



PRESS RELEASE :

First Management Quality Rating for
the Senegalese securities house CGF Bourse

WARA assigns CGF Bourse its first-time Management Quality Rating of QSG-1, equivalent to Five Stars

The Senegalese securities house CGF Bourse is rated QSG-1 for its Management Quality by WARA, which is equivalent to Five Stars. The outlook is stable.

Dakar, on 6 July 2018 — **West Africa Rating Agency (WARA)** announces today the publication of its first-time Management Quality Rating on **CGF Bourse**. On its regional scale for Management Quality Ratings of securities houses (SGI), WARA assigns CGF Bourse a rating of “**QSG-1**”, i.e. **Five Stars**, which is the highest Management Quality Rating for an SGI in West Africa. The outlook attached to this rating is **stable**.

It is the first time ever WARA assigns a Management Quality Rating to an SGI in the WAEMU region.

CGF Bourse was established in 1998, the same year the regional stock exchange named “*Bourse Régionale des Valeurs Mobilières*” (or BRVM) started operations. The company is regulated as a securities house by the regional capital markets’ regulator named “*Conseil Régional de l’Épargne Publique et des Marchés Financiers*” (or CREPMF). CGF Bourse has a paid-in capital of 1.5 billion CFA francs.

CGF Bourse’s governance is sound, and its management team is robust. After two decades serving financial markets and managing investors’ savings in WAEMU, CGF Bourse’s management has built a deep knowledge of their lines of business and marketplace. The securities house’s development strategy, based on differentiation by quality and international expansion, is clear, consistent and accessible. Both the SGI’s operating architecture and technical execution are exemplary. This is a key rating factor. CGF Bourse perfectly controls the process of collecting savings and allocating them on regional capital markets, with a high degree of proximity to its loyal customer base. Within the limits of what the regional regulation allows, CGF Bourse’s innovation capacity is good, be it in terms of product development or distribution channels. CGF Bourse offers all the asset classes available in the region, to both retail and institutional clients, through several distribution channels, including digital ones. The securities house’s pricing grid is clear, transparent and competitive. On its regional market, CGF Bourse is not the cheapest SGI, but given the high level of its service quality, it is probably one of those offering the best value for money.

The very clear segregation of responsibilities between the Board of Directors, CGF Bourse’s main governance body,

and the management team is a positive rating driver. The main goal of CGF Bourse is to provide clients, be they institutions or individuals, with the best quality of service. This is the reason why CGF Bourse has been ISO 9001 certified since 2005. Since 2008, CGF Gestion, its asset management subsidiary, has also been ISO 9001 certified. This is an important differentiating factor. CGF Bourse’s operating infrastructure is built on backbone of its comprehensive set of policies and procedures.

CGF Bourse was the first securities house to launch retail services, through the establishment of a physical commercial branch in 2012. Clients can also rely on an online branch allowing them real-time connection to the stock market.

Having said that, CGF Bourse still has limited geographic diversification when it comes to securities custody for retail clients. However, in the other lines of business catering to the needs of institutional customers, diversification is satisfactory. Senegal’s historical securities house is still perceived as too much “Senegalese” on the retail market, despite good efforts to internationalize its footprint; therefore the SGI is striving to further establish itself in the other domestic markets of WAEMU. Reporting to clients remains relatively limited per international standards, but it compares well to that of competitors by regional standards. CGF Bourse distributes only the funds it manufactures and does not offer savings solutions designed by third parties: CGF Bourse’s clients can only access “in-house” funds. That said, the other SGIs of the region have similar practices.

The stability of CGF Bourse’s at its current maximum level will depend on: i) the SGI staying on top of service quality, as formalized by the ISO 9001 certification, both at the parent company level and at that of its subsidiary CGF Gestion; ii) the success of its digital reinforcement strategy, notwithstanding the constraints imposed by the regional regulation; iii) the growth of its assets under management, itself dependent on the success of its commercial strategy, built on internationalization, product innovation and the diversification of its distribution channels; and iv) maintaining sound and strict governance and management practices, which also take into account the improvement of reporting to clients.

A downgrade of CGF Bourse’s rating would be the consequence of: i) the quality of human resources deteriorating, especially at the level of historic senior management; ii) material and durable loss of market share, and therefore revenues declining, in one or more core lines of business, i.e. brokerage and asset management, which would inevitably lead the securities

house to postpone its development and modernization plans; or iii) significant drawbacks in the implementation of its diversification, innovation and digitalization strategy.

As a matter of reference, WARA believes that the probability of favorable scenarios is equivalent to those of unfavorable scenarios in the medium term, which means in other terms that CGF Bourse’s current rating contains as much possibility of stability as downgrade risk.

The methodology that WARA uses for assigning a Management Quality Rating to CGF Bourse is the Methodology for Management Quality Ratings of Securities Houses, published in 2017 and available on WARA’s Website (www.emergingmarketsratings.com)

Information sources used by WARA for assigning a rating to CGF Bourse are mainly private information collected during meetings with CGF Bourse’s management, in the course of May 2018. This information, together with publicly available sources of information, are considered by WARA as relevant and sufficient in the context of the analytical process leading to the rating of CGF Bourse.

Finally, WARA emphasizes the fact that the rating on CGF Bourse is solicited and participating, meaning it is subsequent to a rating request by CGF Bourse, and that the management team of the securities house actively participated to the discussions with WARA’s analytical team.

WARA stresses the fact that the **QSG-1** (Five Stars) rating on CGF Bourse is not a credit rating; a Management Quality Rating measures an SGI’s management and service quality, not its creditworthiness or solvency.

The comprehensive rating report is available on request at the following email address:
infos@rating-africa.org

Contacts

Anouar HASSOUNE

Lead Analyst

Tel: +221 33 825 72 22

+225 22 50 18 44

Email : infos@rating-africa.org