



## Transparency Report

Year 2016

Updated: November 2016

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# 1. Message of the Chief Executive Officer

Abidjan, 31 March 2017

In accordance with article 18 of the Instruction No. 37/2009 relating to the conditions for performing the business of credit rating in the Regional Financial Market of the WAMU, Bloomfield Investment Corporation publishes this transparency report, which provides all required information.

As a reminder, Article 18 of the instruction concerning the transparency report provides that:

*"Rating Agencies shall publish annually a transparency report containing the following information:*

1. *detailed information on their legal form, their management structure and their shareholding structure;*
2. *A description of their quality control system);*
3. *statistics on the members of their staff assigned respectively to the establishment of new ratings, the review of existing ratings, as well as to the assessment and management of methods and models used;*
4. *a description of their archiving policy;*
5. *the findings of their annual internal control of compliance with the independence requirement;*
6. *a description of their policy for rotation of management staff and analysts;*
7. *financial information on their turnover, distributed by income generated, on the one hand, by their rating activity and, on the other hand, by the provision of other services and a full description of each type of income*

*The annual report shall be published not later than three months following the closing date of the financial year and shall remain available on the website of the rating agency for at least five years."*

This second report, like the first, also includes the expected publications, especially articles 17.1, 17.2.2 of Title III of the Instruction No.37/2009 as well as those expected from Item 2 of section II of the terms of reference for the same instruction.

Article 17.1, Title III of the Instruction	Article 17.2.2 Title III of the Instruction	Item 2, section II of the terms of reference of the Instruction
<p>Rating Agencies promptly publish and update all following information:</p> <p>1) actual and potential conflicts of interest referred to in section II, Item 1 of the Terms of Reference (Annex to the Instruction);</p> <p>2) a definition of what they consider as ancillary services to their core business, namely the rating activity;</p> <p>3) their policy on the publication of their credit ratings and other related communications the general nature of their compensation plan; the methods, models and main assumption of notation that they use, as well as any significant changes that they have made;</p> <p>4) any major change to their practices, procedures and processes</p>	<p>Rating Agencies periodically publish and send to the Regional Council the following information</p> <p>Annually <u>the following information:</u></p> <p>A) a list of their ten largest customers, classified by percentage of turnover generated by each;</p> <p>B) a list of customers whose contribution to turnover growth during the previous fiscal year has exceeded the growth rate of the whole turnover by a factor higher than one and a half times</p>	<p>Any Rating Agency publishes the name of the Rated Entity or related Third Parties generating more than 5% of its annual turnover</p>

Stanislas ZEZE, Chief Executive Officer



## 2. Legal form, management structure and shareholding structure

Bloomfield Investment Corporation is an Ivorian public limited company.

It established in 2007 and began its credit rating operations in 2009.

Its current capital of CFA 100,000,000 is held exclusively by Ivorian nationals.

It has a Board of Directors and a Management, as required by the Uniform Act on commercial companies and economic interest groups.

It is a credit rating agency approved by the Regional Council for Public Savings and Financial Markets of the WAMU, since 2011.

## 3. Activities and income

### 3.1 Main activity, credit rating

In accordance with article 17.1 of the Instruction No. 37/2009 relating to the conditions for performing the business of credit rating in the Regional Financial Market of the WAMU, we provide a definition of the activities of the Rating Agency.

Various types of services are delivered:

- Targeted and recurrent corporate credit risk assessment for companies, financial institutions, public organizations, sovereign borrowers, and securities issued as part of structured finance (securitization);
- Training seminars open to the public;
- Training Seminars in companies (*in-situ*);
- Publication of research reports

Main activity	Ancillary activities	
<p>Credit rating is the assessment of an entity's credit quality</p> <p>The assessment takes into account both the <u>ability</u> and the <u>willingness</u> of the entity to meet its commitments in the short, medium and long term.</p> <p>It is an opinion issued on:</p> <ul style="list-style-type: none"> <li>• the solvency and credibility of the rated entity;</li> <li>• the likeliness of timely performance of a financial obligation in accordance with contractual requirements;</li> <li>• the operating environment of the rated entity.</li> </ul>	<p>Economic and Stock Market Studies and Analysis</p>	<p>Under the responsibility and leadership of the Economic Studies and Analysis Department, income-generating activities include the following:</p> <ul style="list-style-type: none"> <li>• country or regional risk analysis;</li> <li>• sectoral risk analysis and studies;</li> <li>• customer-specific studies;</li> <li>• establishment and management of index;</li> <li>• weekly stock market analyses;</li> <li>• management of subscriptions to the documentary database.</li> </ul>
	Other services	<ul style="list-style-type: none"> <li>• Seminars/Conferences;</li> <li>• Commercial credit risk assessment;</li> <li>• Training sessions</li> </ul>

During the last three years, these activities have contributed to income-generation for the Agency

Activity	2012	2013	2014	2015	2016
Credit Rating	93.05%	93.68%	94.75%	73.90%	88.70%
Stock Market Analyses and Studies	N/A	0 %	0.45%	26.06%	7.74%
Other services	6.95%	6.32%	4.80%	0.04%	3.56%
Total turnover	100%	100%	100%	100%	100%

A list of the entities in the regional financial market having contributed to income-generation is presented in annex 1.

The rating agency has developed a credit risk assessment methodology adapted to the five major categories of issuers: industrial and commercial businesses, financial and insurance institutions, governmental entities, sovereigns and structured finance (securitization).

The methodologies used are published on the website of the credit rating agency.

They are updated when necessary.

Technical procedures for the implementation of these methodologies are contained in a technical procedure manual, updated as major changes are made to practices, procedures and processes.

The duration of a credit rating mission depends on the rated entity or instrument.

## **3.2 Remuneration, publication of rating activities**

The remuneration of rating work is established through discussions with the rated entity.

All rating missions are carried out within a duly established contractual framework specifying the rights and obligations of the parties.

The economic model put in place by Bloomfield Investment is based on the preservation of the independence of the Agency, by not subjecting the remuneration to the prior production of ratings.

It is also based on conflict-of-interest management measures laid down in its Code of Conduct.

The Agency's fees are fully paid by the rated entity before the production of the ratings.

Compulsory rating under the regulation of the financial market results in the systematic production of a credit rating note in the official bulletin of the Regional Stock Market (BRVM).

As for requested rating, publication is made in accordance with the provisions of credit rating agreements.

Bloomfield refrains from unsolicited rating, in the current context of the public information environment in the areas of intervention

Credit rating reports and all reports of economic and stock market studies and analyses can be obtained through subscription with the Agency.

## **4. Quality management**

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### **4.1 Quality of the service delivered and the opinions issued by the teams**

The agency places an emphasis on ensuring the quality of missions and opinions issued by implementing several described in a technical procedure manual.

Thus, the competence (or the ability to carry out the mission) of the staff is taken into account by the Operations Management in the planning of missions and selection of the staff at the beginning of the year and throughout the fiscal year.

This planning necessarily takes into account the rule of staff rotation as it integrates the principle of rotation after a minimum period of two years, in order to refresh the skills base.

Missions are generally carried out by two analysts and are formally reviewed by the chief of mission, the Mission Manager and the Operations Manager, depending on the nature of deliverables.

The methodologies and specific instructions of the Operations Management provide assurance about the consistency of the process followed by the teams.

Several other quality factors are maintained within the Agency by the selection of recruits, internal training and regular assessments of the staff.

### **4.2 Organization of missions**

Credit rating missions involve two separate "entities":

- The team in charge of the mission reports to the Operations Department. Its role is to conduct analysis and to recommend ratings.
- The Rating Committee does not participate in the rating work. It decides on the final ratings to be assigned.

This organizational structure ensures an adequate level of quality; any opinion expressed by the rating team must be strongly justified before it is accepted by the Rating Committee.

### 4.3 Specific control measures

The Instruction No. 37/2009 requires the implementation of specific control measures by:

- A Monitoring Committee
- The Independent Administrator

## 5. Independence and management of conflicts of interest

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### 5.1 Independence

Independence is one of the conditions for the credibility of the rating agency. The agency must be independent from the requesters of the rating and also from any financial influence group.

In fact, the capital of the company is held by private individuals.

The economic model put in place and the mode of remuneration of the core business reinforce this independence.

These two measures strengthen the agency's legal and financial independence. Access to external financing is through traditional banking resources.

As part of the provision of professional services, the structure of rating missions (with a team of staff that conducts the missions, on the one hand, and an independent and sovereign rating committee that decides on the ratings assigned, on the other hand) helps to maintain a basis for independence during implementation and decision-making.

This separation is paramount.

As regards the manpower, the composition of teams takes into account any known relations of staff members with the main leaders and/or owners of the rated entities.

Staff rotation is also considered both in the technical procedure manual and during the planning of mission. This further mitigates the risk of non-independence of the teams.

### 5.2 Conflict management and prevention

In its code of conduct, Bloomfield Investment Corporation establishes the rules for the prevention of conflicts, which state that:

- ⇒ no analyst directly involved in the assessment process shall be engaged in a negotiation of a contract and fees.
- ⇒ no analyst shall participate in or influence a rating where he/she:
  - is the owner of bonds or shares in the rated entity.
  - is the owner of shares or bonds in a body related to the rated entity.
  - has been recently employed by the rated entity.
- ⇒ has a close relative employed by the rated entity no analyst or a person directly linked to him/her shall buy any shares or bonds of an entity that is part of the portfolio of such analyst.
- ⇒ no analyst or staff member shall take (or accept) money (or gifts) from an entity having a business relationship with Bloomfield investment.
- ⇒ Any analyst of **Bloomfield Investment Corporation** entering in a personal relation with a staff member of an entity rated by the Agency shall inform the Management or any individual designated by the Management to manage conflicts of interest.
- ⇒ **Bloomfield Investment Corporation** shall conduct investigations on any analyst who leaves the Agency to join an entity rated by the Agency, where such analyst was among the analysts engaged in the rating process for such entity, in order to determine whether there has been some favoritism.

Furthermore, analysts are prohibited to make recommendations or proposals regarding the structuring of a financial product rated or to be rated by the Agency.

These measures are fully made known to all the staff by the Management.

As at the financial year ended 31 December 2016, the staff, the members of the rating committee, and the top manager of the agency (on behalf of the agency) sign individually an independence and no-conflict of interest statement.

## 6. Business Continuity Plan

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The activity of the Agency is organized around administrative and operational systems and procedures, to preserve the activities and their continuity

While the organization put in place for missions helps to ensure continuity, it is important that information systems in place are continuously maintained.

Moreover, the Board of Directors is considering a plan for the relocation of activities and people in the event of a crisis.

### 6.1 IT Safety

Concerning logical security, i.e. data security, including the data of the company, applications or operating systems, several levels of security are implemented to ensure data availability, reliability and integrity.

Security is thus reinforced at the level of the session-opening BIOS and the data sheet of each staff member.

Appropriate adjustments have been made and strengthened to manage physical access to strategic tools.

Network defense mechanisms are put in place to maintain the integrity of exchanges and data.

All these measures are in regularly improved in line with technological developments.

### 6.2 Archiving and Backup

Daily operational measures are taken to ensure data backup, restoration and archiving.

The recovery plan must enable Bloomfield Investment Corporation to operate even in the event of a disaster with limited impact on the data, including that of teams in charge of major activities.

These measures are also key to preserve the confidentiality of information placed at the disposal of Bloomfield investment.

Compliance with an IT charter, and with archiving and backup procedures by the entire staff remains capital.

## Annexes

Annex 1	List of rating operations on companies or entities whose financial securities are admitted for trading on the regional financial market of the West African Monetary Union (WAMU)
Annex 2	List of rated entities whose financial securities are admitted for negotiations on the regional financial market of the West African Monetary Union (WAMU), and their contribution to the overall turnover
Annex 3	Statements of the Top Management on independence and management of conflicts of interest

## Annex 1

List of rating operations on companies or entities whose financial securities are admitted for trading on the regional financial market of the West African Monetary Union (WAMU) as at 31 December 2016

<b>Rated entities</b>	<b>Sector/Activities</b>
<b>Listed Companies</b>	
<b>ALIOS FINANCE</b>	Lease financing
<b>BERNABE</b>	Distribution of hardware, metallurgical products and household equipment
<b>BOA Benin</b>	Commercial bank
<b>BOA Burkina Faso</b>	Commercial bank
<b>BOA Cote d'Ivoire</b>	Commercial bank
<b>BOA Mali</b>	Commercial bank
<b>BOA Niger</b>	Commercial bank
<b>BOA Senegal</b>	Commercial bank
<b>CIE</b>	Transmission and distribution of electricity
<b>CROWN SIEM CI</b>	Production of metal packaging
<b>NESTLE</b>	Manufacture and marketing of food products
<b>PALMCI SA</b>	Palm nut and oil products
<b>SODECI</b>	Water distribution
<b>Societe Ivoirienne de Banque (SIB)</b>	Commercial Bank
<b>Other players in the market</b>	
<b>CRRH-UEMOA</b>	Mortgage refinancing
<b>State of Cote d'Ivoire</b>	Sovereign
<b>GuarantCo</b>	Institutional guarantee
<b>OMNIUM MALI SA</b>	Manufacture and distribution of batteries
<b>Autonomous Port of Abidjan</b>	Public service of port operations
<b>PETRO IVOIRE</b>	Distribution of Petroleum Products
<b>SHELTER AFRIQUE</b>	Development Bank

## Annex 2

List of entities noted, having of financial securities admitted to negotiations on the regional financial market of the Monetary Union of West Africa (UMOA), and their participation in the overall turnover

**Article 17.2.2.a: list of the ten (10) largest customers, classified by percentage of turnover (in alphabetical order)**

2012	2013*	2014*	2015*	2016
BERNABE	CIE	CIE	CIE	CIE
CIE	GuarantCo	PALMCI	PALMCI	State Cote d'Ivoire
OMNIUM	PALMCI	Port authority of Abidjan	Port Authority of Abidjan	PALMCI
PALMCI	Pétro Ivoire	SODECI	SODECI	Port Authority of Abidjan
Pétro Ivoire	Port Authority of Abidjan			SODECI
Port Authority of Abidjan	SHELTER Afrique			
Port authority of San Pedro	SODECI			
SHELTER Afrique				
SODECI				

\* Update of the last publication to take into account only the entities operating in the financial market and appearing on the list of the top ten customers of Bloomfield Investment

**Article 17.2.2.b: list of customers whose contribution to turnover growth during the previous fiscal year has exceeded the growth rate of the whole turnover by a factor higher than one and a half times (2012 - 2015)**

**Not applicable**

**Item 2, Section II of the terms of reference - List of rated entities or related third parties generating more than 5% of the annual turnover (2011 - 2015) - in alphabetical order**

2012	2013	2014	2015	2016
CIE	CIE	CIE	Port Authority of Abidjan	
OMNIUM	GuarantCo	Port authority of Abidjan		
PALMCI	PALMCI	SODECI		
Petro Ivoire	Petro Ivoire			
Port Authority of Abidjan	Port Authority of Abidjan			
SHELTER Afrique	SODECI			
SODECI	SHELTER Afrique			

## Annex 3

### Statements of the Top Management on independence and management of conflicts of interest

Abidjan, 31 March 2017

Pursuant to the provisions of:

- article 17.1.1 of Title III of the Instruction No. 27/2009 of 23 November 2009 relating to the conditions for exercising the credit rating business in the Regional Financial Market of the WAMU;
- article 18.5 of Title III of the same Instruction,

We confirm that:

- ⇒ we believe we have taken reasonable measures to manage actual and potential conflicts of interest referred to in section II, item 1 of the terms of reference of rating agencies
- ⇒ controls are in place to ensure compliance with the of independence of the Agency and the entire staff assigned to credit rating missions during the past year.



**Stanislas ZEZE**  
Chief Executive Officer