

**SHELTER-AFRIQUE**

NAIROBI, KENYA

**Credit Rating Note**
**Validity: august 2019 to July 2020**

Category of securities	Rating scale	Currency	Previous rating	Current rating	Expiry date	Outlook
Long-Term	Regional	CFA	BBB+	BBB+	31/07/2020	Stable
Short-Term	Regional	CFA	A3	A3	31/07/2020	Stable

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**Basic financial information**

In USD '000	2017	2017*	2018
Total Assets	311 859	290 646	229 432
Lines of Credit	144 837	144 837	108 490
Total Equity	131 699	110 486	106 786
Liquid assets	41 438	41 248	41 459
Loans and advances to customers	247 402	228 546	165 187
Interest and similar income	24 729	24 729	17 617
Interest margin	10 836	10 836	7 632
Operating result	-6 512	-6 512	-9 415
Total Comprehensive Loss	-7 791	-7 791	-9 250

**Introduction**

Shelter-Afrique is a Multilateral Development Bank (MDB) established in 1982.

The mission of Shelter-Afrique is to finance housing and urban development in the forty-four (44) African shareholder countries by offering a range of products.

Its authorized capital stands at one (1) billion US dollars as at 31 December 2018.

The paid up capital has increased from USD 88.6 million in 2017 to USD 91.8 million in 2018.

**Table 1: Distribution of the called capital as at 31 December 2018**

Shareholders	2018
African Development Bank	16,56%
Nigeria	11,37%
WAEMU	12,16%
Kenya	15,26%
Ghana	6,88%
Algeria	4,60%
AFRICA RE	4,93%
Other countries	28,27%
TOTAL	100%

Source: Shelter-Afrique

**Justification of the rating and outlooks**
**Long-term:**

Protection factors are appropriate and are regarded as sufficient to ensure prudent investments. However, risks are highly variable during economic cycles.

**Short term:**

Liquidity is satisfactory and other protective factors mitigate potential issues regarding the investment index. However, risk factors are greater and subject to more variations.

**Justification of the rating**

The rating is based on the following positive factors:

- A new strategy for the period 2019-2023 focusing on Public-Private Partnerships (PPPs) in affordable housing;
- Ongoing process of debt restructuring;
- A stronger governance framework to improve portfolio quality;
- The support of member-states.

**Main fragility factors of the rating:**

- Risk of management continuity, linked to a significant turnover;
- Deterioration in opening shareholders' equity as at 1st January 2018, in connection with the implementation of IFRS 9;
- Performance indicators are degrading due to the interruption of activities;
- A drop of the capital adequacy rate below the 25% standard set by management.