FitchRatings

**Banks**
Universal Commercial Banks
Cote D'Ivoire

# Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire (BICICI), S.A

## Key Rating Drivers

Banque Internationale pour le Commerce et l'Industrie de Cote d'Ivoire's (BICICI) S.A's Issuer Default Ratings (IDRs) are driven by the bank's intrinsic creditworthiness, as expressed in its Viability Rating (VR) of 'b+'. The VR reflects the bank's moderate franchise in a highly competitive market, vulnerable asset quality and modest capitalisation relative to its risk profile. It also considers its sound profitability, stable funding and healthy liquidity.

**High Growth Supports Business Opportunities:** Cote d'Ivoire has consistently outperformed most sub-Saharan African countries since 2018, with an average GDP growth of 5.6%, compared with 2.8% for the sub-Saharan Africa median. In June, the country announced USD8 billion of public and private investments up to end-2030 in energy and offshore hydrocarbon projects, which will provide significant growth opportunities for the banking sector.

**Moderate Market Shares:** BICICI's local market shares are about 5% by loans and deposits. However, its market position has benefitted from its past ownership by BNP Paribas S.A., which facilitated the bank's access to multinational companies and some larger domestic corporates. The bank's business plan envisages strong growth in the next five years and aims to improve its market position.

**Concentration Risks:** BICICI is exclusively focused on the domestic market, and maintains a prudent risk culture inherited from BNPP. BICICI targets multinational companies and prime commodity traders for its corporate loans, while focusing on affluent customers in the retail book. Still, our assessment of the risk profile is undermined by high sector and single-obligor concentrations which expose the bank to event risk, and by high growth targets. We also consider BICICI's adequate risk-management function which mitigates these risks.

**Improved Asset Quality:** BICICI's Stage 3 loans ratio (end-1H24: 5.9%) has improved significantly in recent years (end-2021: 15.3%) due to large write-offs, but remains high by international standards. Total reserve coverage was acceptable at 88%. BICICI follows conservative loan classification, which partly explains its high Stage 2 loans ratio (end-1H24: 31%).

**Boosted Profitability:** BICICI's profitability improved noticeably in 1H24, with its annualised return on equity jumping to 27% (2023: 22%) and an operating profit/risk-weighted assets (RWAs) ratio of 5.5% (2023: 3.1%). Performance was boosted by higher net interest income (NII) and only-moderate loan impairment charges, while lower RWA density (53%) also supported the ratio.

**Modest Capitalisation:** BICICI's regulatory capital ratio of 14.6% at end-1H24 was 310bp above its minimum regulatory requirement, underpinned by a low-risk-weight density. Fitch views capitalisation as modest given concentration risks and remaining asset quality pressures. The bank's growth plan will also put pressure on capitalisation, but any capital needs will be addressed by shareholders on an ongoing basis.

**Stable Funding; Healthy Liquidity:** Customer deposits were a high 94% of total non-equity funding at end-1H24. The funding base is moderately concentrated and the bank benefits from stable retail deposits (55% of total customer deposits end-1H24). Liquidity is healthy, with a gross loans/deposits ratio of 75% and net liquid assets accounting for close to 41% of total assets at end-1H24.

## Ratings

| | |
|---|---|
| **Foreign Currency** | |
| Long-Term IDR | B+ |
| Short-Term IDR | B |
| **Local Currency** | |
| Long-Term IDR | B+ |
| Viability Rating | b+ |
| Government Support Rating | b |
| **Sovereign Risk (Cote d'Ivoire)** | |
| Long-Term Foreign-Currency IDR | BB- |
| Long-Term Local-Currency IDR | BB- |
| Country Ceiling | BB |
| **Outlooks** | |
| Long-Term Foreign-Currency IDR | Stable |
| Long-Term Local-Currency IDR | Stable |
| Sovereign Long-Term Foreign-Currency IDR | Stable |
| Sovereign Long-Term Local-Currency IDR | Stable |

## Applicable Criteria

Bank Rating Criteria (March 2024)

## Related Research

WAEMU Region Growth Aids Bank Profitability, But Asset Quality and Capital Risks Remain (July 2024)

French Banks' Exit from Africa to Spur Local Banks' Growth, Competition (April 2024)

African Banking Groups Have Mixed Exposure to Geopolitical Risks in West Africa (February 2024)

Fitch Affirms Cote d'Ivoire at 'BB-'; Outlook Stable (August 2024)

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

BICICI's IDRs are sensitive to a change in its VR. A downgrade of the VR could be triggered by a decline in the bank's total capital adequacy ratio to below 12% without clear prospects for recovery. This could come from a material and sustained deterioration in asset quality, leading to weaker profitability and capitalisation, or higher loan growth than expected.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

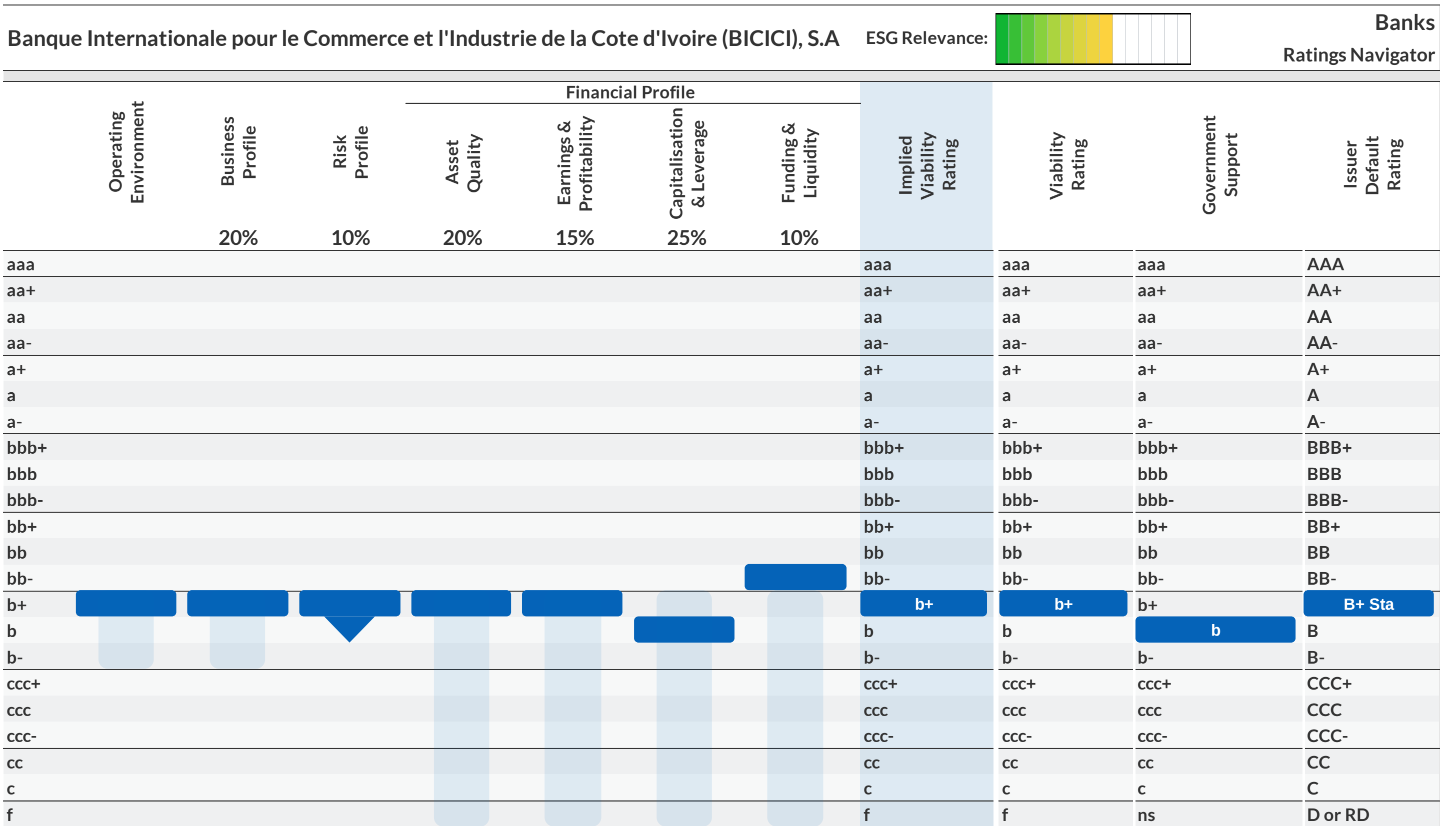
An upgrade of BICICI's Long-Term IDR is contingent on an upgrade of its VR. This is unlikely without a material improvement in the operating environment alongside the strengthening of the bank's franchise and a record of stable business model and improved asset quality and capitalisation.

## Significant Changes from Last Review

### New Minimum Paid-In Capital Requirements

In January 2024, the region's council of ministers voted to double the minimum paid-in capital for WAEMU banks to XOF20 billion. Banks have three years to comply with this requirement. BICICI's shortfall was very small, at XOF3.3 billion, at end-1H24, and we expect the bank will be compliant well ahead the deadline. Excess reserves are sufficient should BICICI need to increase its share capital by way of incorporation to make up for the shortfall.

## Ratings Navigator




The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

## VR - Adjustments to Key Rating Drivers

The funding and liquidity score of 'bb-' is above the 'b' implied score, due to the following adjustment reason: liquidity coverage (positive).

## Company Summary and Key Qualitative Factors

### Operating Environment

*Good Growth Prospects*

Cote d'Ivoire's position as a regional hub, as well as its substantial agriculture, mining and oil resources, support prospects for private-sector development and raise the country's attractiveness for financial development institutions, which should ultimately benefit the banking sector. The country's National Development Plan, which extends until 2025, focuses on improving the business environment, safeguarding financial stability and promoting financial inclusion, which will underpin growth opportunities for banks while strengthening the transparency of public enterprises and improving governance practices. Bank credit grew by a high 16% in 2023, well above the 5% average in the WAEMU region. We expect credit growth will remain around 50% in 2024, underpinned by corporate credit demand as the country moves forward with its economic development plan.

The regional central bank, BCEAO, maintained its key interest rate at 3.5% in September 2024 after increasing it five times since June 2022. We do not expect further hikes as inflation has been coming down (4.1% in June 2024) towards the 3% target. Higher rates provide a boost to banks' net interest income, but they put pressure on borrowers' debt-servicing capacity and crowd out private sector credit in favour of investments in government securities. Net claims on the central government increased by 56% in the region in 2023, including a 43% increase in Cote d'Ivoire.

Despite good prospects, Cote d'Ivoire remains structurally vulnerable to adverse weather patterns and to swings in global commodity prices, which poses downside risks to our growth forecasts. This is due to the country's high commodity dependence, reflecting the large contribution of agricultural products to exports, GDP, employment and tax revenue.

### Business Profile

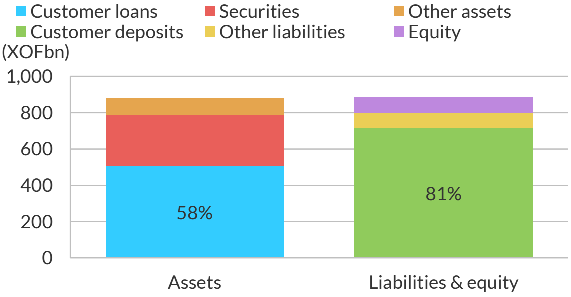
BICICI operates through 42 branches across Cote d'Ivoire and primarily focuses on corporate loans, which accounted for 78% of total gross loans at end-1H24, with the other 22% being retail loans. The bank caters to the few large corporates in core economic sectors, including agriculture, commerce and utilities. The retail book is split between unsecured consumers (66%), mortgages (30%) and auto loans (4%). Products are standard for the Ivorian market. The bank's SME book was below 10% of the total loan book at end-1H24, but BICICI is keen to develop this segment, targeting the upper end of the credit curve to manage its level of risk.

BICICI aims to increase its market shares to 8%–9% within the next four years, becoming one of Cote d'Ivoire's top five banks, which is ambitious, but achievable, in our view given the healthy growth outlook for the Ivorian economy. The bank will focus on collecting more deposits, while improving its digital offering and customer service. The strategy execution will be helped by the bank's previous links with BNPP in terms of brand image, and BICICI continues to target multinational companies while broadening its local client base, including the SME segment, which remains largely underbanked. Branch opening will be limited while the bank continues to focus on the automation and optimisation of its current network and processes. The bank's strategic objectives are reasonable given the current operating conditions, as is the management's ability to execute on its plans. However, strategic objectives and execution could shift depending on domestic and global economic conditions.

In 2022, BNPP and the French development agency Proparco agreed to sell their entire stakes in BICICI – a combined 67.49% – to an Ivorian state-led consortium, including BNI (public bank), CNPS (national social security fund), IPS-CGRAE (pension fund), and CDC-CI (public investment fund).

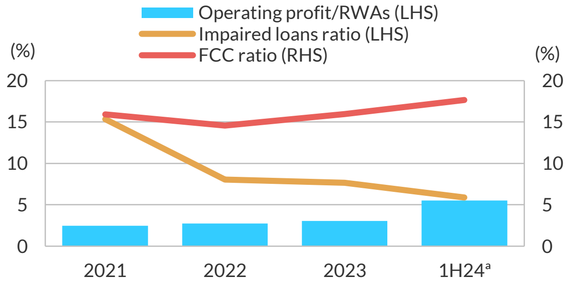
**Balance Sheet**

End-June 2024




Source: Fitch Ratings, Fitch Solutions, BICICI

**Performance Through the Cycle**




a Annualised
Source: Fitch Ratings, Fitch Solutions, BICICI

## Risk Profile

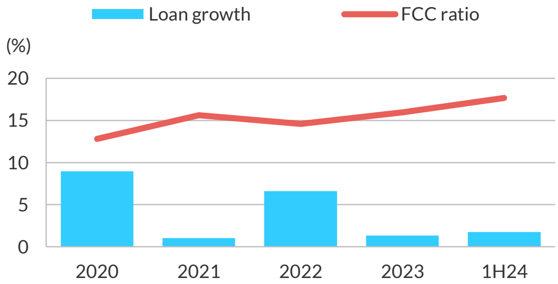
BICICI's risk appetite is high by international standards, as could be expected given that the bank operates solely in Cote d'Ivoire (BB-/Stable), but it manages its balance sheet conservatively, as evidenced by a high proportion of liquid assets. BICICI's total assets are primarily invested in loans (58% of end-1H24 assets), securities (32%) and cash and due from banks (7%). The largest exposures are to large corporates, which are international groups and leading local conglomerates, a legacy of the BNPP coverage. They constitute the bulk of the bank's credit exposure (about 50%) and are considered some of the strongest credits locally, but bring high concentration risk. The largest 20 exposures represented 58% of total gross loans end-1H24 (3.7x equity).

The bank will expand in the SMEs and retail segments (about 15% of credit exposure), which are still largely under-served in Cote Ivoire. Fitch does not expect this to alter the overall risk profile given the bank's sufficiently robust risk function. The business plan envisages doubling the loan book by 2029. Growth will be primarily financed by internal capital generation, but shareholders are willing to address any ordinary capital need on an ongoing basis. Growth targets appear ambitious but achievable, in our view, given the fast-growing Ivorian economy and BICICI's strong corporate franchise.

The securities portfolio is mainly composed of Ivorian government securities rated 'BB-', which is the highest sovereign rating in the WAEMU region and one of the highest ratings in Africa. These are considered good quality in the local context and can be repo'ed with the central bank for immediate access to liquidity. BICICI's appetite to finance the government has increased, as could be expected given the new shareholding structure, and the bank's internal limit for government financing has been raised. This is neutral in our assessment of the bank's overall risk profile.

Market risk is minimal due to limited variable-rate exposure on the balance sheet and largely unremunerated deposits, which limit sensitivity to interest rate movements. The bank has no foreign-currency position of any significant size that would require hedging, and does not engage in trading activities.

### Loan Growth




Source: Fitch Ratings, Fitch Solutions, BICICI

# Financial Profile

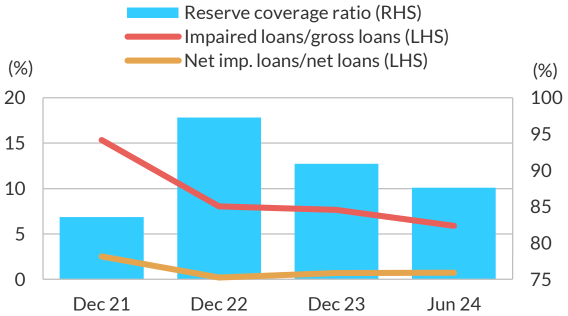
## Asset Quality

The composition of BICICI's assets has been broadly stable, with about half invested in loans. The bank is exposed to the public sector mainly through its bond portfolio, with government bonds accounting for 32% of total assets at end-1H24. The Fitch-calculated impaired loans ratio (end-1H24: 5.9%) is high by international standards, but considerably lower than the sector average (13%–15%). Impaired loans are concentrated, with the largest 20 impaired loans representing 48% of total impaired loans at end-1H24.

The bank's impaired loans ratio has reduced significantly since end-2019, mainly owing to write-offs of legacy exposures. BICICI wrote off XOF16.5 billion in 2022 (3.2% of gross loans), mainly on corporate exposures that became impaired during the cocoa crisis. Write offs were more moderate in 2023 (XOF2.4 billion) and 1H24 (XOF8.6 billion), representing 0.5% and 1.6% of gross loans, respectively. Recoveries were the main driver for the reduction in impaired loans at end-1H24, but we expect write-offs will also continue to support a lower impaired loans ratio.

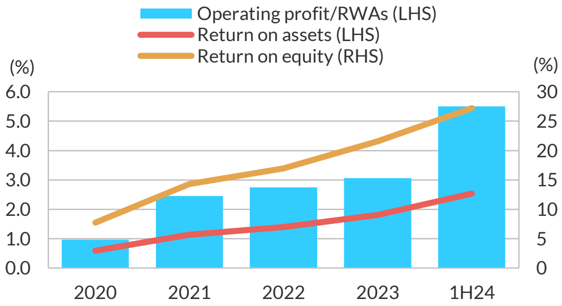
The Stage 2 loans ratio was a high 31% at end-1H24. This reflects some large restructured exposures to the cocoa industry, but also BICICI's conservative approach to loan classification. IFRS 9 models are being recalibrated to better-align loan classification with borrowers' creditworthiness, which should result in a reduction in the bank's Stage 2 loans ratio.

### Asset Quality Summary




Source: Fitch Ratings, Fitch Solutions, BICICI

### Profitability Summary




Source: Fitch Ratings, Fitch Solutions, BICICI

## Earnings and Profitability

BICICI's performance metrics have improved progressively and are now comparing well with local peers. Operating profit over RWAs further increased to 5.5% in 1H24 (2023: 3.1%), helped by lower risk-weighted assets. The bank's NIM (1H24: 5.6%) is one of the highest in the sector, underpinned by a low cost of funding (113bp in 1H24) and the bank's good asset-repricing ability. About half of the loan book reprices within 12 months, which benefits the NIM in a rising-rate environment. BICICI's high share of low-cost current accounts and savings accounts reflects its good brand recognition in Cote d'Ivoire.

The cost/income ratio reduced noticeably in 1H24, to 59% (2023: 70%), and is now more in line with that of regional peers. The reduction mostly reflects higher revenue growth, while costs have continued to increase in line with the bank's investments in IT and staff. Expenses are likely to continue to rise in the medium term as the bank is in an expansion phase, including new branch openings and development of its own IT systems and processes. Investments in digitalisation and automation will drive significant efficiency gains over a longer period.

Loan impairment charges reduced noticeably in 1H24, consuming just 3% of pre-impairment operating profit (2023: 8%). We believe the bank will be forced to book additional loan impairment charges as the portfolio seasons, and these will consume a higher share of its pre-impairment profit.

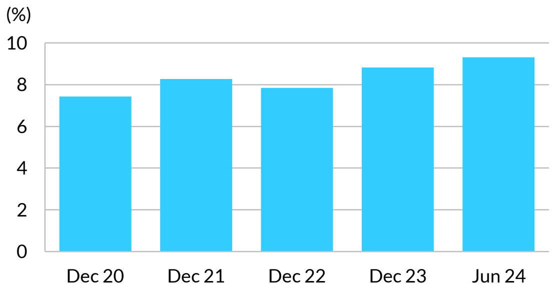
## Capitalisation and Leverage

We view the bank's capitalisation as only modest when considering high concentrations and the bank's exposure to a challenging operating environment. At end-1H24, the total capital adequacy ratio (14.6%) was 310bp above the minimum regulatory requirement. We view this as only adequate given high concertation risks and a low-risk weight density, which benefits regulatory capital ratios. Risk-weighted assets were only 53% of total assets at end-1H24, reflecting the bank's large holdings of government securities, which carry a 0% risk-weight.

The bank's tangible leverage, which we consider to be a more accurate representation of its capitalisation, was 9.3% at end-1H24, which is still acceptable. Dividend pay-out ratios can be high (up to 60% of net income), but shareholders are supportive of the bank and would be willing to adopt a flexible approach to dividend distribution should the bank need to preserve its capital.

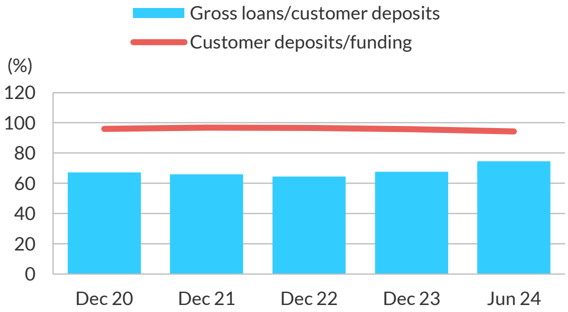
The bank has reasonable capacity to absorb shocks through the income statement. The pre-impairment operating profit/average gross loans ratio (1H24: 4.7%, annualised) provides some cushion to absorb shocks through the income statement without hitting capital, although this may not be sufficient in a severe stress scenario.

### Tangible Equity/Tangible Assets




Source: Fitch Ratings, Fitch Solutions, banks

### Funding & Liquidity Summary




Source: Fitch Ratings, Fitch Solutions, BICICI

## Funding and Liquidity

BICICI is mainly funded by stable customer deposits, which were 94% of total non-equity funding at end-1H24. Deposits are almost entirely in local currency. The largest deposits are from multinational companies and large local groups that often have lending relationships with the bank, which underpins their stickiness. At end-1H24, the largest 20 depositors accounted for 22% of the total, which is high by international standards but acceptable in an emerging market context.

BICICI's sound funding and liquidity profile is also underpinned by good brand recognition in Cote d'Ivoire, allowing the bank to attract a high share of low-cost current accounts, which formed about 90% of total customer deposits at end-1H24. This results in BICICI having one of the lowest costs of funding in the domestic banking sector.

BICICI's gross loans/customer deposits ratio has averaged 68% over 2021–1H24, reflecting its balance sheet structure with only a moderate portion of assets invested in loans. The balance sheet is highly liquid, with liquid assets net of short-term liabilities covering near half of total customer deposits at end-1H24. The bulk of liquid assets consists of Cote d'Ivoire government bonds repo-able with the BCEAO.

## Financials

| | | 30 Jun 2024 | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|---|---|
| | 6 Months - Interim | 6 Months - Interim | Year End | Year End | Year End |
| | USDm | XOFm | XOFm | XOFm | XOFm |
| | Not Disclosed | Not Disclosed | Audited - Report Not Seen | Audited - Unqualified | Audited - Unqualified |
| **Summary Income Statement** | | | | | |
| Net interest and dividend income | 36 | 22,112.0 | 37,638.0 | 27,926.0 | 24,653.0 |
| Net fees and commissions | 15 | 9,150.0 | 15,715.0 | 16,666.0 | 16,547.0 |
| Other operating income | 1 | 590.0 | 2,153.0 | 2,683.0 | 2,967.0 |
| Total operating income | 52 | 31,852.0 | 55,506.0 | 47,275.0 | 44,167.0 |
| Operating costs | 31 | 18,693.0 | 38,692.0 | 32,466.0 | 30,804.0 |
| Pre-impairment operating profit | 21 | 13,159.0 | 16,814.0 | 14,809.0 | 13,363.0 |
| Loan and other impairment charges | 1 | 453.0 | 1,274.0 | 805.0 | 2,327.0 |
| Operating profit | 21 | 12,706.0 | 15,540.0 | 14,004.0 | 11,036.0 |
| Other non-operating items (net) | 0 | 3.0 | 2,573.0 | 169.0 | n.a. |
| Tax | 2 | 1,304.0 | 1,419.0 | 1,782.0 | 1,433.0 |
| Net income | 19 | 11,405.0 | 16,694.0 | 12,391.0 | 9,603.0 |
| Other comprehensive income | n.a. | n.a. | n.a. | n.a. | n.a. |
| Fitch comprehensive income | 19 | 11,405.0 | 16,694.0 | 12,391.0 | 9,603.0 |
| | | | | | |
| **Summary Balance Sheet** | | | | | |
| **Assets** | | | | | |
| Gross loans | 873 | 535,052.0 | 525,826.6 | 518,847.0 | 486,663.0 |
| - of which impaired | 52 | 31,572.0 | 40,294.5 | 41,655.4 | 74,652.0 |
| Loan loss allowances | 45 | 27,656.0 | 36,633.6 | 40,524.0 | 62,379.0 |
| Net loans | 828 | 507,396.0 | 489,193.0 | 478,323.0 | 424,284.0 |
| Interbank | 25 | 15,572.0 | 10,163.0 | 6,872.0 | 6,840.0 |
| Derivatives | n.a. | n.a. | n.a. | n.a. | n.a. |
| Other securities and earning assets | 460 | 281,945.0 | 283,391.0 | 105,365.0 | 91,709.0 |
| Total earning assets | 1,314 | 804,913.0 | 782,747.0 | 590,560.0 | 522,833.0 |
| Cash and due from banks | 68 | 41,761.0 | 90,549.0 | 297,611.0 | 290,984.0 |
| Other assets | 58 | 35,384.0 | 47,267.0 | 38,081.0 | 33,907.0 |
| Total assets | 1,439 | 882,058.0 | 920,563.0 | 926,252.0 | 847,724.0 |
| | | | | | |
| **Liabilities** | | | | | |
| Customer deposits | 1,170 | 716,745.0 | 778,277.0 | 805,335.0 | 737,120.0 |
| Interbank and other short-term funding | 69 | 42,500.0 | 34,828.0 | 27,634.0 | 24,075.0 |
| Other long-term funding | n.a. | n.a. | n.a. | n.a. | n.a. |
| Trading liabilities and derivatives | n.a. | n.a. | n.a. | n.a. | n.a. |
| Total funding and derivatives | 1,239 | 759,245.0 | 813,105.0 | 832,969.0 | 761,195.0 |
| Other liabilities | 62 | 37,851.0 | 23,884.0 | 18,970.0 | 15,007.0 |
| Preference shares and hybrid capital | n.a. | n.a. | n.a. | n.a. | n.a. |
| Total equity | 139 | 84,962.0 | 83,574.0 | 74,313.0 | 71,522.0 |
| Total liabilities and equity | 1,439 | 882,058.0 | 920,563.0 | 926,252.0 | 847,724.0 |
| Exchange rate | | USD1 = XOF612.75759 | USD1 = XOF593.626244 | USD1 = XOF614.998125 | USD1 = XOF579.160339 |

| | 30 Jun 2024 | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2021 |
|---|---|---|---|---|
| **Ratios (annualised as appropriate)** | | | | |
| | | | | |
| **Profitability** | | | | |
| Operating profit/risk-weighted assets | 5.5 | 3.1 | 2.8 | 2.5 |
| Net interest income/average earning assets | 5.6 | 5.5 | 5.0 | 4.5 |
| Non-interest expense/gross revenue | 58.7 | 69.7 | 68.7 | 69.7 |
| Net income/average equity | 27.2 | 21.6 | 17.0 | 14.3 |
| | | | | |
| **Asset quality** | | | | |
| Impaired loans ratio | 5.9 | 7.7 | 8.0 | 15.3 |
| Growth in gross loans | 1.8 | 1.4 | 6.6 | 1.0 |
| Loan loss allowances/impaired loans | 87.6 | 90.9 | 97.3 | 83.6 |
| Loan impairment charges/average gross loans | 0.2 | 0.3 | 0.2 | 0.7 |
| | | | | |
| **Capitalisation** | | | | |
| Common equity Tier 1 ratio | n.a. | n.a. | n.a. | n.a. |
| Fully loaded common equity Tier 1 ratio | n.a. | n.a. | n.a. | n.a. |
| Fitch Core Capital ratio | 17.7 | 16.0 | 14.6 | 15.9 |
| Tangible common equity/tangible assets | 9.3 | 8.8 | 7.9 | 8.3 |
| Basel leverage ratio | n.a. | n.a. | 6.7 | 6.9 |
| Net impaired loans/common equity Tier [1] | n.a. | n.a. | n.a. | n.a. |
| Net impaired loans/Fitch Core Capital | 4.8 | 4.5 | 1.5 | 17.2 |
| | | | | |
| **Funding and liquidity** | | | | |
| Gross loans/customer deposits | 74.7 | 67.6 | 64.4 | 66.0 |
| Gross loans/customer deposits + covered bonds | n.a. | n.a. | n.a. | n.a. |
| Liquidity coverage ratio | n.a. | n.a. | n.a. | n.a. |
| Customer deposits/total non-equity funding | 94.4 | 95.7 | 96.7 | 96.8 |
| Net stable funding ratio | n.a. | n.a. | n.a. | n.a. |

Source: Fitch Ratings, Fitch Solutions, BICICI

## Support Assessment

| Commercial Banks: Government Support | |
|---|---|
| Typical D-SIB GSR for sovereign's rating level (assuming high propensity) | bb- or b+ |
| Actual jurisdiction D-SIB GSR | b+ |
| Government Support Rating | b |
| | |
| **Government ability to support D-SIBs** | |
| Sovereign Rating | BB-/ Stable |
| Size of banking system | Neutral |
| Structure of banking system | Neutral |
| Sovereign financial flexibility (for rating level) | Negative |
| | |
| **Government propensity to support D-SIBs** | |
| Resolution legislation | Neutral |
| Support stance | Neutral |
| | |
| **Government propensity to support bank** | |
| Systemic importance | Negative |
| Liability structure | Positive |
| Ownership | Positive |

The colours indicate the weighting of each KRD in the assessment.
Higher influence Moderate influence Lower influence

Fitch believes the Ivorian authorities' propensity to support the banking sector is high. This considers the banking sector's increasing role in financing the local economy and the authorities' drive to preserve financial stability as the country implements its economic development plans. However, there are limitations in the sovereign's financial flexibility, in light of the significant fiscal deficits and the government's high debt/GDP ratio of 58% in 2024 (2025F: 57%), which lead to a domestic systemically important bank (D-SIB) GSR of 'b+'.

BICICI's GSR of 'b' is one notch below the D-SIB GSR of 'b+'. This reflects a limited probability of extraordinary support being forthcoming from the Ivorian authorities, if required, due to significant uncertainties about the timeliness and extent of such support. This view considers the bank's low systemic importance given its 5% market share, as well as its recent and fragmented ownership by state-related entities.

## Environmental, Social and Governance Considerations

FitchRatings — Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire (BICICI), S.A — Banks Ratings Navigator

### Credit-Relevant ESG Derivation

Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire (BICICI), S.A has 5 ESG potential rating drivers

- Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire (BICICI), S.A has exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

| | | | ESG Relevance to Credit Rating |
|---|---|---|---|
| key driver | 0 | issues | 5 |
| driver | 0 | issues | 4 |
| potential driver | 5 | issues | 3 |
| not a rating driver | 4 | issues | 2 |
| | 5 | issues | 1 |

### Environmental (E) Relevance Scores

| General Issues | E Score | Sector-Specific Issues | Reference | E Relevance |
|---|---|---|---|---|
| GHG Emissions & Air Quality | 1 | n.a. | n.a. | 5 |
| Energy Management | 1 | n.a. | n.a. | 4 |
| Water & Wastewater Management | 1 | n.a. | n.a. | 3 |
| Waste & Hazardous Materials Management; Ecological Impacts | 1 | n.a. | n.a. | 2 |
| Exposure to Environmental Impacts | 2 | Impact of extreme weather events on assets and/or operations and corresponding risk appetite & management; catastrophe risk; credit concentrations | Business Profile (incl. Management & governance); Risk Profile; Asset Quality | 1 |

**How to Read This Page**
ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

**The Environmental (E), Social (S) and Governance (G) tables** break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

**The Credit-Relevant ESG Derivation table's** far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.h scores of 3, 4 or 5) and provides a brief explanation for the score.

**Classification** of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

### Social (S) Relevance Scores

| General Issues | S Score | Sector-Specific Issues | Reference | S Relevance |
|---|---|---|---|---|
| Human Rights, Community Relations, Access & Affordability | 2 | Services for underbanked and underserved communities: SME and community development programs; financial literacy programs | Business Profile (incl. Management & governance); Risk Profile | 5 |
| Customer Welfare - Fair Messaging, Privacy & Data Security | 3 | Compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) | Operating Environment; Business Profile (incl. Management & governance); Risk Profile | 4 |
| Labor Relations & Practices | 2 | Impact of labor negotiations, including board/employee compensation and composition | Business Profile (incl. Management & governance) | 3 |
| Employee Wellbeing | 1 | n.a. | n.a. | 2 |
| Exposure to Social Impacts | 2 | Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core banking practices | Business Profile (incl. Management & governance); Financial Profile | 1 |

### Governance (G) Relevance Scores

| General Issues | G Score | Sector-Specific Issues | Reference | G Relevance |
|---|---|---|---|---|
| Management Strategy | 3 | Operational implementation of strategy | Business Profile (incl. Management & governance) | 5 |
| Governance Structure | 3 | Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions | Business Profile (incl. Management & governance); Earnings & Profitability; Capitalisation & Leverage | 4 |
| Group Structure | 3 | Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership | Business Profile (incl. Management & governance) | 3 |
| Financial Transparency | 3 | Quality and frequency of financial reporting and auditing processes | Business Profile (incl. Management & governance) | 2 |
| | | | | 1 |

**CREDIT-RELEVANT ESG SCALE**

How relevant are E, S and G issues to the overall credit rating?

| | |
|---|---|
| 5 | Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator. |
| 4 | Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator. |
| 3 | Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator. |
| 2 | Irrelevant to the entity rating but relevant to the sector. |
| 1 | Irrelevant to the entity rating and irrelevant to the sector. |

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

## SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.