖ Representation of minimum share capital by tier one capital (T1)

Twenty-six national SIBIs were in compliance with the thresholds for the representation of minimum share capital by tier one capital (T1), representing 92.9% of these regulated institutions, compared with 23 representing 88.5% as at December 31, 2021.

❖ Core Equity Tier 1 ratio (CET1)

Twenty-five national SIBIs, or 89.3%, met the CET1 Tier 1 ratio, compared with 22 regulated institutions, or 84.6%, in 2021.

Five regional SIBIs out of 6 were in compliance with this standard, compared with all of them in 2021.

❖ Tier 1 capital ratio (T1)

The core capital ratio (T1) was met by 24 national SIBIs, i.e., 85.7% of regulated entities, compared with 22 (84.6%) in 2021.

Five regional SIBIs were in compliance with this standard, as compared to all SIBIs in 2021.

❖ Total solvency ratio

As at December 31, 2022, actual capital and risk-weighted assets for national SIBIs stood at 2,052.4 billion and 16,057.9 billion respectively, compared with 1,496.8 billion and 12,907.3 billion in 2021.

Table 23 : Breakdown of SIBIs by minimum solvency ratio

Range	Number of national SIBIs	Percentage
≥ 11.25%	25	89.3%
<i>including ≥ 11.5%</i>	25	89.3%
< 11.25%	3	10.7%
TOTAL	28	100%

Source : General Secretariat of the WAMU Banking Commission

Twenty-five met the solvency standard at the end of December 2022, compared with 22 in 2021.

At the end of December 2022, the total solvency ratio of domestic SIBIs stood at 12.8%, compared with 11.6% in 2021, above the minimum regulatory threshold of 11.25% for 2022 and the limit of 11.5% at the end of the prudential transition period.

The solvency ratio for regional SIBIs stood at 12.8% versus 12.9% in 2021, i.e., above the 12.5% standard that would be applicable at the end of the transitional period for application of the systemic cushion for these entities (11.5% + 1% surcharge). The solvency standard was met by 5 regional SIBIs, as against 6 regulated institutions in 2021.

❖ Risk division standard

As at December 31, 2022, seventeen national SIBIs, or 60.7% of those subject to the standard, were in compliance with the risk division standard, compared with eighteen in 2021, representing 69.2% of institutions.

Five regional SIBIs were in compliance with the risk division standard, as was the case in 2021.

❖ Leverage ratio

At the end of 2022, the total exposure of domestic SIBIs was estimated at 30,898.3 billion. This resulted in a leverage ratio of 6.3%, compared with 6.1% in 2021. Twenty-four domestic SIBIs, or 85.7%, met the leverage standard, compared with twenty-two, or 84.6%, in 2021.

Five regional SIBIs were in compliance with this standard, compared with all of them in 2021.

▶ Other prudential standards

❖ Individual and total limits on investments in commercial entities

As at December 31, 2022, twenty-four national SIBIs, or 85.7% of such entities, were in compliance with the standard, which limits individual equity investments in commercial entities to 25% of their capital, compared with nineteen in 2021. This standard was met by five regional SIBIs.

On the other hand, twenty-five national SIBIs, or 89.3% of these regulated institutions, were in compliance with the standard that individually limits holdings in commercial entities to 15% of the institution's tier one capital (T1), compared with twenty-two national SIBIs, or 84.6%, in 2021. All regional SIBIs were in compliance with this ceiling.

In addition, all national SIBIs were in compliance with the standard that limits overall holdings in commercial entities to 60% of the institution's actual equity capital, as was the case in 2021. In the case of regional SIBIs, two of these entities were in compliance with the ceiling.

❖ Ceiling on non-operating fixed assets

At the end of 2022, twenty-one national SIBIs, or 75.0% 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 twenty, or 76.9% in 2021.

All regional SIBIs met the ceiling on December 31, 2022.

❖ Ceiling on total non-operating fixed assets and investments

As at December 31, 2022, twenty-five regulated institutions, or 89.3% of this category of institutions, were in compliance with the standard limiting total non-operating fixed assets and investments to 100% of tier one capital (T1), compared with twenty-three, or 88.5%, in 2021.

All regional SIBs were in compliance with this standard, as was the case in 2021.

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

Twenty-four national SIBs, or 85.7% of these regulated entities, were in compliance with the standard, which limits cumulative loans to shareholders, management and staff to 20% of actual equity, compared with twenty (76.9%) in 2021.

Five regional SIBs were in compliance with this standard, compared with all such entities in 2021.

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

At the end of the period under review, twenty-two entities, representing 78.6% of those subject to the standard, complied with the requirement to cover at least 50% of fixed assets with stable resources, compared with nineteen such entities, or 73.1%, in 2021.

Two regional SIBs met the standard at the end of the period under review, compared with four in 2021.

❖ **Liquidity ratio**

As at December 31, 2022, twenty-four national SIBs, or 85.7% of such entities, met the liquidity ratio, compared with twenty-two, or 84.6%, in 2021.

Two regional SIBs met this standard at the end of the period under review, compared with four in 2021.

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

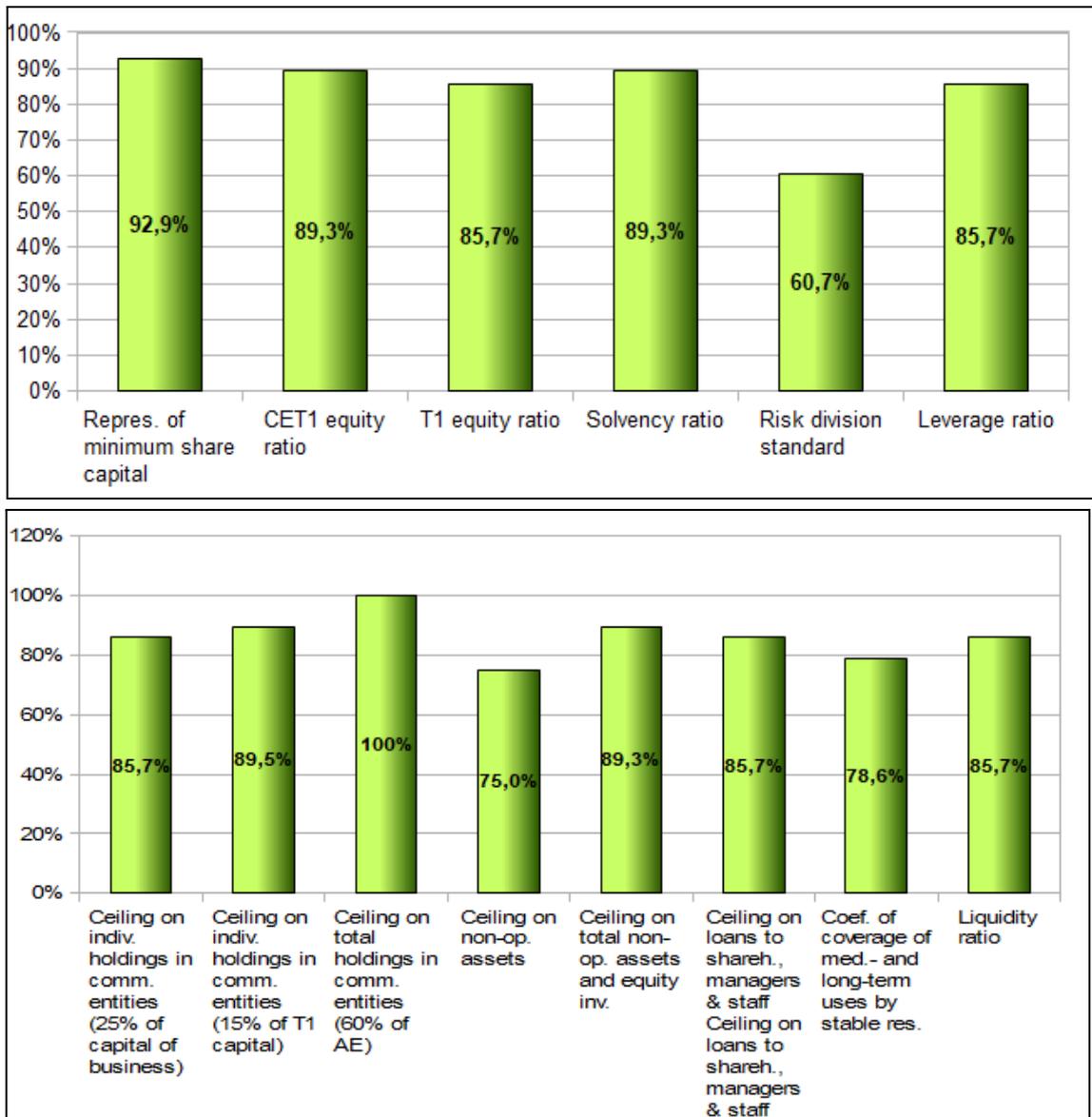
The table and graph below provide an overview of national SIBs' compliance with the prudential requirements at the end of December 2022.

Table 24 : Number of national SIBs in compliance with prudential requirements as at December 31, 2022

	Representation 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 solvency ratio			Ceiling on indiv. holdings in comm. entities (25% of the capital of the business)	Ceiling on indiv. holdings in comm. entities (15% of core tier one (T1) capital)	Ceiling on total holdings in comm. entities (60% of actual equity capital)	Ceiling on non-operating assets	Ceiling on total non-op. 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 (4)	4	4	3	4	3	3	4	4	4	3	4	4	3	3
Burkina Faso (3)	3	3	3	3	3	3	2	3	3	3	3	3	3	3
Côte d'Ivoire (4)	4	4	4	4	3	4	4	4	4	4	4	4	3	4
Guinea-Bissau (2)	1	1	1	1	0	1	1	1	2	1	1	1	1	2
Mali (4)	4	4	4	4	2	4	4	4	4	2	4	4	4	4
Niger (3)	3	3	3	3	2	3	3	3	3	3	3	3	1	1
Senegal (4)	4	3	3	3	2	3	3	3	4	2	3	2	3	3
Togo (4)	3	3	3	3	2	3	3	3	4	3	3	3	4	4
WAMU (28)	26	25	24	25	17	24	24	25	28	21	25	24	22	24

Source : General Secretariat of the WAMU Banking Commission

Graph 30 : Percentage of national SIBs in compliance with the prudential requirements as at December 31, 2022



Source : General Secretariat of the WAMU Banking Commission

5.2.2. Financial holding companies

5.2.2.1. Financial holding companies landscape

As at December 31, 2022, there were nineteen financial holding companies in the Union, as in 2021. They were distributed as follows.

Table 25 : Breakdown of financial holding companies

Country	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 as at December 31, 2022, were analyzed on the basis of declarations submitted by seventeen regulated institutions³⁰ representing 89.5% of the target population.

Based on consolidated financial company data, these entities posted a balance sheet total of 50,898.9 billion at the end of 2022, up 16.3% on 2021.

Table 26 : Key financial company indicators at the end of December 2022 (in billions of CFA F)

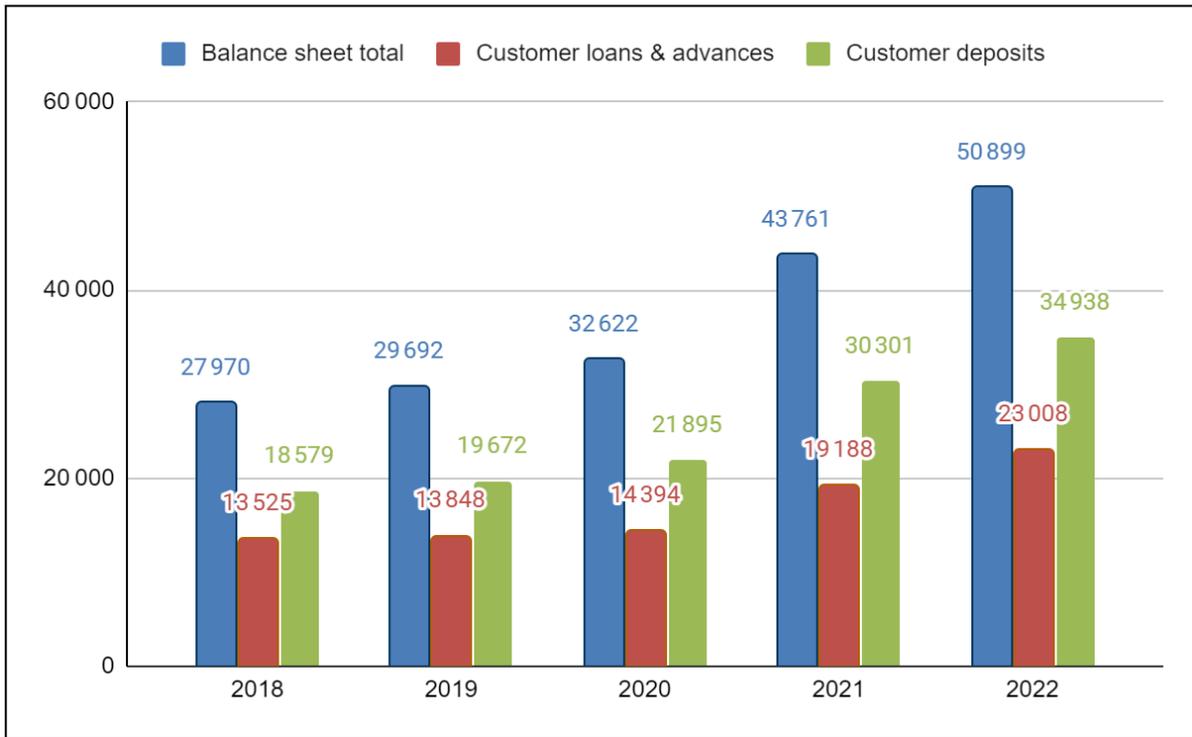
Country	Balance sheet total		Loans and receivables		Payables		Net Banking Income		Results	
	Level	%	Level	%	Level	%	Level	%	Level	%
Burkina Faso	6,875.4	13.5%	3,294.3	14.3%	4,242.4	12.1%	306.6	11.1%	78.6	14.9%
Côte d'Ivoire	18,482.7	36.3%	9,199.1	40.0%	12,889.8	36.9%	975.4	35.2%	187.1	35.4%
Senegal	2,420.9	4.8%	1,212.2	5.3%	1,460.2	4.2%	105.4	3.8%	19.7	3.7%
Togo	23,119.9	45.4%	9,302.1	40.4%	16,345.9	46.8%	1,383.0	49.9%	243.7	46.1%
WAMU	50,898.9	100%	23,007.7	100%	34,938.2	100%	2,770.3	100%	529.1	100%

Source : General Secretariat of the WAMU Banking Commission

Loans and advances to customers of these entities stood at 23,007.7 billion at the end of 2022, up 19.9%. Customer deposits rose by 15.3% to 34,938.2 billion as at December 31, 2022.

³⁰Standard Holdings Côte d'Ivoire and Tamweel Africa Holding had not filed statements as at December 31, 2022. In terms of total assets in WAMU the weight of the subsidiaries held by these entities represented 1.4%.

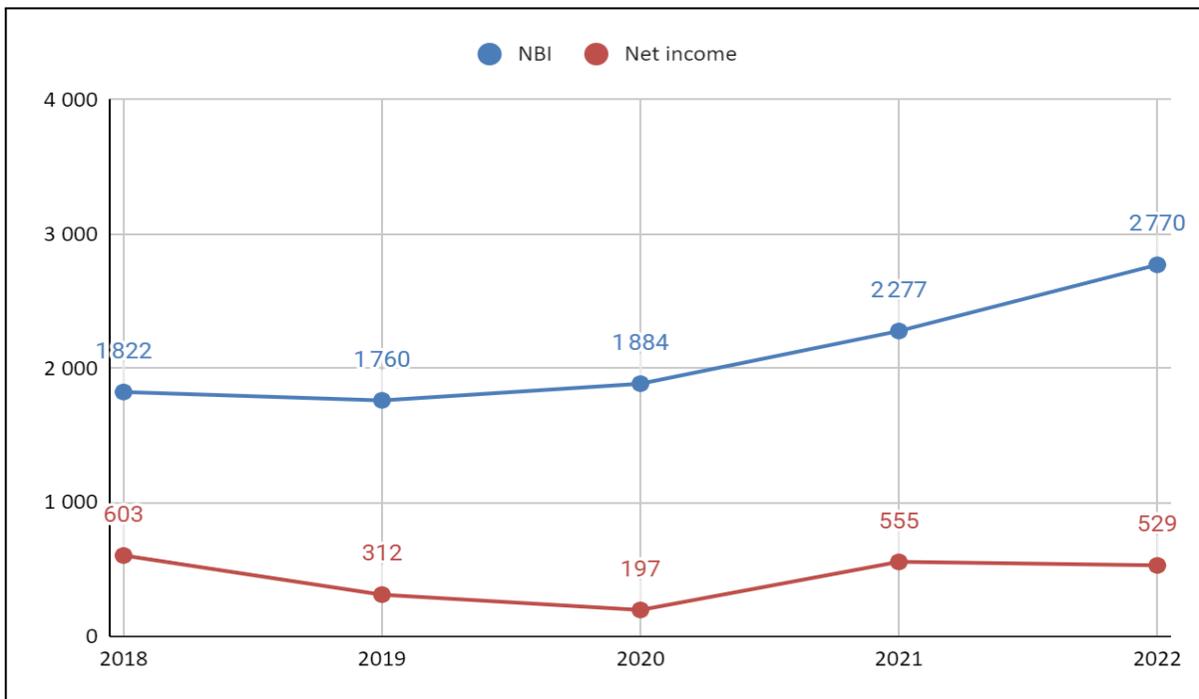
Graph 31 : Activities of financial holding companies (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

NBI amounted to 2,770.3 billion versus 2,276.7 billion a year earlier, up 21.7%. Provisional net income for financial holding companies fell by 4.7% to 529.1 billion from 555.3 billion in 2021.

Graph 32 : Net banking income and net income of financial holding companies (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

5.2.2.3. Activities and results of regional SIBs

Six of the financial holding companies operating in WAMU were regional SIBs, as was the case in 2021. Over the period under review, the regional SIBs posted a balance sheet total of 37,306.7 billion, up 11.7% on 2021, representing 73.3% of the balance sheet total of financial holding companies, compared with 76.3% in 2021. Loans and advances to customers and customer deposits stood at 16,614.0 billion and 26,471.6 billion respectively, up 16.2% and 11.3% year over year. They represented 72.2% and 75.8% respectively of the total for all financial holding companies, compared with 74.5% and 78.5% in 2021.

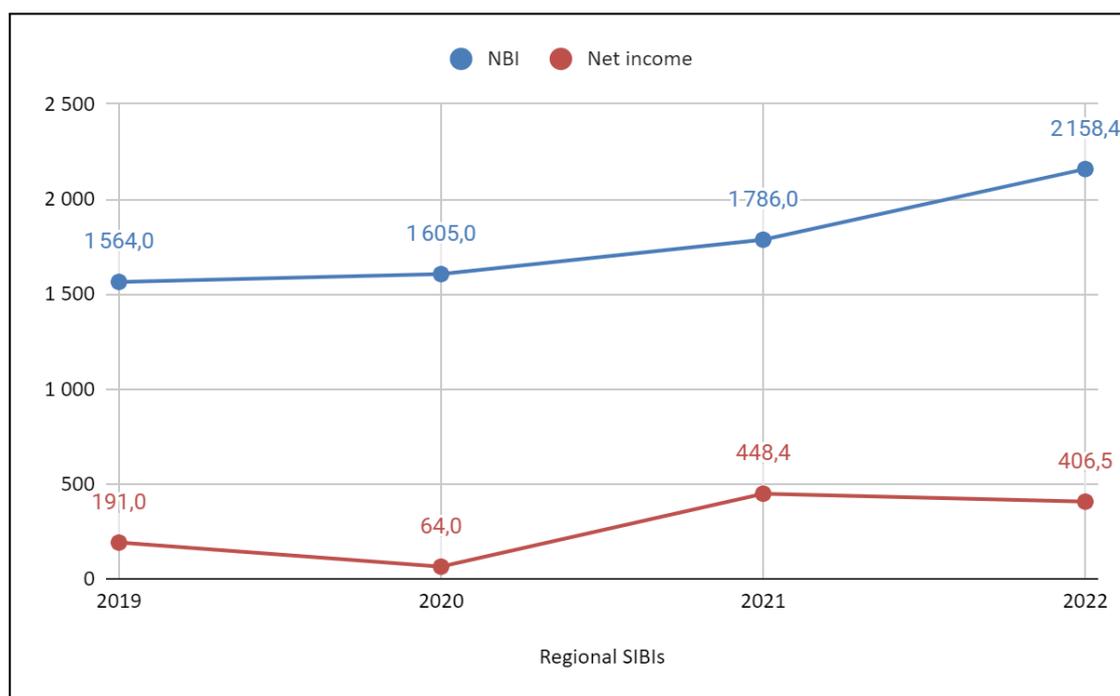
Table 27 : Contribution of regional SIBs to the activity of financial holding companies by indicator in WAMU

Regional SIBs	2019	2020	2021	2022
Balance sheet total	86.8%	81.0%	76.3%	73.3%
Loans & advances to customers	83.4%	77.3%	74.5%	72.2%
Customer deposits	87.1%	82.7%	78.5%	75.8%
Net banking income	88.9%	85.2%	78.4%	77.9%
Net result	85.4%	67.6%	80.8%	76.8%

Source : General Secretariat of the WAMU Banking Commission

Regional SIBs posted a provisional net aggregate income of 406.5 billion versus 448.4 billion in 2021, down 9.3% year over year. This surplus represented 76.8% of that of all financial holding companies, compared with 80.8% a year earlier.

Graph 33 : Net banking income and results of regional SIBs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

5.2.2.4. Prudential status of financial holding companies

Based on provisional prudential data received from 17 regulated financial holding companies at the close of fiscal year 2022, the prudential status was as follows.

5.2.2.4.1. Capital adequacy standards

❖ Core equity tier one (CET1) ratio

This ratio was complied with by fourteen financial holding companies, representing 82.4% of regulated institutions, compared with 93.3% in 2021. They represented 86.6% of assets and 78.6% of risk-weighted assets.

❖ Tier 1 capital ratio (T1)

This standard was complied with by twelve financial holding companies, representing 70.6% of regulated institutions, compared with 80.0% in 2021. The compliant entities accounted for 85.4% of assets and 77.6% of risk-weighted assets.

❖ Total solvency ratio

As at December 31, 2022, actual capital and risk-weighted assets for financial holding companies stood at 1,952.2 billion and 16,066.0 billion, respectively.

Table 27 : Breakdown of financial holding companies by minimum solvency ratio

Range	Number of financial holding companies	Share of total assets	Share of risk-weighted assets
≥ 11.25%	13	85.9%	78.1%
< 11.25%	4	14.1%	21.9%
TOTAL	17	100%	100%

Source : General Secretariat of the WAMU Banking Commission

Thirteen financial holding companies, i.e., 76.5% of those subject to solvency requirements compared with 86.7% in 2021, met the main solvency standard set at 11.25% for 2022. These entities accounted for 85.9% of banking assets and 78.1% of risk-weighted assets.

At the same date, the total solvency ratio stood at 12.2%, compared with 12.8% in 2021.

❖ Risk division standard

The risk division standard, which measures the concentration of major risks, was met by 15 financial holding companies, or 88.2% of those subject to the standard, compared with 80.0% in 2021.

❖ Leverage ratio

The leverage ratio, measured as tier one capital (T1) divided by total exposure (balance sheet and off-balance sheet), which was set at a minimum of 3%, was met by twelve financial holding companies, or 70.6% of those reporting, representing 85.4% of assets and 77.6% of risk-weighted assets.

The total exposure of financial holding companies was estimated at 48,425.5 billion, resulting in a leverage ratio of 3.5%, compared with 37,571.6 billion with a ratio of 6.4% in 2021.

The total exposure of regional SIBIs was estimated at 37,563.5 billion, resulting in a leverage ratio of 3.2%, compared with 29,902.0 billion and 6.4% in 2021.

5.2.2.4.2. Other prudential standards

❖ Individual and total limits on investments in commercial entities

As at December 31, 2022, sixteen financial holding companies, representing 90.1% of assets and 83.8% of risk-weighted assets, compared with thirteen in 2021, were in compliance with the standard that individually limits holdings in commercial entities to 25% of corporate capital. All financial holding companies, as against fourteen in 2021, were in compliance with the standard that individually limits holdings in commercial entities to 15% of the institution's tier one capital (T1).

Ten financial holding companies, as against all financial holding companies, were in compliance with the standard limiting overall holdings in commercial entities to 60% of their actual equity capital. They represented 71.2% of assets and 64.7% of risk-weighted assets.

❖ Ceiling on non-operating fixed assets

At the end of 2022, as was the case in 2021, all regulated financial holding companies, were in compliance with the standard limiting non-operating fixed assets to a maximum of 15% of core capital.

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

As at December 31, 2022, all regulated institutions, as against thirteen in 2021, were in compliance with the standard limiting total non-operating fixed assets and participating interests to 100% of tier one capital (T1).

❖ Ceiling on loans to shareholders, officers and employees

In 2022, 16 financial holding companies, representing 90.1% of assets and 83.8% of risk-weighted assets, were in compliance with the standard limiting total loans to shareholders, management and employees to 20% of actual equity.

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

As at December 31, 2022, seven financial holding companies, representing 24.4% of assets and 40.1% of risk-weighted assets, were in compliance with this requirement.

❖ Liquidity ratio

As at December 31, 2022, nine financial holding companies, accounting for 56.3% of assets and 56.3% of risk-weighted assets, met this requirement.

5.2.2.4.3. Overview of financial holding companies' prudential status

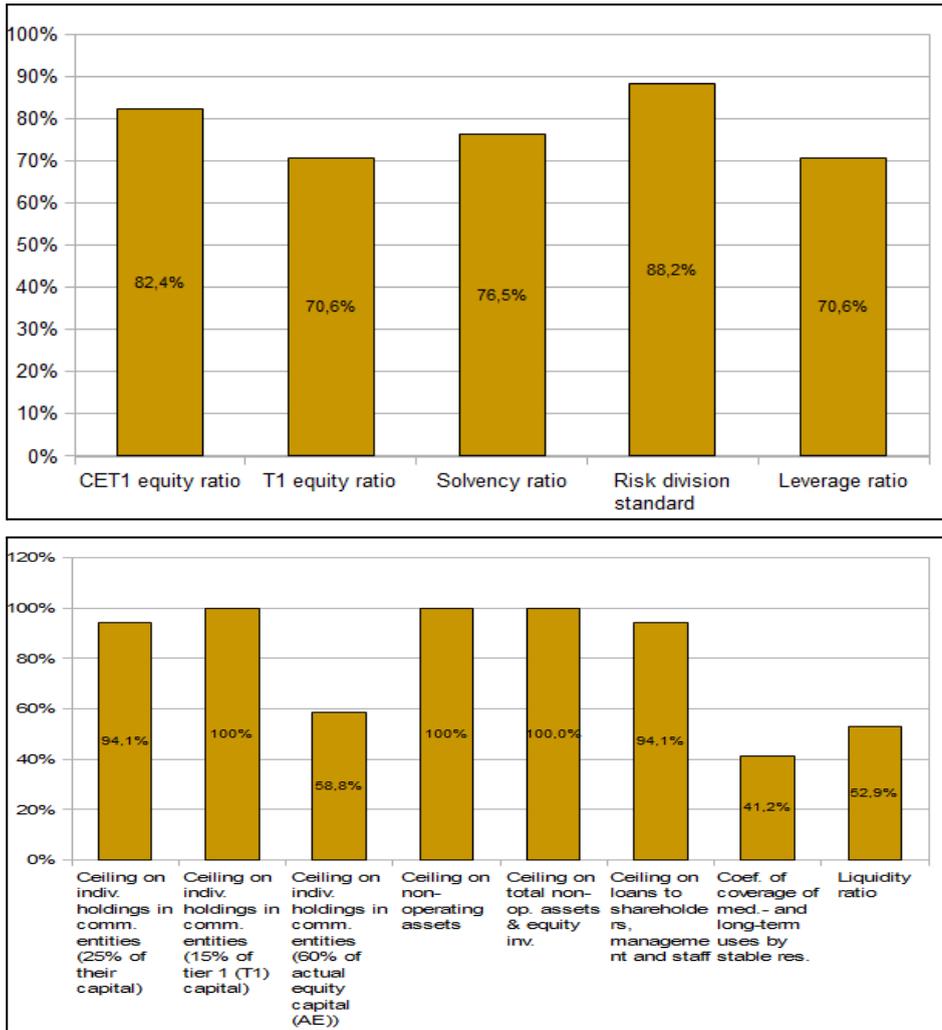
The table and chart below provide an overview of prudential compliance by financial holding companies operating in the Union at the end of December 2022.

Table 28 : Number of financial holding companies in compliance with the prudential requirements as at December 31, 2022

	Solvency standards			Risk division standard	Leverage ratio	Other prudential standards							
	Equity ratio (CET1)	Tier 1 capital ratio (T1)	Total solvency ratio			Ceiling on indiv. holdings in comm. entities (25% of the capital of the business)	Ceiling on indiv. holdings in comm. entities (15% of core tier one (T1) capital)	Ceiling on total holdings in comm. entities (60% of actual equity capital)	Ceiling on non-operating assets	Ceiling on total non-op. assets & equity investments	Ceiling on loans to shareholders, management and staff	Coefficient of coverage of medium- and long-term uses by stable resources	Liquidity ratio
Benin (0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Burkina Faso (2)	2	2	2	2	2	2	2	1	2	2	2	1	2
Côte d'Ivoire (9)	9	7	8	8	7	8	9	6	9	9	8	4	5
Guinea-Bissau (0)	0	0	0										
Mali (0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Niger (0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Senegal (2)	1	1	1	1	1	2	2	1	2	2	2	1	0
Togo (4)	2	2	2	4	2	4	4	2	4	4	4	1	2
WAMU (17)	14	12	13	15	12	16	17	10	17	17	16	7	9

Source : General Secretariat of the WAMU Banking Commission

Graph 34 : Percentage of financial holding companies in compliance with prudential regulations



Source : General Secretariat of the WAMU Banking Commission

5.3. STATUS OF LARGE MICROFINANCE INSTITUTIONS



- 236 large decentralized financial systems in WAMU, representing an annual increase of 23 units
- Balance sheet total up 14.4% to 3,220.3 billion
- Loans up 13.0% to 1,750.2 billion
- Deposits up 8.6% to 1,627.7 billion
- Provisional net income up 55.9% to 36.0 billion
- Return on equity (ROE) up by 1.8% to 5.0%.
- 0.6 pp improvement in portfolio quality to 5.8% at end 2022
- Capitalization ratio down to 15.6% in 2022 from 17.0% a year earlier

5.3.1. Decentralized financial systems landscape

Microfinance is governed by the Uniform Act regulating decentralized financial systems (DFSs) and its implementing instruments.

In accordance with 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 fiscal years, i.e., 2020 and 2021, the number of MFIs falling under Article 44 (known as large MFIs) increased by 23 units to 236 microfinance institutions at the end of December 2022.

The ecosystem of large MFIs is made up of 104 networks and individual institutions, and 132 basic mutuals affiliated to a network. Networks and individual institutions include companies, associations, unions and unaffiliated Mutual or Cooperative Savings and Credit Institutions (IMCEC).

The breakdown of MFIs subject to Article 44 by country is as follows.

Table n°29 : Number of MFIs subject to Article 44

Country	Networks and Individual Institutions					Basic mutuals affiliated to a network (f)	Total (e+f)
	Companies (a)	Associations (b)	Networks (c)	IMCEC unaffiliated (d)	Total (e=a+b+c+d)		
Benin	3	5	3	2	13	14	27
Burkina Faso	10	1	3	6	20	25	45
Côte d'Ivoire	10	0	3	4	17	22	39
Guinea-Bissau	-	-	-	-	-	-	-

Country	Networks and Individual Institutions					Basic mutuals affiliated to a network (f)	Total (e+f)
	Companies (a)	Associations (b)	Networks (c)	IMCEC unaffiliated (d)	Total (e=a+b+c+d)		
Mali	4	3	5	0	12	8	20
Niger	4	0	0	0	4	0	4
Senegal	6	0	4	4	14	52	66
Togo	2	1	5	16	24	11	35
WAMU	39	10	23	32	104	132	236

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 226 MFIs,³¹ i.e., 95.8% of large institutions.

At the end of 2022, these institutions had a balance sheet total of 3,220.3 billion, up 14.4% compared to the end of 2021. This trend was observed across all WAMU countries with large MFIs.

Table 30 : Trends in key statistics of MFIs subject to Article 44

COUNTRY	2022				2021			
	Balance sheet total (billions of CFA F)	Weight in the Union	Number of accounts	Staff	Balance sheet total (billions of CFA F)	Weight in the Union	Number of accounts	Staff
Benin	388.1	12.1%	2,542,577	3,558	258.8	9.2%	2,111,624	3,178
Burkina Faso	601.6	18.7%	1,300,347	3,774	555.8	19.7%	1,164,757	3,342
Côte d'Ivoire	740.3	23.0%	3,581,653	4,829	658.0	23.4%	2,138,430	4,300
Mali	262.7	8.2%	1,261,147	2,568	243.3	8.6%	1,214,710	2,430
Niger	14.7	0.5%	58,807	233	15.8	0.6%	57,264	251
Senegal	877.6	27.3%	4,056,725	4,184	787.7	28.0%	3,824,539	3,698
Togo	335.3	10.4%	2,230,428	3,556	294.8	10.5%	2,080,199	3,280
WAMU	3,220.3	100%	15,031,679	22,702	2,814.3	100%	12,591,523	20,479

Source : General Secretariat of the WAMU Banking Commission

As at December 31, 2022, the number of employees in the microfinance sector had risen by 2,223 units (+10.9%) compared with the end of 2021, to 22,702. Corporate officers accounted for 10.6% of jobs.

The number of accounts held by large MFIs rose by 2,440,156 units (+19.4%) to 15,031,679 at the end of 2022. Individual accounts rose by 19.7% to 13,464,874. Accounts held by legal entities totaled 1,566,805, representing an annual change of 16.4%.

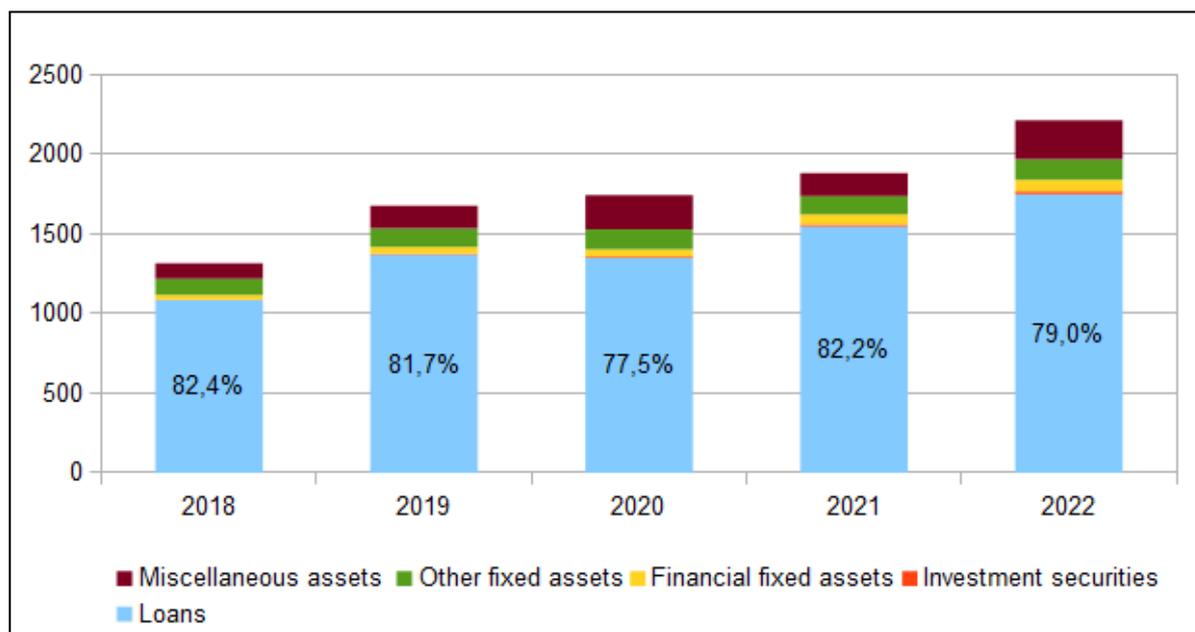
5.3.2.1. Uses

Uses of MFIs subject to Article 44 rose by 17.5% year over year to 2,214.7 billion at the end of 2022. Loans to customers accounted for 79.0% of this figure, compared with 82.2% in 2021.

Financial fixed assets accounted for 3.2% of uses in 2022, compared with 3.3% a year earlier. Other assets (investment securities, other fixed assets and miscellaneous assets) accounted for 17.8% of total assets, versus 14.5% in 2021.

³¹ Ten large MFIs operating in Burkina Faso (3), Niger (1), Senegal (1), and Togo (5) had not filed statements as at December 31, 2022, in view of their recent inclusion on the list of DFSs subject to Article 44.

Graph 35 : Trends in uses of large MFIs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Loans to customers increased by 13.0%, on an annual basis, to reach 1,750.2 billion at the end of 2022, compared with 1,548.4 billion in 2021. They included short-term loans,³² medium-term loans, long-term loans and past-due loans.

Short-term loans amounted to 833.3 billion (47.6% of total loans), up 16.9% year over year. Medium-term loans, which accounted for 33.6% of outstanding loans, stood at 588.1 billion at the end of 2022, up 13.7% year over year. Long-term loans stood at 258.1 billion at the end of 2022, or 14.7% of total loans. They grew by 5.3% year over year.

Net past-due loans, at 70.8 billion versus 73.5 billion a year earlier, were down 3.7%.

Investment securities were valued at 17.8 billion at the end of 2022, compared with 13.1 billion in 2021, up 35.5% over the period.

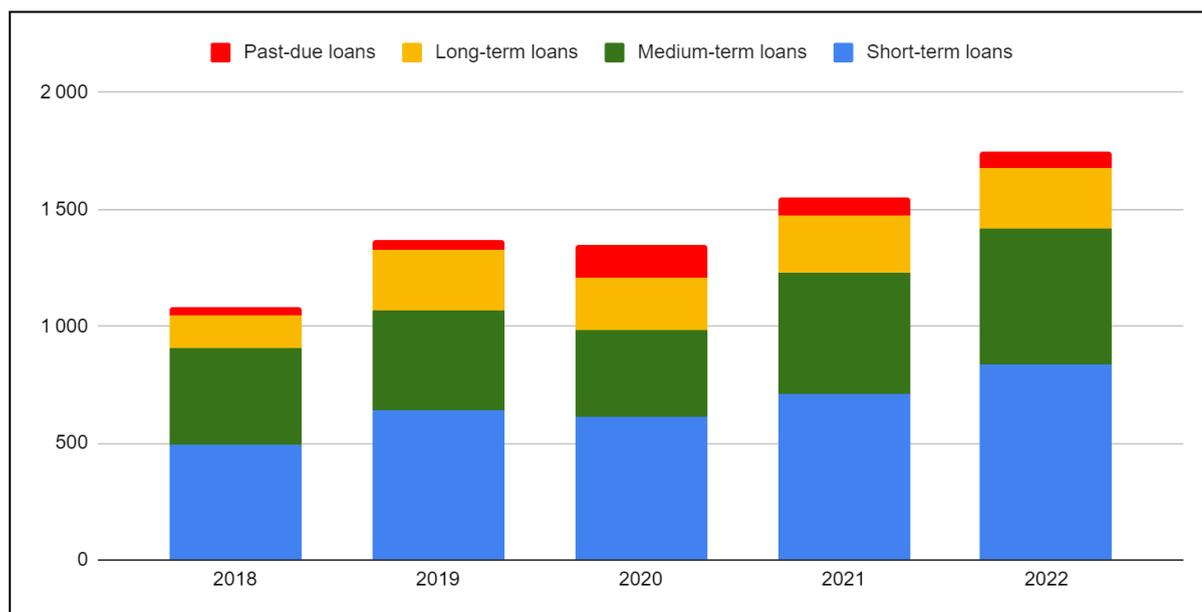
Financial fixed assets rose by 13.0% year over year, reaching 71.3 billion in 2022 versus 63.1 billion in 2021.

Other fixed assets rose by 14.6% year over year to 129.9 billion in 2022, compared with 113.4 billion a year earlier.

Miscellaneous uses (related loans, inventories, sundry debtors, trade, and other accounts, etc.) grew by 67.7% to 245.5 billion in 2022.

³² Short-term loans are commitments to DFS (MFI) customers over 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 36 : : Analysis of the credit structure of large MFIs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

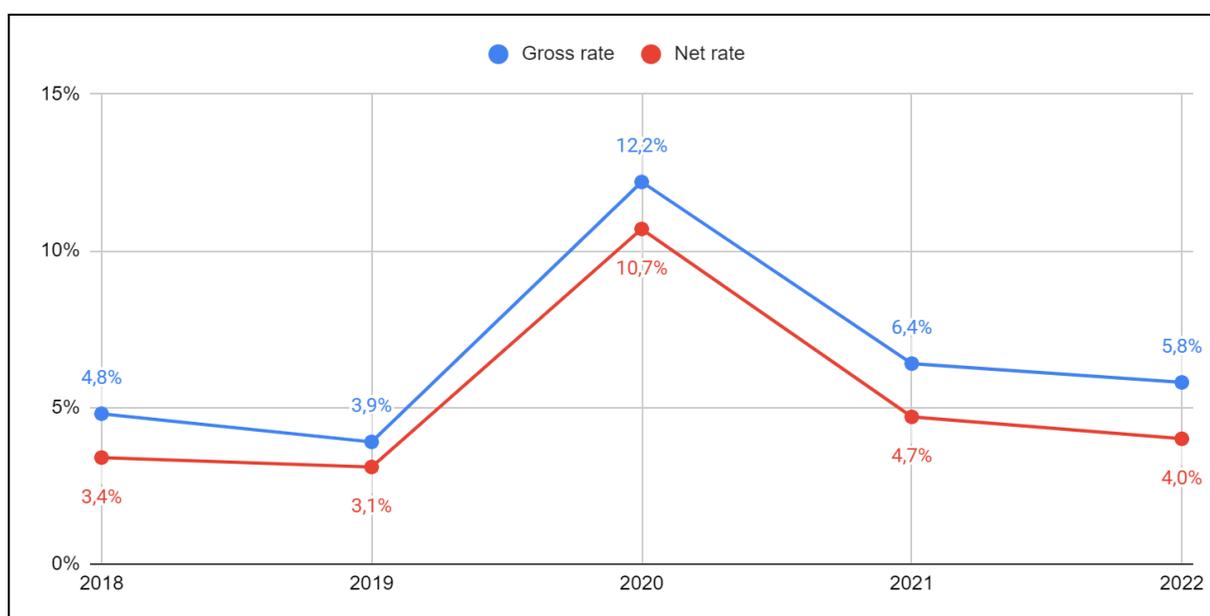
5.3.2.2. Portfolio quality

Gross outstanding loans of MFIs subject to Article 44 rose by 3.4% year over year to 103.9 billion at the end of 2022, compared with 100.5 billion a year earlier.

The provisioning rate for past-due loans rose to 31.4%, compared with 26.9% at the end of fiscal 2021.

The portfolio's gross and net deterioration rates stood at 5.8% and 4.0% respectively at end-2022, improving by 0.6 and 0.7 pp compared with 2021.

Graph 37 : Large MFI portfolio deterioration rates



Source : General Secretariat of the WAMU Banking Commission

5.3.2.3. Resources

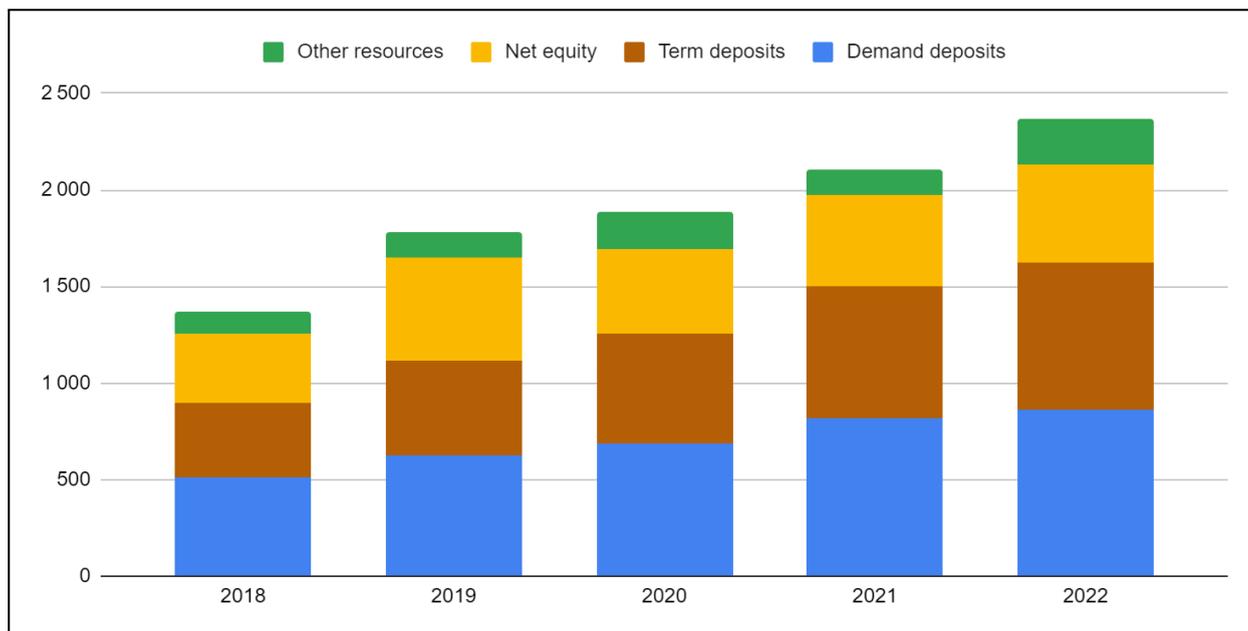
Resources mobilized by MFIs subject to Article 44 rose by 12.5% year over year to reach 2,370.6 billion on December 31, 2022. They included deposits and borrowings (68.7% vs. 71.2% in 2021), net equity (21.2% vs. 22.7% in 2021) and other resources (10.1% vs. 6.1% in 2021).

Deposits and borrowings rose by 8.6% year over year to 1,627.7 billion at the end of 2022. They consist mainly of sight and term deposits, in proportions of 53.1% and 46.9% respectively, compared with 54.8% and 45.2% in 2021.

The net equity of MFIs subject to Article 44 increased by 5.4% year over year to 503.7 billion, compared with 477.7 billion at the end of 2021.

Other resources (related payables, payments on securities and financial fixed assets, accruals and miscellaneous accounts, and provisions for liabilities and charges) rose by 84.8% over the year to 239.3 billion at the end of December 2022.

Graph 38 : Trends in the resources of large MFIs (in billions of CFA F)

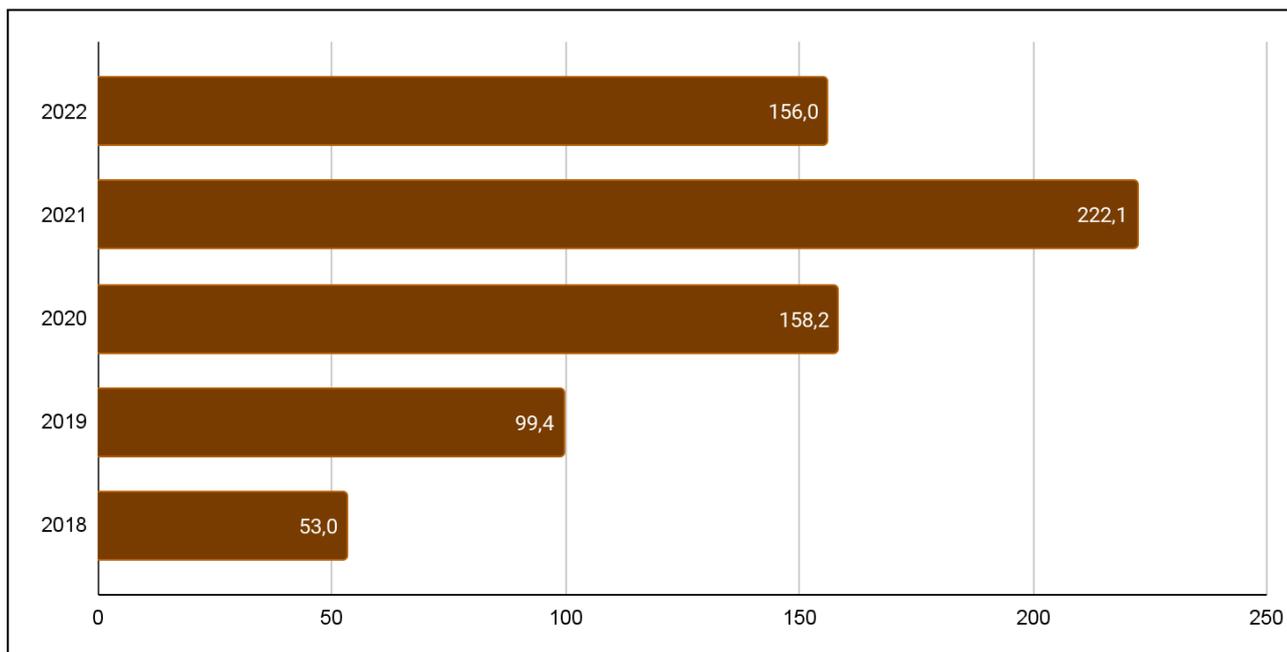


Source : General Secretariat of the WAMU Banking Commission

5.3.2.4. Cash position

The cash position of MFIs subject to Article 44 continued to show a surplus, standing at 156.0 billion at the end of 2022, compared with 222.1 billion a year earlier, showing a contraction of 29.8%. This trend was due to stronger growth in uses (+17.5%) than in resources (+12.5%).

Graph 39 : Cash flow trends for large MFIs (in billions of CFA F)



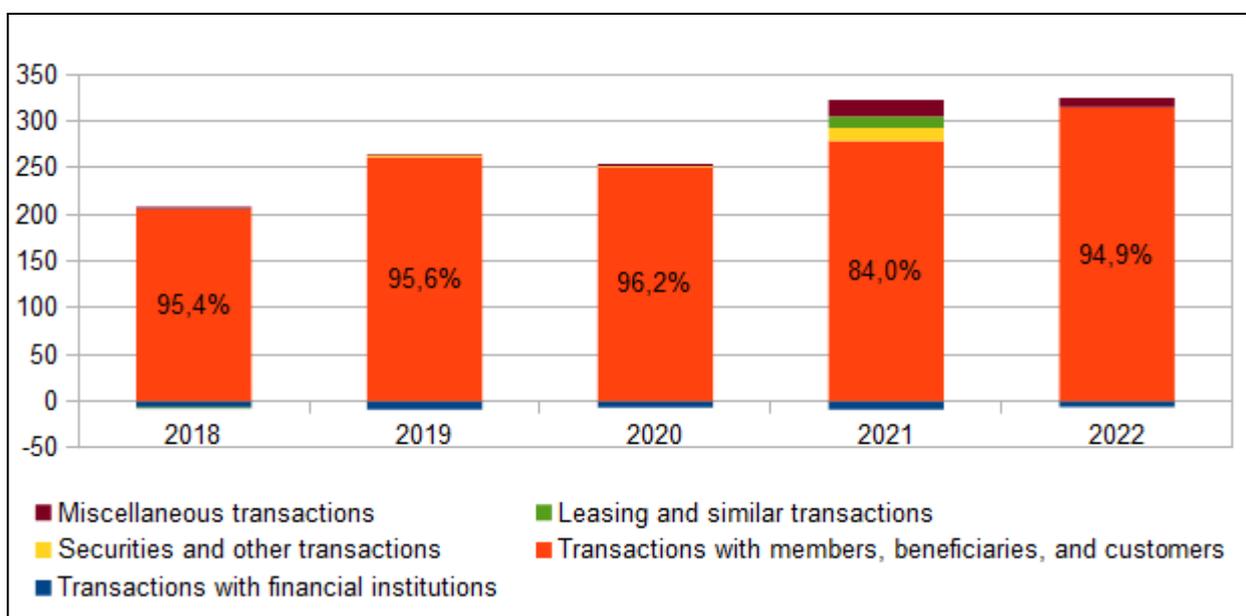
Source : General Secretariat of the WAMU Banking Commission

5.3.2.5. Financial results

As at December 31, 2022, the Net Financial Income (NFI) of MFIs subject to Article 44 stood at 318.7 billion, up 16.2% year over year.

Transactions with members, beneficiaries and/or customers accounted for 94.9% of the total, compared with 84.0% a year earlier.

Graph 40 : NFI of large MFIs (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

The increase in NFI led to a 10.8% annual rise in total operating income, estimated at 344.0 billion in 2022, compared with 310.3 billion a year earlier.

Gross operating income, at 77.0 billion, also rose by 19.4%, in line with the increase in NFI and 9.8% in overhead, to 248.2 billion.

Taking into account net risk provisions of 50.3 billion, operating income stood at 26.7 billion at the end of fiscal 2022, compared with 15.8 billion a year earlier.

Net income rose by 55.9% to a provisional figure of 36.0 billion, compared with an actual figure of 23.1 billion at the end of the 2021 financial year, against a backdrop of post-COVID-19 economic recovery.

5.3.2.6. Key financial ratios

Operating expenses as a percentage of the credit portfolio fell by 2.0 pps year over year to 26.6% in 2022, compared with 28.6% for a maximum standard of 35%.

The ratio of overhead to the loan portfolio contracted by 0.7 pp, year over year, to 14.1% in 2022 compared with 14.8% a year earlier, with a ceiling of 15% for direct credit institutions and 20% for savings and loan institutions.

The personnel expense ratio stabilized at 6.8% in 2022 as in 2021, with a ceiling of 5% for direct credit institutions and 10% for savings and loan institutions.

Return on equity stood at 5.0% in 2022, compared with 3.2% at the end of 2021, as compared to a minimum standard of 15%. It was calculated by dividing operating income excluding subsidies by average shareholders' equity over the period.

The return on assets was calculated at 0.8% in 2022, compared with 0.6% at the end of 2021, against a minimum standard of 3%.

Operational self-sufficiency increased by 2.5 pps year over year to 91.0% in 2022, compared with 88.5% in 2021, compared to a minimum standard of 130%.

The profit margin, which measures the percentage of operating income generated over total operating revenues, rose by 2.3 pps between 2021 and 2022, from 4.0% to 6.3%, in line with the minimum standard of 20%.

The cost/income ratio, which indicates the level of absorption of NFI by overhead costs, fell by 4.6 pps, year over year, to 77.9% in 2022, compared with 82.4%, compared with a ceiling of 40% for direct credit institutions and 60% for savings and lending institutions.

The rate of return on assets stood at 14.3% in 2022, compared with 14.1% a year earlier, increasing by 0.2 pp, as against a minimum standard of 15%. This ratio compares the amount of interest and commissions earned on earning assets over the period.

The asset liquidity ratio fell by 2.9 pps, year over year, to 29.2% in 2022 from 32.1% in 2021, as compared with a minimum standard of 2% for direct lending institutions and 5% for savings and loan institutions.

Table 31 : Summary situation of MFIs subject to Article 44

(In millions of CFA F)

USES - RESOURCES	12/31/2020	12/30/2021	12/31/2022	Variation
			(*)	2022-2021
NET USES (1+2)	1,700,449	1,884,411	2,214,671	17.5%
1. CREDITS (a+b+c+d+e)	1,341,977	1,548,437	1,750,225	13.0%
a) Short-term loans	615,935	712,495	833,252	16.9%
b) Medium-term loans	368,673	517,324	588,112	13.7%
c) Long-term loans	217,377	245,152	258,084	5.3%
d) Leasing transactions	13	12	18	47.3%
e) Past-due loans	139,979	73,454	70,758	-3.7%
. Fixed assets	103,612	29,550	21,947	-25.7%
. Loans overdue by up to 6 months	21,996	26,079	27,363	4.9%
. Overdue by 6 to 12 months at most	10,497	12,448	11,953	-4.0%
. Overdue loans by 12 months to 24 months at most	3,875	5,378	9,495	76.6%
(provisions)	24,014	27,076	32,437	19.8%
2. OTHER EMPLOYMENTS (a+b+c+d)	358,472	335,974	464,446	38.2%
a) Investment securities	7,267	13,141	17,802	35.5%
b) Long-term investments	45,331	63,092	71,301	13.0%
c) Other fixed assets	120,818	113,367	129,882	14.6%
d) Miscellaneous	185,056	146,374	245,462	67.7%
RESOURCES (1+2+3)	1,858,611	2,106,484	2,370,743	12.5%
1. DEPOSITS AND BORROWINGS (a+b)	1,247,697	1,499,342	1,627,824	8.6%
a) Demand deposits	695,835	821,030	864,918	5.3%
b) Term deposits	551,862	678,313	762,906	12.5%
term deposits and savings bonds	214,703	281,086	310,702	10.5%
special savings accounts	150,585	174,859	196,900	12.6%
other	186,574	222,368	255,304	14.8%
2. NET EQUITY (a+b)	440,020	477,684	503,666	5.4%
a) Capital, endowments, reserves, retained earnings, etc.	288,372	299,090	326,392	9.1%
including 15% of profit (if positive)	4,092	5,388	7,846	45.6%
b) Other	151,648	178,594	177,274	-0.7%
3. OTHER RESOURCES	170,894	129,458	239,253	84.8%
CASH FLOW : SOURCES AND USES	158,162	222,073	155,971	-29.8%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

Table 32 : Financial results of MFIs subject to Article 44 (in millions of CFA F)

FINANCIAL RESULTS	12/31/2020	12/30/2021	12/31/2022	Change
			(*)	2022-2021
FINANCIAL INCOME	305,875	343,829	388,052	12.9%
FINANCIAL EXPENSES	58,411	69,640	69,323	-0.5%
1. NET FINANCIAL INCOME	247,464	274,189	318,729	16.2%
NET INCIDENTAL INCOME	26,279	36,156	25,222	-30.2%
2. TOTAL OPERATING INCOME	273,743	310,345	343,951	10.8%
OVERHEAD	206,728	226,037	248,249	9.8%
NET DEPRECIATION & PROVISIONS ON FIXED ASSETS	16,370	19,793	18,692	-5.6%
3. GROSS OPERATING INCOME	50,645	64,515	77,010	19.4%
NET PROVISIONS FOR CONTINGENCIES	50,599	48,743	50,266	3.1%
4. OPERATING INCOME	45	15,772	26,744	69.6%
NET EXTRAORDINARY INCOME	10,675	9,289	12,435	33.9%
NET INCOME FROM PREVIOUS YEARS	-372	123	774	528.1%
INCOME TAX	2,387	2,112	3,988	88.8%
5. NET INCOME	7,962	23,072	35,964	55.9%

(*) Preliminary figures

Source : General Secretariat of the WAMU Banking Commission

Table 33 : Financial activity indicators of MFIs subject to Article 44

FINANCIAL INDICATORS	12/30/2020	12/30/2021	31/12/2022 (*)	Change 2022-2021
GROSS PORTFOLIO DETERIORATION RATE <i>Gross past-due loans / Total gross loans</i>	12.0%	6.4%	5.8%	-0.6
NET PORTFOLIO DETERIORATION RATE <i>Net past-due loans / Total net loans</i>	10.4%	4.7%	4.0%	-0.7
PROVISIONING RATE FOR PAST-DUE LOANS <i>Provisions / Gross past-due loans</i>	14.6%	26.9%	31.4%	4.5
OPERATING EXPENSES AS A PERCENTAGE OF THE LOAN PORTFOLIO <i>Operating expenses / Gross loans outstanding</i>	30.7%	28.6%	26.6%	-2.0
RATIO OF OVERHEAD TO THE LOAN PORTFOLIO <i>Overhead costs / Gross loans outstanding</i>	14.9%	14.8%	14.1%	-0.7
RATIO OF PERSONNEL EXPENSES TO THE LOAN PORTFOLIO <i>Personnel expenses / Gross loans outstanding</i>	7.1%	6.8%	6.8%	0
RETURN ON EQUITY (> 15%) <i>Operating income excluding grants / Equity capital</i>	0.0%	3.2%	5.0%	1.8
RETURN ON ASSETS <i>Operating income excluding subsidies / Total assets</i>	0.0%	0.6%	0.8%	0.2
OPERATIONAL SELF-SUFFICIENCY <i>Operating income / Operating expenses</i>	80.3%	88.5%	91.0%	2.5
PROFIT MARGIN (> 20%) <i>Operating income / Operating revenue</i>	0.0%	4.0%	6.3%	2.3
COST-TO-INCOME RATIO (< 40%) <i>Overhead costs / NFI</i>	83.5%	82.4%	77.9%	-4.5
RATE OF RETURN ON ASSETS (> 15%) <i>Interest and fees earned / Productive assets</i>	14.8%	14.1%	14.3%	0.2
ASSET LIQUIDITY RATIO <i>(Cash and ordinary current accounts + short-term securities) / Total assets</i>	30.4%	32.1%	29.2%	-2.9.

(*) Preliminary figures

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 for 226 MFIs subject to Article 44, for the year ending December 31, 2022.

5.3.3.1. Prudential standards

- Capitalization standard

The capitalization standard, determined by the ratio of equity to balance sheet total, 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%.

The equity capital of MFIs subject to Article 44 stood at 437.8 billion at the end of 2022. The risks borne by these institutions amounted to 2,302.5 billion. As a result, the capitalization standard stood at 15.8%, compared with 15.5% a year earlier.

Table 34 : Breakdown of large MFIs according to the capitalization standard threshold

Range	Number of MFIs	Share of total assets	Share of risks borne
≥ 15%	130	65.9%	69.2%
< 15%	96	34.1%	30.8%
TOTAL	226	100%	100%

Source : General Secretariat of the WAMU Banking Commission

By country, the capitalization ratio was as follows.

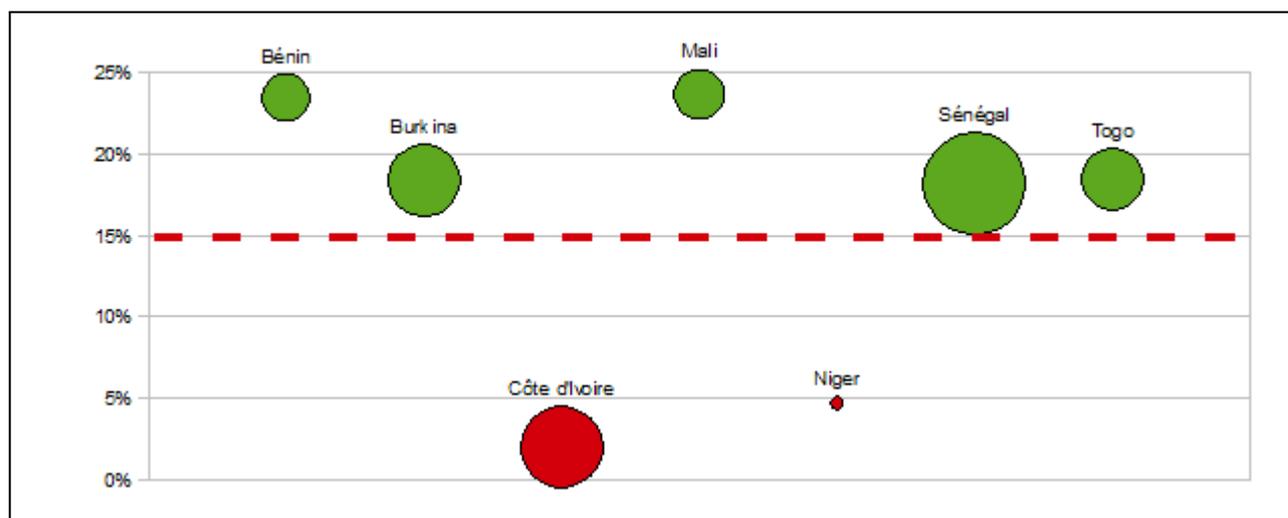
Table 35 : Capitalization ratio of large MFIs by country

Benin	Burkina Faso	Côte d'Ivoire	Guinea-Bissau	Mali	Niger	Senegal	Togo	WAMU
23.5%	18.4%	2.0%	-	23.7%	4.7%	18.2%	18.5%	15.8%

Source : General Secretariat of the WAMU Banking Commission

In the Union as a whole, 130 MFIs subject to Article 44 met this standard, i.e., 57.5% versus 53.2% in 2021. They accounted for 65.9% of banking assets, compared with 60.1% a year earlier.

Graph 41 : Capitalization ratio of large MFIs based on assets



The size of the circles reflects the relative volume of the risks carried.

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 twenty-three MFIs subject to Article 44, representing 97.3% of assets, were in compliance with the ratio as at December 31, 2022, compared with 201 for 98.9% one year earlier.

- **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 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, 134 MFIs subject to Article 44, representing 66.6% of assets, complied with this requirement, compared with 128 MFIs representing 67.3% of assets in 2021.

- **Ceilings on loans to management, staff and related parties**

In order to prevent the risk of concentration of loans and commitments by signature for the corporate officers and staff of large MFIs, 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 MFIs, 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 use of loans granted to executives.

The number of institutions subject to Article 44 that were in compliance with the standard stood at 172 at the end of December 2022, compared with 162 in 2021. They accounted for 86.9% of assets, compared with 89.8% in 2021.

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

Risks taken on a single signature were limited to 10% of shareholders' equity. They 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 ninety-two MFIs subject to Article 44, representing 89.2% of assets, were in compliance with this requirement, compared with 178 MFIs accounting for 91.7% of assets in 2021.

- **Liquidity ratio**

The liquidity standard measures an institution's ability to meet its current liabilities, i.e., to honor its short-term commitments (3 months maximum) 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 was 60%.

The number of Institutions subject to Article 44 meeting this standard under the first category (minimum of 100%) stood at 53 at the end of December 2022, compared with 44 in 2021. They accounted for 87.8% of assets, compared with 85.2% a year earlier.

The number of Institutions subject to Article 44 that were in compliance with the standard under the second category (minimum of 80%) was 84 at the end of December 2022, compared with 95 in 2021. They accounted for 71.6% of assets, compared with 69.6% a year earlier.

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

Any activity not included in the scope of savings and loan operations as described 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% of the institution's total activities.

This ratio was met by 220 entities as at December 31, 2022, compared with 201 in 2021, representing 95.7% of assets versus 98.0% a year earlier.

- **Limitation of equity investments**

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

At the end of 2022, 212 entities, compared with 193 in 2021, representing 90.7% of assets versus 92.1% in 2021, were in compliance with this requirement.

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

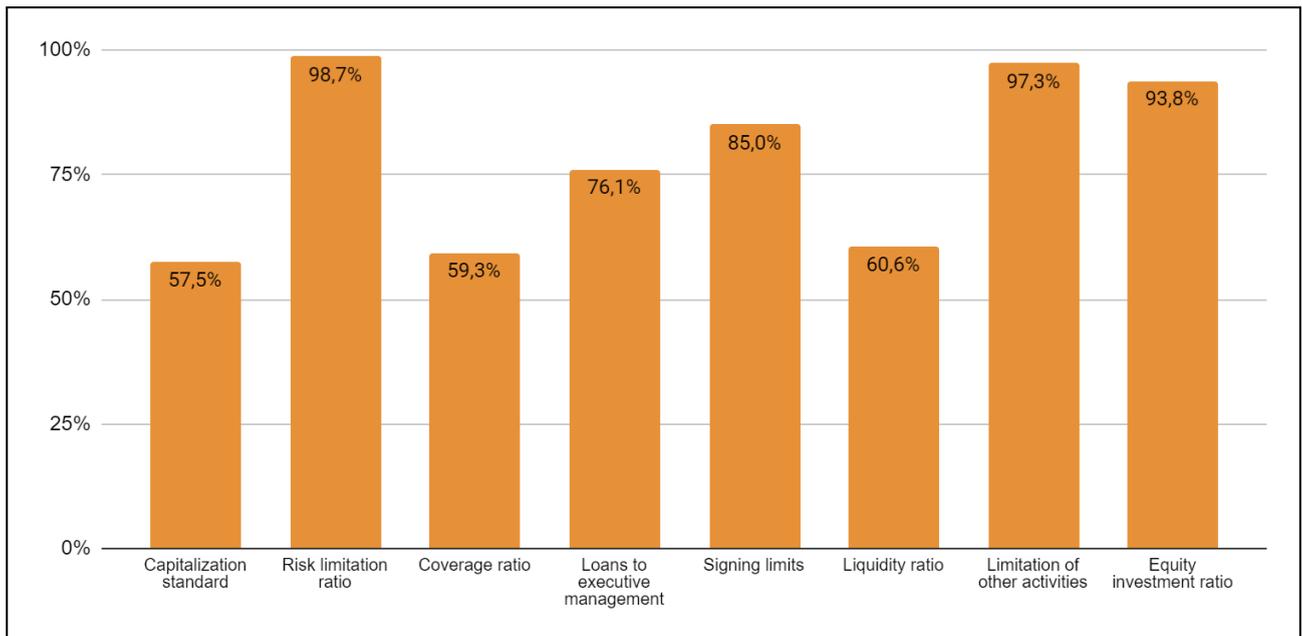
The table and graph below provide an overview of compliance with the prudential requirements by MFIs subject to Article 44 at the end of 2022.

Table 36 : Number of MFIs subject to Article 44 in compliance with the prudential requirements by country as at December 31, 2022

Country (Number of large MFIs)	Capitalization (≥ 15%)	Limitation of risks (≤ 200%)	Coverage of MMLT uses by stable resources (≥ 100%)	Loans to major shareholders and corporate officers (≤ 10% EC)	Signing limits (≤ 10% EC)	Liquidity ratio		Limitation of other activities (≤ 5%)	Limitation of equity investments (≤ 25% EC)
						≥ 100%	≥ 80%		
Benin (27)	16	25	18	22	25	9	3	25	24
Burkina Faso (42)	30	41	28	24	33	10	9	40	40
Côte d'Ivoire (39)	10	39	10	35	34	10	8	38	39
Guinea-Bissau (0)	-	-	-	-	-	-	-	-	-
Mali (20)	18	20	15	19	18	7	10	19	19
Niger (3)	1	3	2	3	3	1	0	3	3
Senegal (65)	35	65	52	43	54	6	50	65	57
Togo (30)	20	30	9	26	25	10	4	30	30
Number of large MFIs : 226	130	223	134	172	192	53	84	220	212

Source : General Secretariat of the WAMU Banking Commission

Graph 42 : Percentage of MFIs in compliance with the prudential requirements as at December 31, 2022



Source : General Secretariat of the WAMU Banking Commission

5.4. STATUS OF APPROVED ELECTRONIC MONEY INSTITUTIONS (EMIs)



- By 2022, 15 e-money issuers, 29 banks and 1 MFI were issuing e-money in WAMU.
- Outstanding e-money issued by EMIs rose by 33.3% year over year to 888.5 billion in 2022.
- The total value of cell phone transactions rose at an annual rate of 57.7% to 69,796.4 billion at the end of 2022.
- Transactions included cash top-ups (33.0%), cash withdrawals (28.4%), and person-to-person transfers (19.3%).
- EMI sales contracted by 23.6% in 2022, after a slight increase of 1.3% a year earlier, to stand at 212.4 billion.
- The provisional net result for EMIs was a deficit of 33.6 billion at the end of 2022, compared with a profit of 21.5 billion in 2021.

The e-money issuance activity, measured in terms of outstanding amounts and transactions, continued to grow in the Union, reflecting the attractiveness of mobile-telephone based financial services and the penetration rate of this communication tool.

As at December 31, 2022, there were 46 institutions offering e-money to their customers in the Union, compared with 40 at the end of 2021. These entities included :

- 29 banks, in partnership with telecom operators and FinTech,
- 15 electronic money institutions (EMIs),
- one (1) microfinance institution (MFI), and
- one (1) National Treasury Department.³³

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 electronic money institutions

As at December 31, 2022, the EMI landscape comprised fifteen licensed institutions, compared with thirteen a year earlier, increasing by two units due to the following developments :

- licenses granted to three institutions : International Digital Money Bénin, Airtel Money Niger and Wave Digital Finance Senegal, and
- withdrawal of the license of one institution operating in Côte d'Ivoire (Qash Services).

³³ In 2022, the Treasury of Côte d'Ivoire launched an electronic money product called "Trésor money".

The institutions are distributed across the WAMU countries as follows :

Table 37 : Number of licensed EMIs in 2021 and 2022

Country	2021	2022
Benin	2	3
Burkina Faso	1	1
Côte d'Ivoire	7	6
Guinea-Bissau	-	-
Mali	1	1
Niger	-	1
Senegal	2	3
Togo	-	0
Total	13	15

5.4.2. EMI activities

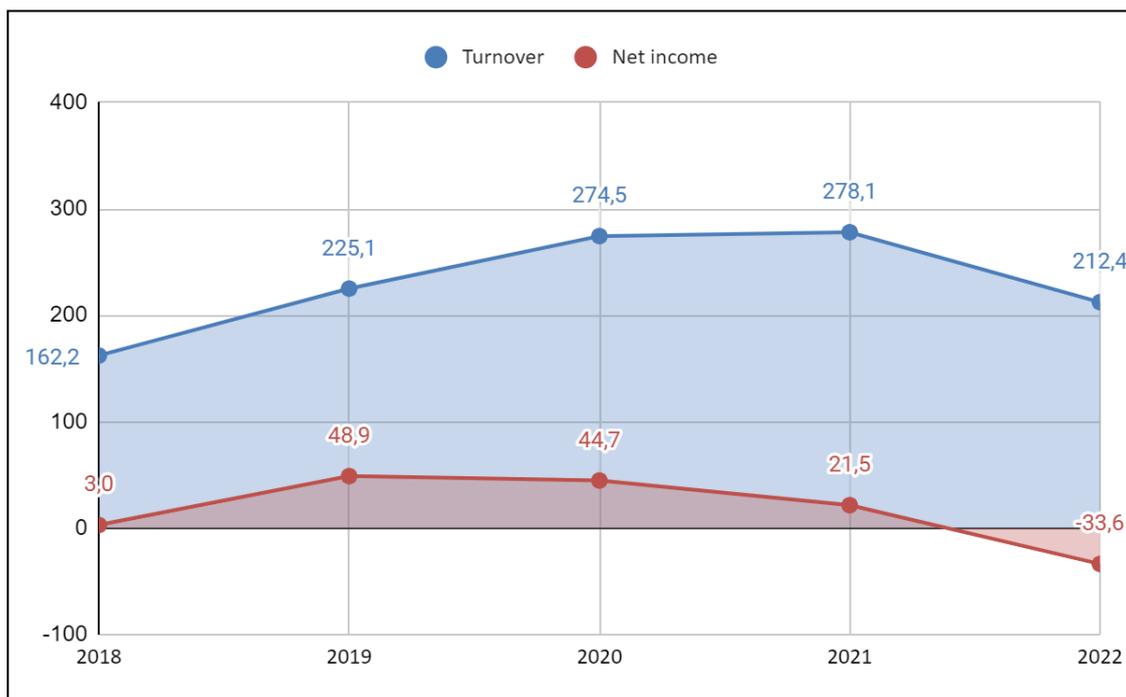
The preliminary statistical data analyzed applied to the thirteen active EMIs of the total of fifteen holding a license³⁴ as at December 31, 2022.

EMI sales contracted by 23.6% in 2022, after posting a slight increase of 1.3% a year earlier, to stand at 212.4 billion. This drop was mainly due to the decline in incumbent operators' tariffs, made possible by the arrival of new players on the market.

Thus, in 2022, preliminary net income recorded by EMIs showed a loss of 33.6 billion, after showing a profit of 21.5 billion a year earlier and 44.7 billion in 2020. This loss was mainly due to the losses recorded by eight institutions, with a combined market share of 40.8% in terms of electronic money outstandings.

³⁴ Two licensed EMIs, International Digital Money in Benin and Airtel Money Niger, had not started business as at December 31, 2022.

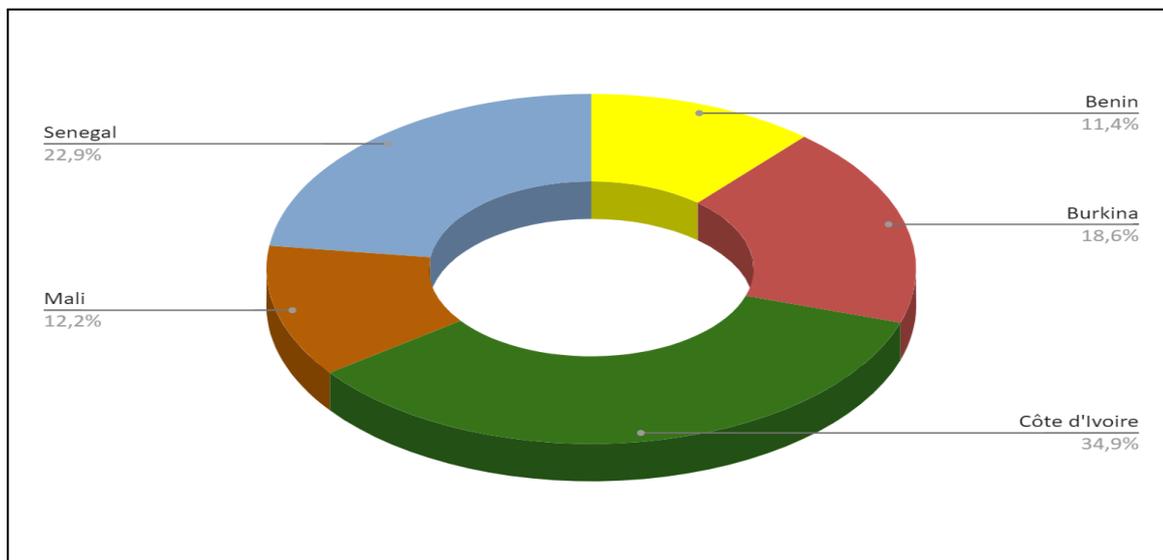
Graph 43 : Growth in EMI sales from 2018 to 2022 (in billions of CFA F)



Source : General Secretariat of the WAMU Banking Commission

Outstanding e-money issued by EMIs rose by 33.3% to 888.5 billion, compared with a final figure of 666.5 billion in 2021. It is covered by funds held by these entities in accounts opened in credit institutions within the Union.

Graph 44 : Breakdown of e-money outstanding by country



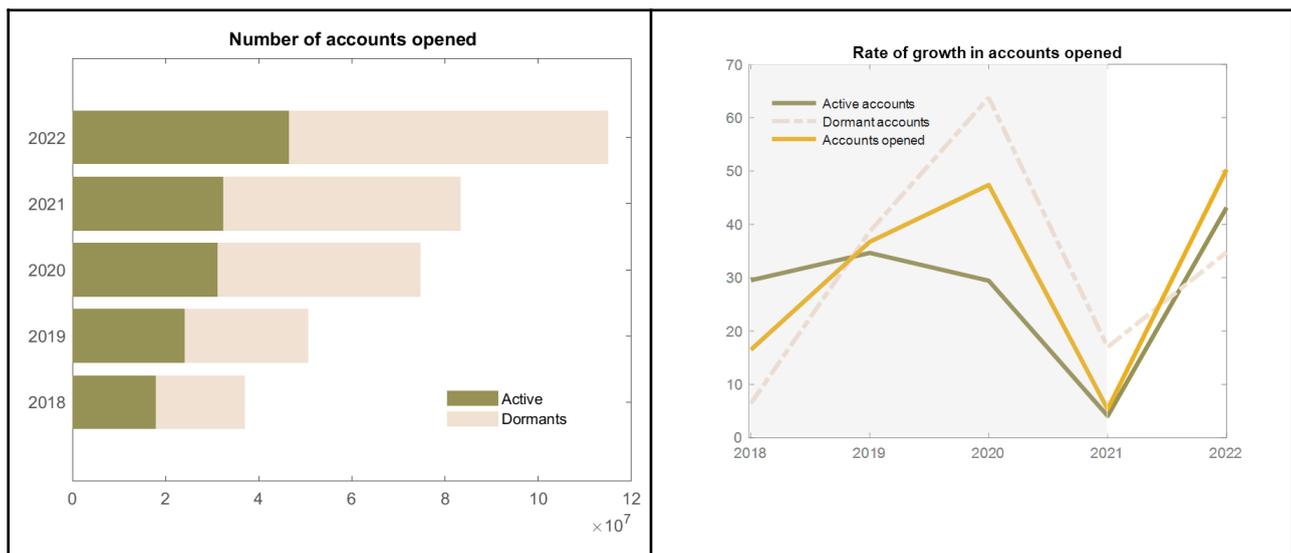
Source : General Secretariat of the WAMU Banking Commission

5.4.2.1. Volume indicators

The number of e-money accounts opened with EMIs rose to 118.1 million in 2022 from 78.6 million at the end of 2021, with a year-on-year increase of 50.3% compared with 5.4% a year earlier.

Active accounts,³⁵ numbering 46.5 million, accounted for 39.4% of accounts opened at the end of 2022. They grew by 43.2% in 2022, compared with 4.1% a year earlier. The number of inactive accounts reached 68.3 million, representing 57.9% of all accounts opened, up 34.8% in 2022 versus 17.0% in 2021.

Graph 45 : Number of accounts opened with EMIs as at December 31, 2022



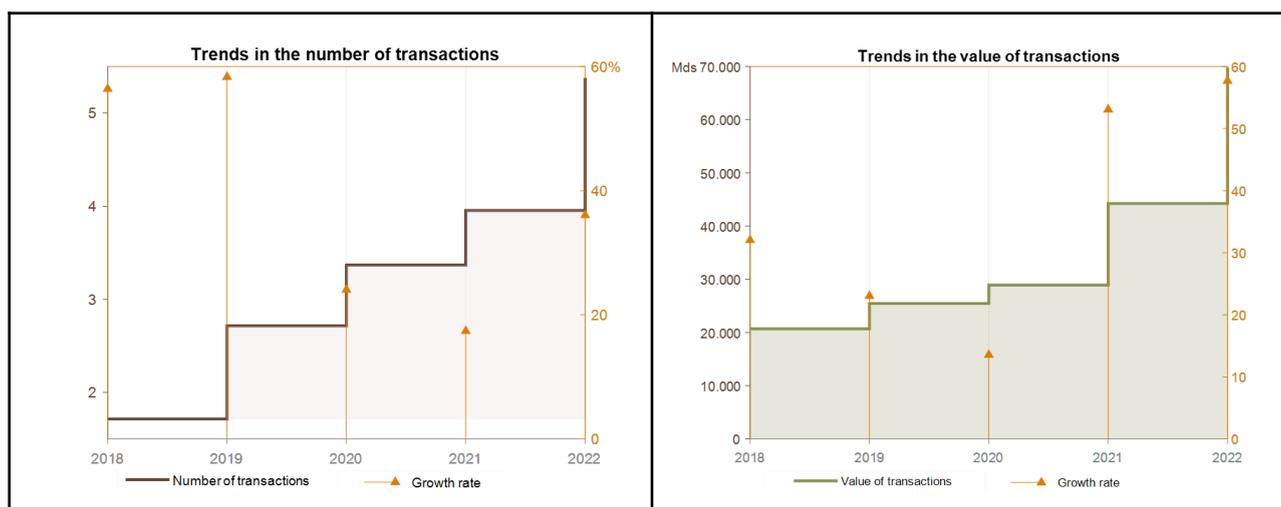
Source : General Secretariat of the WAMU Banking Commission

The number of transactions rose by 36.0% year over year to reach 5,378.9 million during the period under review, compared with 3,953.9 million in 2021.

Cell phone transactions via EMIs increased in value by 57.7% during the period under review, compared with 53.1% in 2021, rising to 69,796.4 billion at the end of 2022 from 44,260.7 billion a year earlier.

³⁵ Accounts that have carried out at least one transaction over the last 90 days.

Graph 46 : Trends in transactions conducted by EMIs as at December 31, 2022



Source : General Secretariat of the WAMU Banking Commission

5.4.2.2 Distribution indicators

The EMI distribution network consisted of 1,001,684 points of service as at December 31, 2022, up 27.3% from 19.9% a year earlier. It was made up of Automated Teller Machines (ATMs), sub-distributors and agents.

Table 38 : The EMI distribution network between 2020 and 2022

Networks	2020	2021	2022
ATMs (a)	78	78	75
Sub-distributors (b)	373,622	579,416	855,297
Distribution agents (c)	319,287	208,284	146,312
Total service points (a+b+c)	693,197	787,778	1,001,684
Active service points (at least one transaction in the last 90 days)	463,301	555,591	707,325

Source : General Secretariat of the WAMU Banking Commission

5.4.2.3. Indicators of growth in financial services via cell phone

Transactions involving³⁶ e-wallet top-ups, cash withdrawals, person-to-person transfers and telephone top-ups continued to dominate. In terms of volume and value, they respectively accounted for 89.8% and 84.3% of total transactions in 2022, compared with 92.6% and 83.4% the previous year.

The number of cross-border transfers between the countries of the Union rose to 44,328,239, reflecting an annual increase of 17.1% in 2022 compared with 26.0% in 2021. The value of these transactions rose by 11.7%, from 2,155.9 billion in 2021 to 2,408.5 billion a year later.

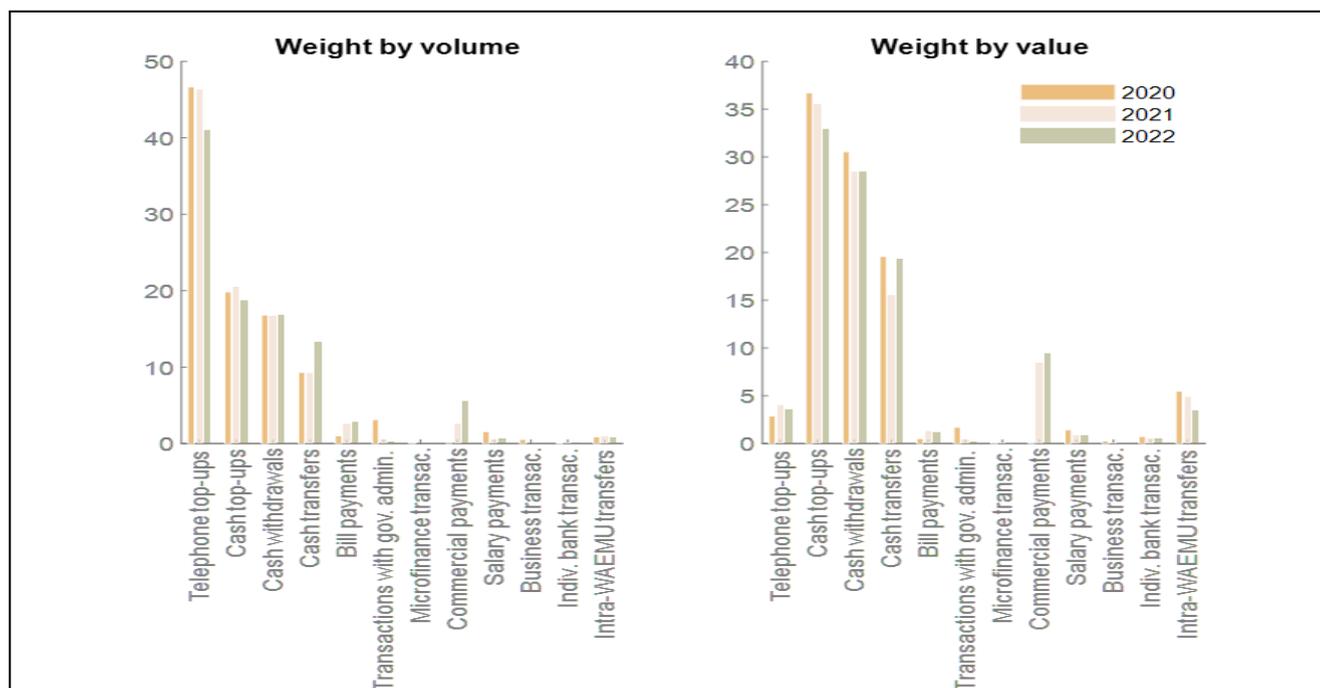
During the period under review, payments made from electronic wallets included, in order of decreasing magnitude, the following types of transactions :

- cash top-ups (23,036.1 billion; 33.0%),
- cash withdrawals (19,831.4 billion; 28.4%),
- person-to-person transfers (13,467.8 billion; 19.3%),
- merchant payments (6,596.8 billion; 9.5%),

³⁶ Deposits of money in electronic wallets

- telephone top-ups (2,511.3 billion; 3.6%),
- intra-WAEMU transfers (2,408.5 billion; 3.5%),
- bill payments (854.7 billion; 1.2%),
- salary payments (568.9 billion; 0.8%),
- remittances from individual bank accounts (393.7 billion; 0.6%),
- transactions with government administrations (110.0 billion; 0.2%), and
- inter-company transfers (17.3 billion; 0.02%).

Graph 47 : Relative weight of financial services indicators as at December 31, 2022



Source : General Secretariat of the WAMU Banking Commission

5.4.3. Prudential status of active EMIs

The prudential status of EMIs at the end of December 2022 was as follows, based on provisional data received from the thirteen active institutions.

5.4.3.1. Prudential standards

Coverage ratio

This ratio requires each EMI to have at least 3.0% of outstanding e-money covered with its own capital. This ratio stood at 4.7% and was met by nine of the thirteen EMIs.

Hedge ratio

The hedge ratio is the ratio of the value of financial investments associated with e-money and demand deposits to outstanding e-money. This indicator, for which the minimum standard is 100%, stood at 92.6% in 2022, compared with 98.5% in 2021. Seven of the thirteen EMIs were in compliance with this ratio.

Investment ratio

This standard limits the value of financial investments linked to e-money to 25% of outstanding e-money. The ratio stood at 26.6% and the standard was met by eight of the thirteen active EMIs.

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, 2022.

Table 39 : The prudential status of EMIs as at December 31, 2022

Country	Number of EMIs in compliance with the standard		
	Coverage ratio ($\geq 3\%$)	Equity ratio ($\geq 100\%$)	Investment ratio ($\leq 25\%$)
Benin (2)	1	1	1
Burkina Faso (1)	0	1	1
Côte d'Ivoire (6)	5	2	5
Guinea-Bissau (0)	-	-	-
Mali (1)	0	1	0
Niger (0)	-	-	-
Senegal (3)	3	2	1
Togo (0)	-	-	-
Total (13)	9	7	8
Percentage (%)	69.2%	53.8%	61.5%

Source : General Secretariat of the WAMU Banking Commission

BOX 3 : Cybersecurity - Challenges and opportunities for the WAMU banking sector

The COVID-19 health crisis accelerated the “digitalization” process in the WAMU banking sector (settlement systems, payment services, etc.), resulting in increased operational risks associated with cyber-attacks. To address this situation, institutions need to integrate cybersecurity solutions.

According to the “*Global Banking Fraud Survey 2019*” conducted by the KPMG consulting, auditing and accounting firm, more than 60% of banking institutions worldwide reported a higher volume of computer fraud, and more than 50% saw an increase in the magnitude of computer malfeasance due to the ubiquity of information technology. Moody's credit rating agency confirmed this trend, using figures from a report by VMware Carbon Black, a specialized research firm. Between February and April 2020, the number of computer fraud cases against financial institutions tripled (+238%) as a result of teleworking arrangements imposed by the pandemic. Attempts to steal personal data also increased ninefold.

In light of the foregoing, identifying cybersecurity threats to banks is a necessity.

Banks face numerous different types of attacks, including phishing, fraud and employee negligence. These threats, when they materialize, can lead to losses and significantly damage the credibility of banks in the eyes of their customers. The banking sector therefore needs to approach cybersecurity through along three major lines : protecting customer data, preventing financial losses, and protecting banks' reputations.

In WAMU, the most common attacks, which until recently were limited to “fake mails”, designed to steal personal information by impersonating bank employees and committing crimes, underwent a major change. Banks in the region therefore need to develop a wide range of measures to detect and close loopholes in their information systems with a view to preventing cyber-attacks.

If WAMU banks are to master cybersecurity, they need to meet a number of security challenges with regard to their IT systems. This will involve striking the right balance between utility and security, anticipating and effectively managing the risk of cyberattacks, and adapting to constantly evolving threats. To achieve this, banks will need to rely on the right tools and cutting-edge technologies, raise customer awareness of cybersecurity and the attendant risks, and find and attract the best experts in the field.

In addition to the operational risk management provisions contained in Circular no. 04-2017-CB-C on risk management in WAMU credit institutions and financial holding companies, guidelines are currently being drawn up on cybersecurity measures to be implemented within the institutions.

APPENDICES