

**BOA BENIN**
**Credit rating note**
**April 2015**

Category of values	Rating scale	Currency	Current rating	Previous rating	Outlook
Long Term	Regional	CFA	A	N/A	Positive
Short Term	Regional	CFA	A1	N/A	Positive

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**Basic financial data:**

In million FCFA	2010	2011	2012	2013	2014
Total balance	487 271	551 467	617 868	648 428	773 207
Interbank claims	72 876	56 772	80 077	95 762	112 552
Claims on customers	220 909	220 317	223 447	223 792	261 232
Interbank debt	34 280	91 965	132 964	116 832	201 069
Debt on customers	378 038	382 461	400 589	449 894	481 065
Equity	44 805	54 091	56 075	60 436	63 424
Interest margin	13 134	11 936	11 626	10 503	10 966
Net banking income	28 685	31 627	32 817	30 147	34 479
Net income	6 583	7 623	7 826	5 534	11 940

**Introduction**

Bank of Africa Benin is a commercial bank incorporated in 1989 as a public limited company making public offering.

It is the first subsidiary established by the BOA Group (formerly African Financial Holding) after BOA Mali.

Its capital amounted to CFA 10,072,680,000 as at 31 December 2014.

**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 of timely repayment. Liquidity factors are strong

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

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

- Very low banking penetration offering good prospects for growth;
- Slight recovery of economic activity limited by a reduced economic base;
- Reorganization of risk management and revitalization of recovery;
- Comfortable prudential ratios;
- Good ability to mobilize funds, supported by a portfolio of government bonds;
- Improved governance and management;
- Development plan supported by a clear strategy;
- Acquired support from the main shareholder.

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

- High cost of risk due to deterioration of the loan portfolio;
- Increasing cost of resources affects profitability;
- Stagnation of credit activity, with the start of recovery in 2014,
- High operating ratio, impacted by inadequate cost control;
- Credit flow to the economy must be improved;
- Political stability threatened by persistent tensions;
- Safety risk due to the Benin's involvement in the war against Boko Haram.