

**SHELTER-AFRIQUE**

NAIROBI, KENYA

**Credit Rating Note**
**Validity: august 2020 to July 2021**

Category of securities	Rating scale	Currency	Previous rating	Current rating	Expiry date	Outlook
Long-Term	Regional	CFA	BBB+	BBB+	31/07/2021	Stable
Short-Term	Regional	CFA	A3	A3	31/07/2021	Stable

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**Basic financial information**

USD '000	2017*	2018	2019
Total assets	290 646	229 432	193 132
Lines of credit	144 837	108 490	66 894
Total equity	110 486	106 786	115 421
Liquid assets	41 248	44 459	56 973
Loans and advances to customers	228 546	165 187	114 635
Interest and similar income	24 729	17 617	15 338
Interest Margin	11 645	7 632	8 634
Operational result	-7 791	-9 233	-594
Total comprehensive income	-7 791	-9 250	-1 259

**Introduction**

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

Its mission is to finance housing and urban development in African countries by offering a range of products.

Its authorized capital stands at one (1) billion US dollars as at 31 December 2019, and the paid up capital has increased from USD 91.8 million in 2018 to USD 97.388 million in 2019.

**Table 1: Distribution of the called capital as at 31 December 2019**

Shareholders	2018	2019
<b>Class A</b>		
Bénin	0,33%	0,31%
Burkina Faso	1,04%	0,98%
Côte d'Ivoire	4,08%	4,82%
Ghana	6,88%	6,48%
Guinée-Bissau	0,03%	0,03%
Kenya	15,26%	16,25%
Mali	4,62%	4,88%
Niger	0,35%	0,33%
Nigeria	11,37%	10,71%
Sénégal	1,53%	1,44%
Togo	0,18%	0,17%
Other countries (WAEMU)	32,84%	33,35%
<b>Class B</b>		
AFRICA RE	4,93%	4,64%
African Development Bank	16,56%	15,61%
TOTAL	100%	100%

**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, with a focus on financial stability;
- A reinforcement of the governance and risk management framework;
- Signature of a Debt Restructuring Agreement with the principal creditors, in order to have less pressure on the treasury ;
- Lower risk of management disruption ;
- Improvement in performances, although net income remains negative, thanks to better risk management and cost efficiency.

**Main fragility factors of the rating:**

- Slow business resumption inducing decrease in total assets and loan portfolio ;
- Shareholder's contribution slowly increases, but remain inadequate to support development;
- Ability to reach strategic goals to be demonstrated ;
- A revision of 2020 forecasts due to the Covid19 pandemic.