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CORIS HOLDING

PRESS RELEASE :

Ratings assigned to CORIS HOLDING SA

WARA affirms Coris Holding's BBB long-term rating and revises its outlook to positive

Coris Holding (CH) is still rated BBB by WARA; the outlook is revised from « stable » to "positive"

Ouagadougou, on the 06/08/2018 — **West Africa Rating Agency** (WARA) announces today the publication of the review of its ratings on **Coris Holding (CH)**. On WARA's regional rating scale, the long-term rating of CH remains « **BBB** », in the investment-grade category, while its short-term rating is affirmed at « **w-4** ». These ratings reflect the financial strength of the Group, despite its short history. The outlook attached to these ratings is revised from stable to **positive**, taking into account the growth prospects of its subsidiaries as well as the fact that all the group's subsidiaries are now profitable.

Simultaneously, on its international rating scale, WARA assigns the following ratings to CH: iB / Positive / iw-6.

The standalone rating of CH, irrespective of any external support factors, reflects the following key rating drivers:

- A Group largely dominated by its banking line of business, which managed to find and strengthen its place on a highly competitive market;
- A robust financial profile, with strong capitalization and good profitability, which both enable the Group to envisage smooth growth in the future;
- A well-thought strategy built on geographic diversification, which provides the Group with a strong position within the WAEMU region, and makes it less dependent on its home market;
- Sustained growth built on strong innovation capacities, combined with excellent risk management, enabling the Group to differentiate itself from competitors. WARA believes that the group's financial performance should continue to strengthen going forward.

Having said that, CH's rating also reflects the fact that the Group remains largely dependent on its banking subsidiary, Coris Bank International (CBI, BBB+/Stable/w-3), which is mainly a domestic bank, a situation that makes it dependent on the macroeconomic vulnerabilities of Burkina Faso. In addition, the Group's relatively short history and its strategy consisting on growing its assets rapidly makes its subject to pressure on liquidity.

Coris Group was born in 2008 from Coris Bank International, a bank established from the transformation of « La Financière du Burkina » which used to be a troubled financial institution. CBI grew quickly between 2008 and 2013. In a short period of time, CBI, through a clever expansion of its branch network and a well-executed strategy of proximity on its home market of Burkina Faso, has managed to lead its domestic market. With an opportunistic view to diversify its lines of business, in 2010 the bank enters the businesses of investment advisory and asset management with Coris Bourse, and in 2011 in insurance with the establishment of Coris Assurance. Having said that, banking remains the Group's core business line. « *Coris Holding deploys a clear vision and strategy, which provides it a competitive edge not only on its core line of business, i.e. banking, but also in its related financial activities*» says Landry Tiendrébéogo, Lead Analyst in charge, for WARA, of CH's ratings.

An upgrade of CH's ratings will be dependent on: i) an upgrade of Burkina Faso's sovereign rating, which appears unlikely in the short term; ii) a material and sustained increase of the Group's market shares in Burkina Faso and WAEMU, iii) further geographic diversification, which has started in the WAEMU region with banking subsidiaries already active in Ivory Coast, Mali and Togo, as well as branches in Benin and Senegal, enabling the Group to curb its dependence on its domestic market; and iv) the banking subsidiaries' capacity to meet the regulatory challenges pertaining to the imminent implementation of Basel II/III and the revised bank accounting standards.

A downgrade of CH's ratings would be the consequence of: i) a deterioration of the profitability of its banking subsidiaries, which together account for 89% of the Group's turnover; ii) political or social risks materializing in Burkina Faso, which would in turn deeply affect the domestic economy; iii) a decline in market shares, at home or abroad; or iv) CBI finding it difficult to comply with the newly established regulatory and/or accounting rules.

The outlook is positive: WARA considers that the probability of occurrence of the best-case scenarios is higher to that of the worst-case scenarios in the medium term; in other words, CH's current ratings carry lower downward pressure than upward potential.

The methodology used by WARA to rate CBI is a combination the credit rating methodologies for banks as well as industrial and commercial companies, which were published on the 15th of July 2012 (revised in September 2016), and are available on WARA's website: www.emergingmarketsratings.com

Information sources used by WARA to carry out CH's ratings are mainly private information obtained during discussions with CH's management team from April to June 2018. This information, coupled with publicly available sources, is considered by WARA as satisfactory for conducting CH's credit rating process.

Finally, WARA notes that the credit rating process for CH was requested and participating, meaning that it was performed upon a request by CH, and that the company's management actively participated in the discussions with WARA's team of analysts.

CH's long-term rating of '**BBB**' is one notch above the minimum credit rating accepted by the CREPMF to issue debt without a guarantee.

The comprehensive credit rating report is available upon request by e-mail.
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