



PRESS RELEASE :

WARA reviews the ratings of CORIS BANK INTERNATIONAL (CBI)

WARA upgrades CBI's long-term rating to BBB+ from BBB

Coris Bank International (CBI), now listed on the regional stock exchange, is upgraded to BBB+ from BBB by WARA; the outlook is revised now "stable"

Ouagadougou, 31/05/18 — **West Africa Rating Agency (WARA)** announces today that it has upgraded the ratings of **CBI**. On WARA's regional scale, the long-term rating of CBI is raised to « **BBB+** » from « **BBB** », in the investment-grade category, while its short-term rating is revised to « **w-3** » from « **w-4** ». These ratings reflect CBI's rapid growth rate, enabling the bank to position itself as a major financial institution in Burkina Faso. The outlook attached to these ratings is now stable.

Simultaneously, on its international scale, WARA also upgrades the bank's ratings and revises its outlook at **iB+ / Stable / iw-5**.

CBI's remain dependent on the stability of the macroeconomic environment in Burkina Faso. WARA justifies the ratings and outlook on CBI by the fact that the institution managed to carve out for itself an important position on the domestic banking market. Indeed, CBI's rating upgrade finds its origin in a far-improved governance structure, following the segregation of powers between the CEO and the Chairman of the Board, and the nomination of a new Deputy CEO in May 2017. As a result, the bank now better apprehends the specific features of the domestic banking market, with a strong willingness to perfectly comply with the evolving regulatory environment in the region. In addition, CBI has strengthened its market shares and reinforced its position as the new domestic market leader. The bank's growth trend is continuing, whereas its innovative attitude, combined with robust risk management capabilities, enables it to differentiate itself from competitors. WARA believes that the bank's strength is stemming from both high capitalization and good profitability, which are key rating drivers.

« The credit ratings of Coris Bank International does not factor in any external support » highlights Oumar Ndiaye, lead analyst in charge, for WARA, of CBI's ratings. Born in 2008 from the transformation of « La Financière du Burkina », which used to be a troubled financial institution, CBI has gone through rapid catch-up between 2008 and 2013. CBI is a universal bank with total assets of 1,133.4 billion FCFA at yearend 2017, which makes it the country's largest bank by total assets. Majority held by Groupe Coris Holding, CBI has been listed since late 2016, which makes it the third Burkina Faso-based company listed on the regional stock exchange, BRVM. The bank manages a network of about 40 branches in urban and rural areas. « Strong governance and good vision as to the future developments of the institution stand as the key rating factors for CBI; decisions are made efficiently and allow CBI to envisage building a more ambitious financial group across WAEMU » adds Oumar Ndiaye.

An upgrade of CBI's ratings will depend on : i) an improvement of Burkina Faso's sovereign rating, which seems unlikely in the short term ; ii) a significant and durable increase in domestic market shares, enabling CBI to strengthen its systemic importance in the long term ; iii) further foray into geographic diversification, which already started in WAEMU with subsidiaries in Ivory Coast, Mali and Togo, and branches in both Benin and Senegal, allowing CBI to be less dependent on its domestic market in the medium term; or iv) the bank's capacity to meet the regulatory challenges it is facing, especially in complying with the new Basel II/III requirements and revised bank accounting standards.

A downgrade of CBI's ratings would be the consequence of: i) a deterioration of CBI's financial performance either because of more clients defaulting or because of inflating operating charges at a time when growth is quite fast; ii) social risks materializing, or another political crisis in the country, further weakening the economic environment; iii) loss of domestic market shares; or iv) the Bank's incapacity to fully comply with the revised accounting or regulatory standards.

As a matter of reference, WARA considers that the probability of occurrence of the best case scenarios is equivalent to that of the worst case scenarios in the medium term; in other words, CBI's current ratings carry a much downward pressure than upward potential.

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

Information sources used by WARA to carry out CBI's ratings are mainly private information obtained during discussions with CBI's management team and parent company in March 2018. This information, coupled with publicly available sources, is considered by WARA as satisfactory for conducting CBI's credit rating process.

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

CBI's long-term rating of **BBB+** is two notches 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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