

BANK OF AFRICA SENEGAL
Analysis of the Activities of a Commercial Bank

May 2017

Category of values	Rating scale	Currency	Current Rating	Previous Rating	Outlook
Long-term	Regional	CFA	A-	A-	Stable
Short-term	Regional	CFA	A2	A2	Positive

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Basic financial information

In million CFA	2015	2016
Total balance sheet	361 877	521 726
Interbank loans	33 375	64 777
Loans and advances to customers	193 153	235 388
Interbank debt	116 844	154 395
Customer deposits	206 124	318 797
Equity	26 279	29 330
Interest margin	6 301	6 138
Net banking product	16 971	21 984
Net result	2 079	4 051

Introduction

Bank Of Africa = Senegal (BOA Senegal) is a Senegalese public limited company with a Board of Directors, established on 25 January 2001 and registered on the Trade and Personal Credit Register under the number SN DKR 2001 B 211.

As at 31 December 2016, the bank's registered capital amounts to CFA 12 billion and is held at 61.74% by BOA West Africa.

Justification of the rating and outlooks
Long term:

High credit quality. Protection factors are good. However, risk factors are more variable and more significant in period of economical pressure.

Short term:

There is good assurance of timely repayment. Liquidity factors and key corporate elements are sound. Although current financing requirements seem to increase to the total financing requirement, access to the capital market is good. Risk factors are minor.

Key performance factors

The rating is based on the following positive factors:

- Continuation of investments to get closer to the customers;
- A new regulatory framework that requires and adjustment of refinancing operations with BCEAO desks;
- Better political environment that offers and environment conducive to stability;
- Continuation of the deployment of the Convergence Project and improved risk management policy;
- Satisfactory achievement of 2016 goals, which suggests a successful implementation of the PTD 2016-2018;
- Maintained good financing flexibility;
- A stable economic environment conducive to the development of business;

Main factors of fragility of credit quality:

- Interest margin continues to reduce due to limited control on the cost of resources;
- An increase in outstanding loans despite a slight decline in portfolio deterioration rate;
- Increased cost of risk, which affects operation performance;
- Stable resources to be strengthened to improve coverage ratio and to support the development of business.