

**SHELTER-AFRIQUE  
NAIROBI, KENYA**

 Analysis of the activities of a housing finance institution in Africa
 

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**Credit rating note**
**June 2015**

Category of values	Rating scale	Currency	Current rating	Previous rating	Outlook
Long-term	Regional	CFA	A	A	Stable
Short-term	Regional	CFA	A1	A1	Stable

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**Basic financial data**

In thousand US\$	2012	2013	2014
Total assets	191 989	270 189	289 304
Loans	92 498	160 618	160 618
Equity	95 658	106 089	105 903
Liquid assets	33 358	61 123	60 906
Loans and advances	145 133	195 411	216 854
Interest and similar income	15 870	18 339	24 059
Net income	3 214	4 368	451

**Introduction**

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

Its corporate object is to promote in various forms (direct financing, acquisition of stake, joint venture, technical assistance) housing finance and urban development in the forty-four (44) African shareholder countries.

Its authorized capital is one (1) billion US dollars, with a paid up capital of USD 61 million, and is held at 11.67% by the African Development Bank.

**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 periods of economic pressure.

**Short-term:** There is very high assurance for timely repayment. Liquidity factors are strong and are

supported by good protection factors of key elements. Risk factors are very minor.

**The rating is based on the following positive factors:**

- Regional context conducive to development of urban housing, with high demand in the real estate sector;
- Selective development of the portfolio, and customer base restructuring;
- Management reorganization to revitalize the business;
- Improved risk management;
- Assumed support from shareholders;
- Better knowledge of local markets with the opening of representative offices;
- Good financial flexibility enabling access to finance

**Below are the major rating factors regarded as negative:**

- Paid-up capital too low to support business development.
- Low probability of implementation of the 2012-2015 Strategic Plan, in view of the progress only six (6) months of the term;
- Business exclusively funded from external resources;
- Limited presence in the WAEMU and high concentration of business in East Africa
- Profitability to be recovered
- Increasing cost of resources, which impacts the competitiveness of loans offered;
- Security risks in Kenya and Nigeria should be monitored