SHELTER AFRIQUE
Financing Affordable Housing for Africa

2015

ANNUAL REPORT AND FINANCIAL STATEMENTS

"Building houses, families and nations"

Our Presence

Shelter Afrique was established in 1982 by African governments, the African Development Bank (AfDB), African Reinsurance Corporation (Africa-Re) and CDC (UK’s Development Finance Institution) with the mandate of mobilizing resources for housing development in Africa.

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FACT SHEET ON SHELTER AFRIQUE

Sovereign Shareholders:	44 African member countries as at 31 December, 2015
Institutional Shareholders:	The African Development Bank, African Reinsurance Corporation
Mission	To assist private and public sector institutions in Africa identify, finance and implement housing and related urban infrastructure projects that will facilitate the achievement of the goal of housing for all
Authorized Capital as at 31 December, 2015	US $ one billion
Callable Capital	US $ 500 million
Issued and Called up capital as at 31 December, 2015	146,114 ordinary shares of US$ 1,000 each
Paid up capital as at 31 December, 2015	US $ 62.23 million
2015 loan approvals	20 projects in 10 countries for a total approval of US $ 129.7 million
Cumulative loan approvals as at 31 December, 2015	US$ 1,058.2 million
Cumulative Disbursements as at 31 December, 2015	US$ 580.6 million
International rating by Moody's	Ba1

LIST OF ABBREVIATIONS

AFD	Agence Francaise Development
AfDB	Africa Development Bank
Africa Re	Africa Reinsurance Corporation
AGM	Annual General Meeting
ALCO	Assets and Liabilities Committee
APPT	Apartment(s)
APPT & Off	Apartments & Offices
BHS	Banque de l'Habitat de Sénégal (Senegal Housing Bank)
FCFA	Common currency used in UEMOA zone
GDP	Gross Domestic Product
DFI's	Development Finance Institutions
DL	Direct Loan
ERM	Enterprise Risk Management
FMO	Netherlands Development Corporation
Forex	Foreign Currency Exchange difference
HR	Human Resource
KCB	Kenya Commercial Bank
KfW	Kreditanstalt für Wiederaufbau
KSHS	Kenya Shillings
LOC	Line of Credit
MOU	Memorandum of Understanding
MTN	Medium Term Note
NSE	Nairobi Securities Exchange
PPP	Public Private Partnership
US$	United States Dollars
WAEMU	West African Economic & Monetary Union
XOF	Amount expressed FCFA

MISSION STATEMENT

OUR VISION

To be the leading player in strategic partnership among key stakeholders for the efficient delivery of real estate and other related services in Africa.

OUR MISSION

To assist private and public sector institutions in Africa identify, finance and implement housing and related urban infrastructure projects that will facilitate the achievement of the goal of housing for all.
We achieve this mission through:

- Provision and expansion of affordable and sustainable financial resources available for housing programmes,
- Collaborative partnerships with all actors in the shelter delivery process,
- Adoption of sound management practices that emphasize superior performance, teamwork and continuous
- improvement in our services,
- Sharing information on the best means of providing quality shelter.

We believe that as we build a house, we build a family and a nation.
This is our commitment to the people of Africa.

OUR CORE VALUES

Shelter Afrique subscribes to the following values and principles that will enable it deliver high quality services to all stakeholders:

- Effective corporate governance
- Strong client focus and provision of excellent services
- Transparent and open communication with staff and partners
- Confidence in the ability of its staff to deliver quality services and meet set objectives
- Teamwork as a forceful instrument for solving problems
- Efficient administrative and risk management systems
- High ethical standards that must make our transactions above board
- Corporate social responsibilities
- Total commitment to the ideals of Shelter Afrique and regional integration

LETTER OF TRANSMITTAL

The Chairman **2 June 2016**
General Meeting of Shareholders
Shelter-Afrique

Dear Mr. Chairman,

In accordance with Regulation 9 of the General Regulation ofShelter Afrique, I have the honor, on behalf of the Board of Directors, to submit herewith the annual report and audited financial statements of the company for the period of 1 January to 31 December 2015. The report also covers a review of the company's activities as well as the global and African economic environments under which it operated during the period.

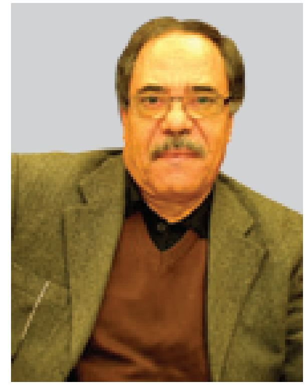
Please accept, Mr. Chairman, the assurance of my highest consideration.

Jean-Paul Missi
Chairman of the Board of Directors

BOARD OF DIRECTORS

Mr. Jean-Paul Missi
(Chairman)

Mr. Samuel Ekue Mivedor
(Vice Chairman)



Mr. Ali Boulares

Mr. Corneille Karekezi

Alhaji Yahaya
Hameed Yakubu

Mr. Hardwork Pemhiwa

Arch Mariamu El
Maawy

Mr. Ceferino Eburi Mata

Mr. Gabindadde –Musoke

Dr. Omodele Jones

Mr. Louis Chike
Anikamadu

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Jean-Paul Missi

TThe company's operations during the year under review were influenced by internal factors as well as developments in the African and global economic environment in 2015. According to the IMF's World Economic Outlook, global economic growth is estimated to have slowed down to 3.1% in 2015, compared to 3.4% in 2014. Economic growth in emerging markets and developing economies moderated primarily due to weaker prospects for some of the large emerging market economies and oil-exporting countries following declining commodity prices and reduced capital flows. Although African countries issued record sovereign bonds in 2015, financial conditions tightened towards the second half of the year following expectations of an increase in the US policy interest rate.

According to the World Bank's Global Economic Prospect report, economic activity in sub-Saharan Africa slowed to 3.4% in 2015, down from 4.6% in the previous year. Economic growth in sub-Saharan Africa was affected by a combination of domestic and external factors, among them lower commodity prices following the slowdown in China, and tightening global financing conditions as markets anticipated a normalization of the monetary policy rate in the US. Despite the tightening of international financing conditions, many African countries tapped the international bond markets in 2015 to finance their investment programs. Yields, however, were higher than for the sovereign bond issuances in the previous year.

The slowdown of economic growth in sub Saharan Africa was most pronounced among oil and other commodities exporting economies such as Nigeria, Angola, Zambia and South Africa. However, the continued strong investment in infrastructure and energy projects supported economic growth in the region, especially in the economies that were less exposed to the decrease in commodity prices. Growth also strengthened in most oil-importing countries in North Africa such as Egypt and Morocco, supported by a reduction in the cost of imports.

This global and African economic background influenced Shelter Afrique's operations as well as resource mobilization during the year. The economic environment in the countries where Shelter Afrique operated also affected the uptake of the affordable housing units funded by the company.

During the year under review, the company registered a strong improvement in its operations, performance and growth in total assets. Total disbursements increased by 41.7% to US$ 103.6 million in 2015, compared to US$ 73.1 million disbursed in 2014. Loan commitments, i.e. signed loans, increased by 90.5% to US$ 154.0 million, from US$ 80.8 million loans signed in 2014. However, loan approvals declined slightly to US$ 129.7million in 2015, from US$ 141.1 million recorded in 2014. Measures to improve asset quality at entry as well as enhanced focus on the management of the existing loan portfolio helped to lower the non-performing loans (NPL) ratio to 9.3% in 2015, compared to 11.8% in 2014.

During 2015, the company resolutely stepped up efforts to clean the loan book and improve asset quality. This has ensured the proactive workout of projects that were already classified as NPL, and the reduction of loans booked into the NPL category. Management has also introduced a fully dedicated Loan-Workout Unit within the Portfolio Management Department (PDM) that handles the distressed loans and projects that require specialized attention. The unit works closely with the Legal, Finance, Risk and Portfolio Management teams.

The company posted a net profit of US$ 3.1 million in 2015, representing a strong improvement over the US$ 0.45 million reported in 2014. The improved profitability for the year under review was supported by higher net interest income that rose by 14% to US$ 12.2 million in 2015, up from US$ 10.7 million in 2014. This was driven by a larger loan portfolio and lower interest expenses despite an increase in borrowings. The improved performance was also supported by recoveries on loan loss provisions of US$ 658,902 in 2015. This was due to the successful workout of some of the NPL as well as lower loan provisions, which decreased to US$ 2.9 million in 2015 from US$ 4.8 million in 2014. However, net profit was affected by a one-off US$917,971 retirement benefits charge relating to previous years following the actuarial valuation of the retirement benefits. As a result of the improved performance and higher net income, I am pleased to announce to shareholders that the company was able to recommend a dividend payment of US$ 6.82 per share from the 2015 net profit after no dividend payment in 2014.

Total assets rose by 20% to US$ 346.1 million at end of 2015, up from US$ 289.3 million at end of 2014, supported by the strong growth in the loan portfolio during the year. Net loans grew by 30% to US$ 281.3 million in 2015 from US$ 216.9 million at end of 2014 as a result of increased loan disbursements. The increase in total assets and growth in the loan portfolio were funded by increased borrowings that rose to US$224.6 million by 31 December 2015, up from US$177.8 million at the end of 2014. Shareholders' funds increased to US$ 111.5 million at the end of 2015 from US$ 105.9 million in December 2014, supported by a total of US$ 2.5 million in additional equity subscriptions received during the year from Uganda (US$ 1.56 million), Cameroon (US$ 846,000) and Kenya (US$ 87,000). Shareholders' funds were also boosted by a revaluation surplus of US$ 0.99 million resulting from the revaluation of buildings during the year as well as retained earnings for the year.

The company continued to mobilize resources to meet its operational objectives and the increasing demand for housing finance in its member countries. In particular, Shelter Afrique focused on raising well priced funding from development finance institutions (DFIs) to be competitive in providing funding for affordable housing. During the year under review, US$ 72.1 million was raised from financial institutions and commercial banks. Funding was raised from DFIs such as the Commercial Bank of Africa, Kreditanstalt für Wiederaufbau (KfW), Islamic Development Bank (IsDB), and commercial banks such as Commerzbank. During 2015, the Company continued to manage the foreign exchange risk arising from its financing operations by borrowing in the currency of lending and/or entering into foreign exchange derivative contracts with creditworthy counterparties. At the end of the year, outstanding forward foreign exchange contracts amounted to ZAR 49 million, equivalent to US$ 3,674,265.

> "Total assets rose by 20% to US$ 346.1 million at the end of 2015 from US$ 289.3 million at end of 2014".

During the year 2015, Shelter Afrique management, with the approval of the Board of Directors, implemented major organizational transformation initiatives aimed at aligning the company's organizational structure with the 2016-2020 growth strategy, and promoted the corporate culture required to boost Shelter Afrique's performance. Specifically, the transformation initiatives were aimed at streamlining the operating model, organisational structure, job grading and salary structure as well as bridging critical skills gaps.

The board, through the Audit, Risk and Finance Committee, continued to ensure that the various risks to the company are identified, assessed, evaluated and managed effectively to protect the company from any loss. During the year, all the units in Shelter Afrique did a risk and control self-assessment (RCSA) as part of the Enterprise Risk Management (ERM). This tool will greatly improve the company's ability to identify and manage the operational risks inherent to business.

In playing its role in improving the company's asset quality, the risk team actively participated in the portfolio review as well as in resolving non-performing loans cases that have been a challenge for Shelter Afrique for quite some time. The resolution of several NPL during the period under review resulted in cash collections, land swaps or even completed house units for debt swaps for Shelter Afrique. The risk function will continue to champion the development of a risk culture throughout the company. During the year, as a process to enhance capacity in the risk function, the fixed term personnel doubled from two in 2014 to four in 2015. This is expected to greatly improve the role of the risk function, especially in credit underwriting, to ensure quality at entry.

During 2015, the Internal Audit Unit implemented 74% of the work program approved by the board. The Internal Audit Unit carried out 14 missions, and the internal audit recommendations were implemented to 82%. All audit activities were done with the risk-based approach from the audit universe matrix adopted in 2013, which encompasses all activities and processes within the organization. This method puts more focus on areas with the highest risk instead of a global audit approach.

The company needs substantial resources to support its mandate of funding affordable housing in order to alleviate the enormous housing deficit in almost all the member states on the continent. However, member state shareholders' support to the growth of the company's share capital base and enhancement of its operations continued to be a challenge. Only a few shareholders Uganda, Cameroon and Kenya made share capital contributions of a total of US$ 2.5 million during 2015. The outlook is more positive for 2016 as a number of shareholders have specifically requested clarification on their 2015 obligations. I am also encouraged and pleased to inform shareholders that the main institutional shareholder, the African Development Bank (AfDB) approved a US$ 8.2 million additional capital subscription in February 2016 that will increase the AfDB's shareholding in Shelter Afrique from currently 16.9% to 22.7%.

On behalf of the Board of Directors, I would like to express my deepest appreciation for the support and confidence of all member countries and institutional shareholders, and look forward to welcoming more member countries and seeing greater capital contributions in the coming year.

I would like to sincerely thank management for the positive performance of 2015. I further thank all the board members, who have dedicated their time and knowledge to steer and guide the company to its current size and who ensured that the laid down corporate governance principles were adhered to. This has ensured that our institution remains highly regarded not only regionally, but globally.

Finally, on behalf of the Board of Directors, I would like to record our appreciation to the annual general meeting for their continued counsel, guidance and commitment in running the affairs of the company, and express my sincere gratitude to the host country for its welcome and support.

Thank you all very much.

Jean-Paul Missi
Chairman of the Board of Directors

SENIOR MANAGEMENT

Mr. James Mugerwa
Managing Director

Mr. Vipya Harawa
Director, Risk Managment & Compliance

Mr. Femi Adewole
Director, Business Development

Mr. Oumar Diop
Director, Portfolio Management

THE STRATEGIC OVERVIEW

In 2015, Shelter Afrique's strategy was refocused to prepare the company to achieve the objectives and deliverables set for the period from 2016 to 2020. The goal of the strategy to 2020 is to diversify Shelter Afrique's traditional lending business model by complementing it with a differentiated model with additional products and a broader range of business activities. This will include hybrid debt and equity financing of housing projects, and the expert provision of knowledge sharing with member states through valued added advisory services.

The objective of this differentiated and broader approach is to transform Shelter Afrique into a US$ 1 billion organization in balance sheet assets by 2020.

The strategy has three critical principles that will guide this expanded and diversified approach in the next five years:

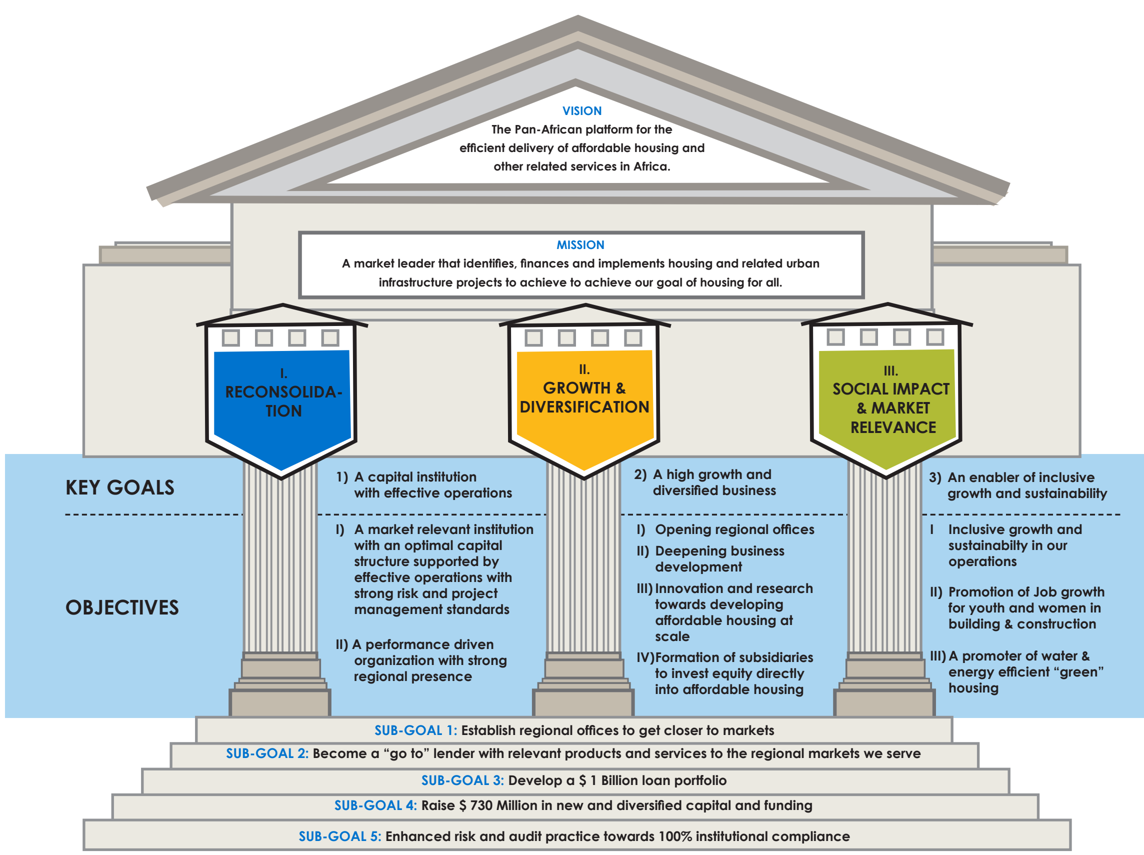
1. **Affordable Housing:** A focus on affordable housing in which Shelter Afrique will only invest when there is a clear link between the investment and the development of affordable housing at scale.

2. **Relevance and Impact:** Given this focus on affordable housing, funds disbursed by Shelter Afrique will seek to significantly increase supply and/or generate impact in the affordable housing market (e.g. through new technologies, job creation and a focus on youth and women). In this regard, Shelter Afrique will target segments of the housing value chain that will have a meaningful impact on housing provision, while opening regional offices in South, West and East Africa to get closer to the housing markets of its member shareholders.

3. **Diversifying Sources:** Shelter Afrique will seek to attract, or 'crowd in', co-financing from governments, DFIs, and the private sector- to maximize the impact of its investments.

In the strategic period up to 2020, these three principles will be organized into three guiding pillars for implementation purposes:

CHART 1: THE 3 PILLARS OF SHELTER AFRIQUE STRATEGY TO 2020



1. **Pillar 1: The Consolidation of Shelter Afrique.** This pillar will solidify Shelter Afrique into a capital optimal institution with effective and efficient operations. Shelter Afrique will consolidate corporate and departmental performance with an optimal capital structure that is supported by effective and world-class risk management, robust audit oversight and world-class project management of the housing projects it finances and invests into in the period to 2020.

2. **Pillar 2: The Growth and Diversification of Shelter Afrique.** This pillar envisages Shelter Afrique as a high growth and diversified business with the opening of three regional offices to operate closer to customers, and deepen its business development operations through product diversification and the formation of subsidiaries to invest directly into affordable housing.

3. **Pillar 3: Shelter Afrique as a Champion of Social Impact and Market Relevance in Housing.** This pillar drives the inclusive and sustainable growth agenda of Shelter Afrique through the promotion of job growth for youth and women in the building and construction of housing projects, the promotion of energy and water efficiency in housing, and the infusion of sustainability and inclusive growth indicators in all Shelter Afrique operations.

CHART 3: TOTAL ASSETS (US$ MILLIONS)

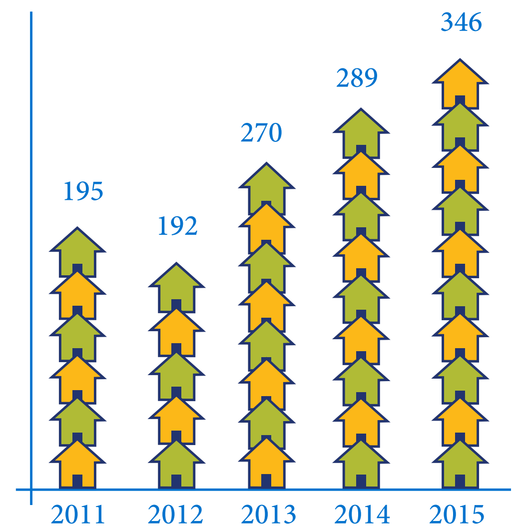


CHART 2: NET INTEREST INCOME (US$ MILLIONS)

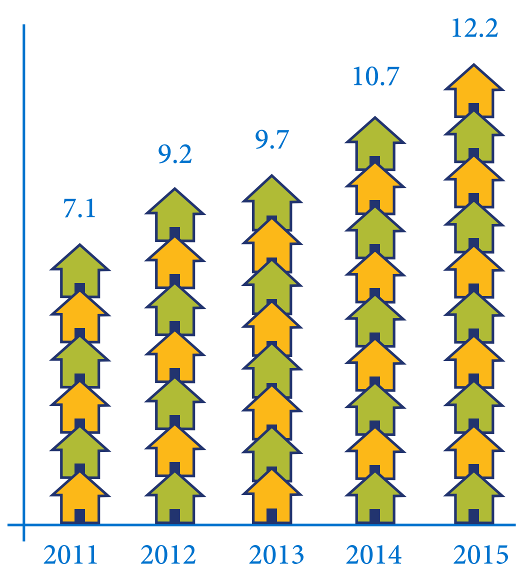


CHART 4: SHAREHOLDERS' FUNDS (US$ MILLIONS)

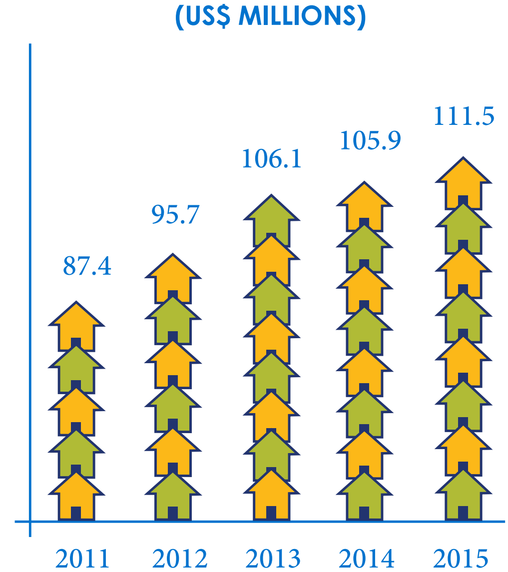


TABLE 1 - KEY OPERATIONAL AND FINANCIAL DATA 2011-2015 (US$ MILLION)

Year	2011	2012	2013	2014*	2015
Approvals	103.81	145.65	104.50	141.13	129.73
Cumulative Approvals	537.17	682.83	787.33	928.46	1,058.19
Disbursement	36.29	65.49	79.73	73.11	103.65
Cumulative Disbursement	258.61	324.1	403.83	476.94	580.59
Total Assets	194.72	191.99	270.19	289.3	346.07
Paid-Up Capital	53.02	56.11	59.84	60.82	62.23
Revenue Reserves	23.16	26.00	29.43	27.85	29.98
Provisions	1.46	2.18	2.28	4.83	3.08
Shareholders' Funds	87.41	95.66	106.09	105.90	111.51

TABLE 2: SELECTED FINANCIAL INDICATORS (US$ MILLION)

Operating Results		2011	2012	2013	2014*	2015
Gross Income	(a)	9.41	12.29	13.17	14.15	15.12
Operating Expenses	(b)	4.90	6.81	6.83	8.24	10.09
Operating Profit before Provisions		4.75	5.39	6.65	5.59	5.20
Administrative Expenses	(c)	4.67	6.49	6.51	7.87	9.63
Profit for the Year		2.82	3.37	4.75	0.45	3.11
Financial Position						
Net Loans and Advances		100.79	145.13	195.41	216.85	281.85
Financial Investments		78.02	35.66	59.67	51.87	30.47
Total Assets		194.72	191.99	270.19	289.30	346.07
Total Equity		87.41	95.66	106.09	105.90	111.51
Total Debt		107.31	92.49	160.62	177.79	224.57
Financial Ratios						
Total Debt to Total Assets (%)		53.68	48.18	59.45	61.46	64.89
Administrative Expense Ratio (%)	(d)	4.97	5.28	3.82	3.82	3.86
Debt/Equity Ratio (%)		119.59	96.31	151.40	167.88	201.40
Earnings per Share (US$)		55.95	61.81	81.86	12.62	34.51
Dividend per Share (US$)		10.63	12.02	15.86	-	6.82

(a) Gross income excludes grant income.
(b) Operating expenses exclude grant expenses.
(c) Administrative expenses exclude depreciation, amortization and other provisions.
(d) Administrative expenses as a percent of average project loans.

**Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made. Refer to Note 40 of the financial statements.*

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RESOURCE MOBILIZATION

The company continued with efforts to mobilize resources in order to meet its operational objectives amid the growing demand for housing finance. Emphasis was put on raising well priced funding from DFI so that Shelter Afrique would be competitive in providing funding for affordable housing in its member countries. During the year under review, US$ 72.1 million were raised from different financial institutions including DFI like KFW, Islamic Development Bank and Commerzbank, and commercial banks such as the Commercial Bank of Africa (CBA).

As Shelter Afrique exhausts potential funding opportunities from DFI, the company will need to raise more and more financial resources from capital markets in order to meet its ambitious growth objectives. This is particularly important in light of the revamped strategy. Financial resources raised from the capital markets are becoming more expensive in response to changes in the financial market conditions, especially with the expected normalization of monetary policy and interest rates in the US. This will require further diversification of the company's funding base as well as creating new partnerships. The challenge that must be addressed continuously will be to raise funds at competitive interest rates and pricing that are affordable to Shelter Afrique's borrowers.

FINANCIAL PERFORMANCE

The company posted a net profit of US$ 3.1 million in 2015, representing a strong performance improvement compared to the US$ 0.45 million reported in 2014. Improved profitability for the year under review was driven by higher net interest income that increased by 14% to US$ 12.2 million from US$ 10.7 million in 2014.The increase in net interest income was also supported by an 11% growth in interest income from loans resulting from the larger loan portfolio, and lower interest expenses despite increased borrowings during the year. The increase in interest income was, however, affected by the depreciation of the Kenyan shilling and CFA franc during the year as some of the loan assets were held in these currencies. The improved performance was also supported by recoveries on loan loss provisions of US$ 658,902 in 2015 following successful workout of some of the NPL, as well as lower loan provisions of US$ 2.9 million in 2015, compared to US$ 4.8 million in 2014.

However, net profit was affected by a one-off US$917,971 retirement benefits charge relating to previous years following actuarial valuation of the benefits. The one-off retirement benefit charge pushed 2015 operating expenses to US$ 10.09 million, up from US$ 8.24 million in 2014. The company is focussing on cost control measures as well as increasing the net interest income in order to reduce the cost ratio.

Shelter Afrique Managing Director making a presentation at the KFW Development Forum in Frankfurt, Germany

Net loans and advances to customers grew by 30% to stand at US$ 281.3 million, up from US$ 216.9 million in the previous year. This was a result of increased loan disbursements. Shareholders' funds increased by 5% to reach US$ 111.5 million, up from US$ 105.9 million in 2014.

Supported by the strong growth in the loan portfolio during the year, total assets rose to US$ 346.1 million at end of 2015, up from US$ 289.3 million at end of 2014. The increase in total assets and growth in the loan portfolio were funded by increased borrowings that rose to US$ 224.6 million by 31 December 2015, up from US$ 177.8 million at the end of 2014. Shareholders' funds increased to US$ 111.5 million from US$ 105.9 million at the end of December 2014. This was driven by US$ 2.5 million in additional equity subscriptions received during the year.

ASSET QUALITY

During the year, significant improvements in the portfolio quality were achieved through joint departmental efforts. A well thought out strategy led to an unprecedented single-digit NPL ratio, closing the year at 9.3% against a double digit of 11.9% in the previous year.

A clear strategy was set by the management on how to manage the NPL portfolio, acknowledging that the resolution of NPL or distressed projects and loans can only be done through a wing-to-wing cross-functional inclusive approach. The principal elements of the strategy aim to ensure:

- Quality at entry;
- Top-notch projects/credit monitoring structures and systems;

- Robust loan workout framework; and
- Judicious methods in the collection of what is already booked in the NPL.

LAUNCH OF THE LOAN WORK-OUT UNIT IN THE PROJECT MANAGEMENT DEPARTMENT

The management has introduced a fully dedicated unit that handles the distressed loans/projects requiring specialized attention. The unit works very closely with the legal and portfolio management teams.

New loan workout and debt recovery policies and procedures are being developed to ensure collections are done in a more structured manner.

The Loan Work-Out Unit also champions a regular detailed portfolio risk analysis. This exercise is done in consultation with other related departments/functions in the company. It helps in the identification of early warning signs an d red flags in the performing portfolio and, where weaknesses have been noted, ensures timely loan workout, and troubled debt restructurings (TDRs) are recommended to avoid deterioration.

EXPANDED ROLE OF THE LOAN MONITORING COMMITTEE (LMC)

The management has refocused the Loan Monitoring Committee (LMC) with a very clear mandate with newly prepared terms of reference (TOR). Key among the responsibilities of the LMC is now to judiciously follow up on the watch list and NPL and quick decisions on all requests presented for consideration.

HUMAN RESOURCES AND CORPORATE SERVICES

Human Resources

During the year 2015, Shelter Afrique management, with approval of the Board of Directors, implemented major organisational transformation initiatives to align the company's organizational structure with the growth objectives of the 2016-2020 strategy, and to promote the performance culture required to boost Shelter Afrique's performance. This is necessary for Shelter Afrique to become an investment grade company. The transformation initiatives were specifically aimed at streamlining the operating model, organisation structure, job grading and salary structure as well as bridging critical skills gaps.

The organisational transformation initiatives were developed through participatory processes involving members of the Board of Directors, management, staff, and other stakeholders, and were facilitated by PriceWaterhouseCoopers (PwC). Key achievements in the implementation since May 2015 include:

- Development of a lean and more responsive organizational structure with job grades reduced from 16 to 8. A lean organization promotes staff cohesion and teamwork.
- As leadership/management positions were reduced from 16 to 8, the organization was re-oriented from supervision to execution. 60% of staff now serve customers and drive growth at the front office, compared to 23% prior to the restructuring. Only 40% of the staff are now in support services, compared to 77% previously.
- The number of permanent staff was reduced from 60 to 52, but more investment was channeled to strengthening staff capacity at execution levels, i.e. officer and senior officer levels.
- Four regional business teams have been constituted and deployed to four regional offices in Nairobi, Abuja, Abidjan, and Lusaka that will be fully operational by the second half of 2016. Matrix reporting guidelines were developed and disseminated to facilitate smooth operations of the regional offices.
- Key roles were identified, established and resourced, namely: Strategy, Performance Management and Market Development, Treasury and Funding, Loan Workout and Recovery as well as Credit Risk Management and Shared Services.

The impact of the above organisational changes was reflected in the 30% growth in the net loan portfolio achieved during the year. Strong loan recovery performance was evident in the restructuring of loans worth US$ 15.27 million, the write-back of bad loans amounting to US$ 658,902, and the reduction of NPL to 9.3% at the end of the year. Moreover, the rationalizations ensured that the year closed with a total of 52 staff, compared to a budgeted 60 staff. There are plans to increase staff levels to 58 in 2016. Even then, fixed staff costs are projected to decline by 1.6% in 2016. The capacity of the organization to raise funds was also greatly enhanced.

The increased focus on performance management led to the implementation and cascading of the Balanced Scorecard methodology across all levels of the organisation. In addition, performance management was automated using the Oracle Performance Management Module. These initiatives have ensured that all staff have performance objectives and targets that are aligned to departmental and corporate objectives. With clear performance measurements and objective performance appraisal and rating criteria, staff accountability has been greatly enhanced at all levels. To further drive performance and match staff costs with productivity, the bonus policy was revised to enable the organization reward both team and individual performance. All key people decisions are based on outputs from the performance management process.

Management is now focused on building staff capacity and promoting staff engagement at all levels. With facilitation from PwC, a skills audit was carried out for all staff to ascertain the match between their current skills and job requirements. Development plans were drawn up and are now being implemented to address skill gaps and increase staff engagement. In 2015, human resources initiatives focused on the development of leadership capacity, building organizational cohesion, and teamwork. The initiatives implemented included: leadership development, management training, team building and integration.

Administrative Services

Shelter Afrique properties in Nairobi were renovated during the year to enhance the work environment, value of the buildings, and corporate image of the company. The renovations included the head office and a residential property. Security screening and access controls were also installed to enhance security in the head office in the wake of security threats in the region.

The renovations of the head office and improvement of the office facilities contributed to the full occupancy of rental space and the realization of rental income beyond what had been budgeted.

A shared services center for administrative services was introduced. Staff requests for services are now logged online and tracked according to service level agreements. As a result, the positions of administrative assistants in departments have been abolished.

Information Technology

Information Technology (IT) continues to drive business and organizational transformation. During the year 2015, several transformative initiatives greatly enhanced efficiency and improved service delivery of the company. The IT unit was re-organized in line with the new corporate strategic plan for 2016-2020 that includes IT as a critical component. The IT organisation was streamlined, leading to reduction of human resource costs by 50% while enhancing operational efficiency. As part of

Shelter Afrique staff meeting with representatives of the Gabonese government

the transformation process, the existing management information systems and network infrastructure were revamped to support business growth in coming years. Several measures have been put in place to strengthen the department and optimize existing infrastructure.

Another major milestone was the formulation and approval of the IT policies and procedures manual by the Board of Directors. The policies provide principles and guidelines on technology usage within the organization that are necessary to minimize internal and external risks. IT was deeply involved in the rollout of the automated balanced scorecard performance management system introduced in 2015 by the human resources department.

RISK MANAGEMENT

Risk is an inherent part of the business activities of Shelter Afrique and risk management therefore has to be a key focus area. Accordingly, the company has designed a risk management framework and governance structure to achieve an appropriate risk and reward equilibrium.

The risk management framework comprises a comprehensive set of policies, procedures and processes designed to identify, measure, monitor, and mitigate risks. Improved risk management will enhance growth and profitability and support the quality of the company's assets and strengthen its competitive positioning amongst its peers. To this end, the company regularly reviews its risk management policies and procedures, reviews the risk register and updates it to reflect changes in the market place and emerging best practices. The company continued to focus on the four categories of risk that were deemed to have direct impact on the daily operations: credit, market (liquidity, foreign exchange as well as interest rate), operational and capital risk. Due to the importance of this function, management expanded the risk team to four full time employees, which is in line with best practices.

CREDIT RISK

Lending for project development and lines of credit continued to be Shelter Afrique's core business. This exposed the company to the risk of default by its clients and eventually increased deterioration of the company assets due to NPL. This is usually caused by factors such as poor marketing of housing units, lack of equity as well as diversion of funds. To address this problem, the board approved the revised lending policy that was aimed at addressing some of the factors contributing to deterioration of assets quality. At the end of December 2015, the gross NPL closed at 9.3%, compared to 11.9% in 2014. Key focus will be to retain the single digit NPL with an objective to attain 5% NPL by the end of the approved strategic plan's timeframe.

MARKET RISK

The company continued to operate in a very competitive environment and was affected by external factors such as exchange rates and high interest rates. During the year 2015, the company reported a net foreign exchange gain of US$ 66,030 This was mainly due to the depreciation of the CFA franc. In 2016, it will be a priority to close the gap for this CFA franc currency to mitigate the foreign currency risk. The overall assets and liability open position closed at 0.8%, clearly within the policy limits of 5% of total assets. To improve the management of foreign exchange risk, the board approved the revised foreign exchange management policy that became effective in January 2016. The policy target is to maintain the asset/liability open position between negative 5% to positive 0.5% of total capital.

OPERATIONAL RISK

The company continues to closely monitor and identify key risks that may arise from deficiencies or non-adherence to the policies and procedures in its daily operations. To achieve this, the company has identified and implemented tools that are aimed at properly managing operational risk.

During 2015, the company continued to use the tools developed for the implementation of the enterprise risk management (ERM) framework. The company implemented one of the tools of the ERM, a risk and control self-assessment (RCSA) process, in order to strengthen operational risk as well as enterprise-wide risk management.

CAPITAL RISK

Capital risk was managed and monitored regularly in order to ensure that there was adequate capital for the company's operations. The minimum capital adequacy ratio (CAR) was calculated in accordance with the Basel II capital framework. At the end of 2015, the common equity tier 1 capital stood at US$ 112 million with risk-weighted assets of US$ 385 million, corresponding to a capital adequacy ratio of 27.94%, which was within the minimum internally set ratio of 25%.

The company continued to have its annual credit rating carried out by one international and two regional rating agencies, Moody's Rating Agency, Global Credit Rating (GCR), and Bloomfield Rating Agency. During the year, the company was rated Ba1, BB and A with a stable outlook by the three firms respectively.

INTERNAL AUDIT UNIT

The primary function of internal audit is to give objective and independent assurance to the board that adequate management processes are in place to identify and monitor the organization's key risks. The function further ensures that effective internal controls and risk management are in place to manage those risks. Shelter Afrique's Internal Audit Unit independently audits and evaluates the effectiveness of the organization's risk management, internal controls and governance. The unit operates under the internal audit charter that was updated and approved by the board following recommendations by the Audit, Risk, and Finance Committee in September 2015. This charter defines the role and objective, authority and responsibility of the audit function.

During 2015, the internal audit annual plan approved by the Audit Committee in October 2014 was executed at 74%. Seven non-performing loans and seven internal processes were examined. The conclusions were reported to the board through the quarterly Audit, Risk, and Finance Committees meetings held in the course of the year.

With management support, the Internal Audit Unit introduced a more pro-active and supportive follow-up approach in 2015. As a result, an overall 82% of all audit recommendations have been implemented.

Since the organization has embarked on the implementation of its new strategy, the internal audit team has been reinforced by an additional staff member. Furthermore, a new software, Thomson Reuters' "Autoaudit", has been introduced to automate all the internal audit functions.

The unit also presented an internal audit policy statement aimed at strengthening its activities, enhancing communication, and increasing the audit diligence.

LEGAL AND SECRETARIAL SERVICES

The Legal Unit continues to provide effective protection of the company's interests through timely, objective, and accurate counsel.

During the year, the unit was restructured and now has dedicated legal personnel for each of the four regional offices. This arrangement ensures continued involvement of the legal team in the daily affairs of the business cycle. It also enhances specialization within the geographical and professional jurisdictions that they have been assigned to. The Legal Unit has enjoyed a particularly successful year in contributing to the reduction of NPL through debt collection and provision of critical input into loan restructuring.

In a year in which strengthening of the company secretarial function has been a major focus, the legal unit stepped in to provide much needed interim support. This support has included the review of board documents, and the preparation and servicing of board meetings. All board meetings scheduled for the year were successfully hosted.

In a bid to promote efficient decision making, management introduced greater reliance on technology for board meetings. This was aimed at establishing continuous board committee consultations by 1 January 2017. The innovations include the expansion and reorganization of secretariat personnel, the introduction of an e-Board system, and the introduction of a dedicated intranet forum for directors and alternate directors.

At the conclusion of the four-year review of the company's legal and governance framework, the board adopted, for the first time in its history, a charter to govern the qualifications, ethics, and conduct of its work. Another milestone emanating from the review was a list of proposed amendments to the company's statutes that the board will present to the 35th Annual General Meeting.

Former Chairperson of the board, Mariamu El-Mawy [Left] and President of Ghana, John Mahama.

The 34th Annual General Meeting of Shelter Afrique took place on 3 June 2015 at the Movenpick Hotel in Accra, Ghana. It was chaired by the Honourable Dr. Kwaku Agyemang-Mensah, Minister of Water Resources, Works and Housing in the Government of Ghana.

Important decisions of the 34th Annual General Meeting included:

- Adoption of the company's annual report and audited accounts for the year ending 31 December 2014, showing a net profit of US$ 450,655;
- Re-appointment of M/s Ernst & Young as Shelter Afrique's external auditors for the financial year 2015 at an audit fee of US$ 32,775 exclusive of disbursements, a 15% increase on the audit fee for the year 2014; and
- Election of the Board of Directors and election of the Bureau of Shelter Afrique.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met for all scheduled meetings and continued to exercise its oversight role over the institution. The board also scheduled special meetings to discuss proposed amendments to statutes, the board charter, and the 2016-2020 strategy re-focus.

During the year, the board considered and approved various board papers including the annual budget for 2016, project loans to clients amounting to a total of US$ 129.7 million, and job evaluation, skills audit, and restructuring of salaries and grades of the company for greater efficiency.

SUMMARY OF PROCEEDINGS AND DISCUSSIONS OF THE SYMPOSIUM ON "DEVELOPING AFFORDABLE HOUSING FOR RENT" – ACCRA, GHANA JUNE 2, 2015

BACKGROUND

Across sub-Saharan Africa, on average only 5% of the population can afford or have access to a mortgage to finance the purchase of their home. As a result, up to 80% of urban dwellers live in rented accommodation. Unfortunately, in most cases these are provided informally, to very poor standards, and with limited or no protection for tenants.
Since 2013, Shelter Afrique has advocated for the provision of rental housing as a vital component of an effective housing strategy amongst our 44 member countries. As part of that initiative and in partnership with the AfD, Shelter Afrique promoted an international conference with a focus on rental housing in October 2014. The key commitment from the dialogue was for Shelter Afrique to develop a sustainable model for rental housing that can be replicated across sub-Saharan Africa.

The core objective of the 2015 Shelter Afrique Annual Housing Symposium was to follow up on this commitment by initially exploring current practices across sub-Saharan Africa and other part of the world with a view to learning useful lessons that may inform a sustainable rental housing model for the region.

KEY MESSAGES

The symposium received five key presentations from experts drawn from South Africa, Europe, and South East Asia where formal rental housing markets have successfully been established. The key messages from the expert submissions and contributions from participants were as follows:

1) Myths surrounding home ownership as the sole preference of people who want a home are not necessarily true. Based on research done across the world, there is strong evidence that not everyone wants to own a home even if they could afford one. Research has not found any significant correlation between personal wealth and home ownership or indeed home ownership and a better life..

Delegation from Ghana and The Gambia at the 2015 AGM

2) Rental housing can be a significant enabler of economic development and wellbeing. Specifically, where effectively structured and supported, rental housing can:
   - Support labour mobility, particularly during transitory periods in people's lives;
   - Reduce the level of financial committment to meeting housing needs; and
   - Provide a viable housing option for people without sufficient income or equity for home ownership.

3) Rental housing can exist in various forms and policy should provide for a wide range of choice, including rent-to-own schemes that allow transition between rental housing and home ownership.

4) Proactive leadership by government is a necessary requirement for an effective rental housing market. There are various opportunities for government intervention but most critically, it needs to provide and secure an enabling environment in which rental housing can thrive. This includes:

   - Creating effective regulatory frameworks that clearly articulate the role of each player in the market and control mechanisms. The most significant of these is a fair landlord and tenant relationship.
   - Rental eligibility requirements are necessary to ensure that housing is allocated to those in greatest need.
   - Rent controls etc.

5) In addition, since a significant proportion of people in rental housing are likely to be on low incomes, the design and implementation of an effective but sustainable subsidy framework must be an important part of the architecture of a sound rental housing market.

6) Access to long term capital is essential for financing rental housing and is often a major obstacle. The design of an effective rental housing market should include, as a key objective, the need to make investment in the market attractive to the capital market, pension funds and insurance companies.

7) There are some successful experiences in sub-Saharan Africa from which new programs can draw inspiration. This includes the Johannesburg Housing Company (JHC) that has over 4,000 homes under management in central Johannesburg alone, as well as the Office Malien de l'Habitat (OMH) program in Mali where private sector capital is being effectively harnessed through public private partnerships (PPP) to provide over 6,000 rental housing units.

CONCLUSION

The symposium has helped to strengthen the institution's resolve to support member countries in developing an effective and sustainable rental housing sector. The key messages will inform the design of a program of rental housing projects to be promoted by Shelter Afrique in member countries in co-operation with local partners.

BUSINESS OPERATIONS

GENERAL OVERVIEW

2015 was largely a transition year as the institution closed off the previous strategic cycle and embarked on the significant growth and impact envisaged in the new 2016-2020 strategy. Nevertheless, the company managed to sustain decent growth with the following key highlights:

- The net loan portfolio grew by about 30% in 2015, from US$ 216. 9 million to US$ 281.4 million, compared to an average of 25% over the previous five years.

- The institution achieved the highest level of disbursements at US$ 103.6 million (equivalent) in its history to date.
- New loan commitments of US$ 154.0 million (equivalent) represented a 90.5% increase over the previous year. This is the highest level of commitments achieved by the institution to date.

- The NPL ratio declined from 11.9% in the previous year to 9.3% by 31 December 2015. This was driven by the resolution of some long outstanding NPL files as well as the improvement of disbursements.

- Notable recoveries were also achieved during the year. A succinct strategy articulated at the beginning of the year to strengthen the collection mechanisms as well as improve the project monitoring and control drove a major change in the quality of the portfolio.

- During the year, the company made significant progress in developing a new program of large-scale, high-impact housing projects with major commitments to the Rugarama Park and Bukarere Gardens projects in Kigali and Kampala respectively. Both projects will produce up to 6,000 new affordable homes.

- Establishment of four regional teams that will increase our reach and visibility in key markets. The teams are now fully functional and will move to local offices in 2016.

Mr. Guillaume Roux, Group MD/CEO, Lafarge, and Mr. James Mugerwa, Managing Director, Shelter Afrique, signing an MOU.

OPERATIONAL HIGHLIGHTS

CHART 5: APPROVALS, COMMITMENTS AND DISBURSEMENT 2011 – 2015

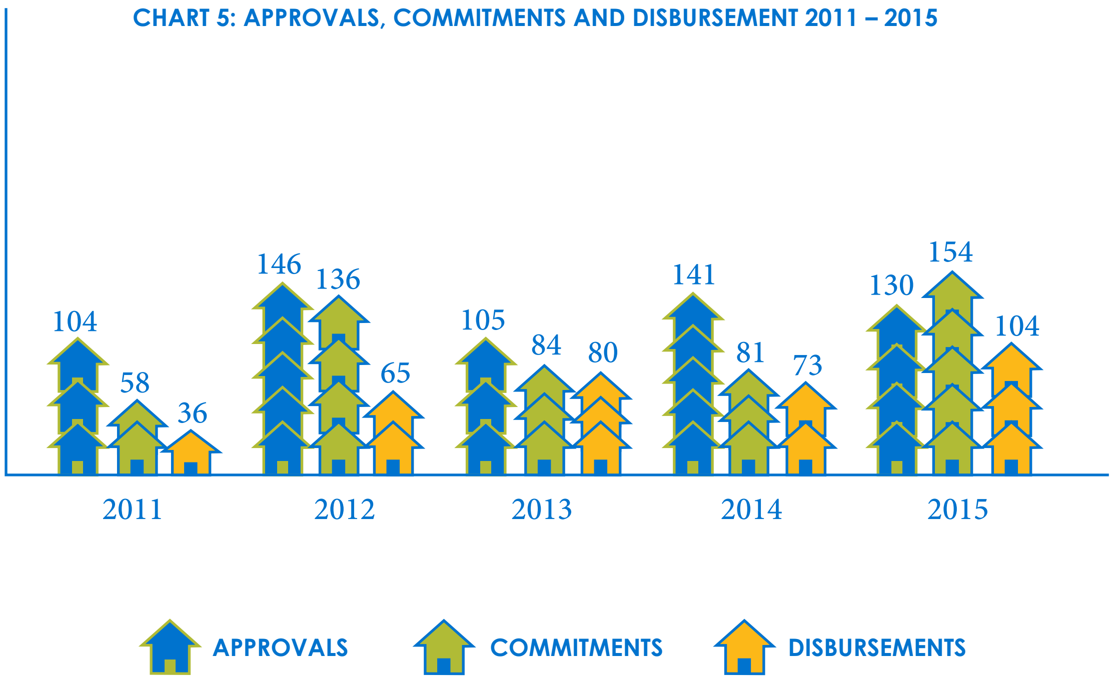
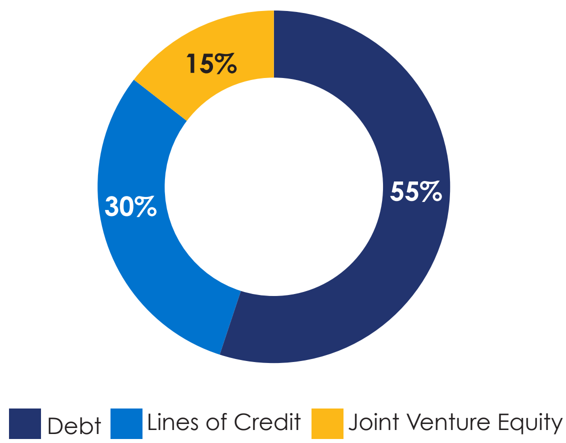


TABLE 3 : 2015 LOAN APPROVALS

NO	COUNTRY	REGION	DEVELOPER	TYPE OF INSTRUMENT	CLIENT TYPE	AMOUNT IN $	TYPE OF DEVELOPMENT	FACILITY CURRENCY	MATURITY
1	Kenya	Eastern	Kenyatta University	Joint Venture/ Equity	University	6,000,000	Student Hostels	US$	3 to 5 years
2	Kenya	Eastern	NACHU	Line of Credit	Financial Institution	1,648,352	Residential	KESs	Above 5 years
3	Kenya	Eastern	Kings Pride/Glenwood	Joint Venture/ Equity	Private	6,043,956	Residential	KESs	3 to 5 years
4	Kenya	Eastern	Kings Pride/Runda Park	Joint Venture/ Equity	Private	5,494,505	Residential	KESs	3 to 5 years
5	DRC	Central	DEVIMCO	Debt	Private	4,000,000	Commercial	US$	3 to 5 years
6	Nigeria	Western	CMB	Debt	Private	5,300,000	Residential	US$	3 to 5 years
7	Nigeria	Western	Fortis Microfinance Bank	Line of Credit	Financial Institution	3,000,000	Residential	US$	Above 5 years
8	Burkina Faso	Western	GELPAZ IMMO	Debt	Private	10,600,026	Residential	CFAF	3 to 5 years
9	Swaziland	Southern	UN Building Swaziland	Debt	Private	6,685,665	Commercial	US$	Above 5 years
10	Côte D'Ivoire	Western	Resiam	Debt	Private	6,827,570	Social Housing	CFAF	3 to 5 years
11	Ghana	Western	UT Properties	Debt	Private	6,400,000	Residential	US$	3 to 5 years
12	Kenya	Eastern	Richland/KBSL	Debt	Private	9,500,000	Residential	KESs	3 to 5 years
13	CHAD	Western	SOPROFIM	Debt	Parastatal	4,704,000	Social Housing	EUR	3 to 5 years
14	Nigeria	Western	FSDH Merchant Bank	Line of Credit	Financial Institution	10,000,000	Residential	US$	Above 5 years
15	Tanzania	Eastern	Tanzania Inv Bank	Line of Credit	Financial Institution	10,000,000	Residential	US$	3 to 5 years
16	Zambia	Southern	Bayport Financial Services LTD	Line of Credit	Financial Institution	10,600,000	Residential	US$	Above 5 years
17	Zambia	Southern	Roma Park II/ Madison	Debt	Private	2,330,000	Site and Service	US$	Below 3 years
18	DRC	Central	MSD	Debt	Private	9,600,000	Residential	US$	Above 5 years
19	Kenya	Eastern	Housing Finance Group	Line of Credit	Financial Institution	10,000,000	Residential	US$	Above 5 years
20	Kenya	Eastern	Molyn Credit	Line of Credit	Financial Institution	1,000,000	Residential	KESs	Above 5 years
						129,734,074			

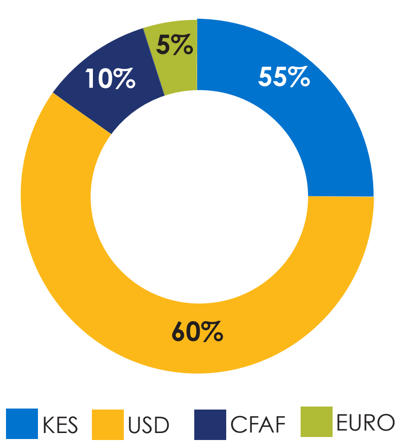
At 55%, construction finance through debt continued to dominate the transactions approved during 2015. In this period, equity investments more than doubled to 15%, up from 6% in 2014. This indicates that developers are increasingly interested in joint ventures. Lines of credits remained unchanged at 30%.

CHART 6: LOAN APPROVALS PER LENDING INSTRUMENT



The US dollar continued to be the dominant currency in the portfolio, with 60% of all approved projects. There was an increase in Kenya shilling denominated approvals at 25%, up from 20% in 2014. However, CFA franc facilities fell from 19% in 2014 to 10%. Euro approvals stood at 5%.

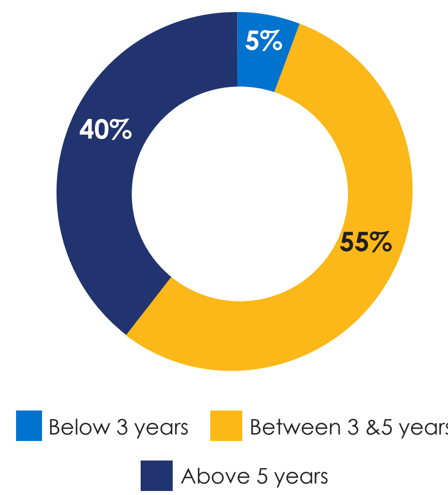
CHART 7: PROJECT APPROVALS BY CURRENCY



I n 2015, the percentage of transactions with tenors above five years, i.e. long term facilities, rose: These transactions represented 40% of approved deals, up from 35% in 2014. This is attributed to an increase in the number of lines of credit approved. Most approved transactions fell within the three to five years maturity, consistent with the build-to-sell project cycles that have traditionally dominated Shelter Afrique's portfolio. Short term facilities with tenors below three years fell drastically from 20% of approved deals in 2014 to 5%, mainly due to a reduction in trade finance activities.

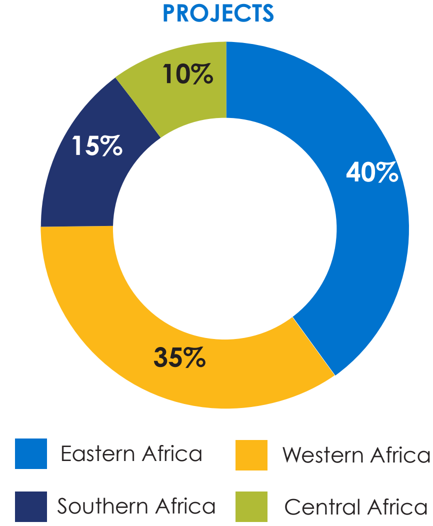
The Western and East Africa regions continue to be the most important in our portfolio. Western Africa contributed 35% of our approvals. These were mainly in Nigeria, Ghana and Côte d'Ivoire. Approvals from East Africa amounted to 40%, mainly from Kenya and

CHART 8: MATURITY PROFILE OF APPROVED FACILITIES



Tanzania. Southern Africa stood at 15%, with approvals mainly from Zambia and Swaziland. Central Africa made headway in 2015 with 10%, mainly from the Democratic Republic of Congo (DRC).

CHART 9: REGIONAL DISTRIBUTION OF APPROVED PROJECTS



BUSINESS OPERATIONS continued

TABLE 4: LOAN COMMITMENTS IN 2015

NO	COUNTRY	DEVELOPER	TYPE	AMOUNT IN $	CURRENCY
1	Rwanda	Bank of Kigali	Line of Credit	10,000,000	US$
2	Côte d'Ivoire	Piemme	Project Finance-Debt	3,666,667	CFAF
3	Côte d'Ivoire	SICOGI	Project Finance-Debt	8,333,333	CFAF
4	Kenya	Letshego	Line of Credit	1,052,632	KES
5	Ghana	Emerald/Sole Lagoon	Project Finance-Debt	2,700,000	US$
6	Nigeria	OMP	Project Finance-Debt	8,700,000	US$
7	Kenya	KBSL/Komarock Ph5	Project Finance-Debt	9,300,000	KES
8	Kenya	Karibu Homes	Project Finance-Debt	6,680,000	KES
9	Kenya	NACHU	Line of Credit	1,500,000	KES
10	Kenya	Kings Pride/Glenwood	Mezzanine	5,500,000	KES
11	Kenya	Kings Pride/Runda Park	Mezzanine	5,000,000	KES
12	DRC	DEVIMCO	Project Finance-Debt	4,000,000	US$
13	Côte d'Ivoire	Oribat/Cite Ori-fraternite	Project Finance-Debt	5,416,667	CFAF
14	Rwanda	BMC Properties/BMC Plaza	Project Finance-Debt	3,000,000	US$
15	Nigeria	Fortis Microfinance Bank	Line of Credit	3,000,000	US$
16	Burkina Faso	GELPAZ IMMO	Project Finance-Debt	10,000,000	CFAF
17	Swaziland	UN Building Swaziland	Project Finance-Debt	6,500,000	US$
18	Zambia	Roma Park-Madison	Project Finance-Debt	2,330,000	US$
19	Nigeria	FSDH Merchant Bank	Line of Credit	10,000,000	US$
20	Tanzania	Tanzania Investment Bank	Line of Credit	10,000,000	US$
21	Nigeria	CMB	Project Finance-Debt	5,300,000	US$
22	Chad	SOPROFIM	Project Finance-Debt	4,704,000	EUR
23	Côte d'Ivoire	RESIAM	Project Finance-Debt	6,827,581	CFAF
24	Kenya	Housing Finance Group	Line of Credit	10,000,000	US$
25	Kenya	Molyn Credit	Line of Credit	1,000,000	KES
26	Kenya	Richland/KBSL	Project Finance-Debt	9,500,000	KES
TOTAL				**154,010,880**	

The business showed very strong performance in terms of new loans signed during the year. At about US$ 154 million against a target of US$ 101 million, it represents a 90% growth in new loan signings over 2014 levels. The result is due to changes that reduce turnaround times, ensuring that we give customers earlier firm commitment to provide financing.

TABLE 5: DISBURSEMENTS 2015		
Country	Projects	US$
Rwanda	Oxyprox Kisima	2,935,000
Multiple Countries	Pan African Housing Fund	816,373
Ghana	Edlorm Housing Ghana Ltd	1,000,000
Zambia	Madison Capital Limited	135,807
Ghana	Rehoboth Properties Ltd.	1,000,000
Tanzania	Tanzania Mortgage Refinance Company	1,000,000
Nigeria	Wema Bank Plc.	10,000,000
DRC	Rawbank	1 0,600,000
Rwanda	Bank of Kigali	10,000,000
Uganda	National Housing and Construction Company	2,260,038
Tanzania	TIB Development Bank	10,000,000
Ghana	Emerald Properties Ltd	893,179
Nigeria	FSDH Merchant Bank	10,000,000
Kenya	Housing Finance Group	10,000,000
Nigeria	CMB	1,352,662
Cameroon	SCI ET & T Immobiliere	742,214
Côte d'Ivoire	Interbat	1,355,569
Togo	N Real estate	1,287,015
Mali	SIFMA SA	6,158,272
Kenya	Itoga Holdings Co. Ltd.	1,397,316
Kenya	Translakes Estate	484,559
Kenya	Chiedo Developers Ltd	4,499
Kenya	Gongo Ler Limited	341,535
Kenya	Maha Properties Limited	3,392,168
Kenya	Sigona (Additional Loan)	474,806
Kenya	KMA Housing Cooperative	3,791,780
Kenya	Letshego Kenya Ltd.	1,033,002
Kenya	Karibu Homes Parktel Ltd.	1,940,902
Kenya	Kenya Building Society Ltd	7,000,929
Kenya	Kings Pride/Glenwood (Mez)	1,272,809
Kenya	Kings Pride/Glenwood (Equity)	977,408
TOTAL		**103,647,842**

Total disbursements at the end 2015 had reached US$ 103.65 million against a target of US$ 110 million. This represents a 42% increase in disbursements over 2014. A major driver for the growth of disbursements were the lines of credit that accounted for about 54% of total disbursements. Out of a total of 31 disbursements made during the year, six were lines of credit, mostly aimed at supporting local financial institutions to issue mortgages with an average value of US$ 9.33 million/disbursement compared to US$ 1.64 million for equities and project disbursements.

CHART 10 : ESTIMATED NO OF HOMES FACILITATED BY NEW APPROVALS

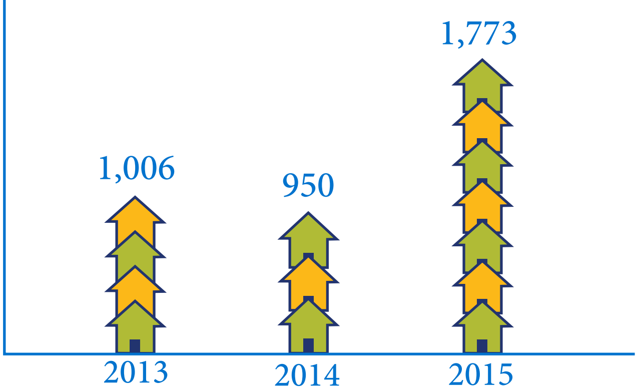
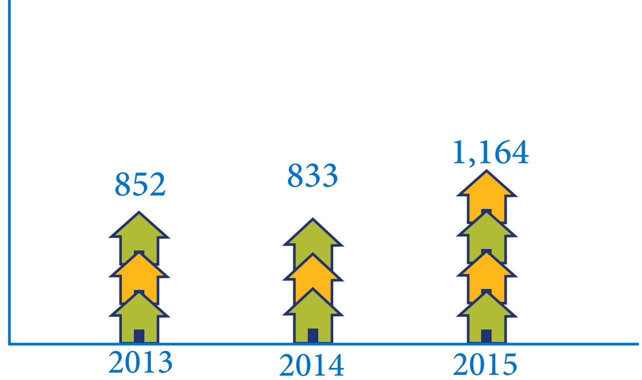


CHART 11: ESTIMATED NO OF MORTGAGES FACILITATED BY NEW APPROVALS



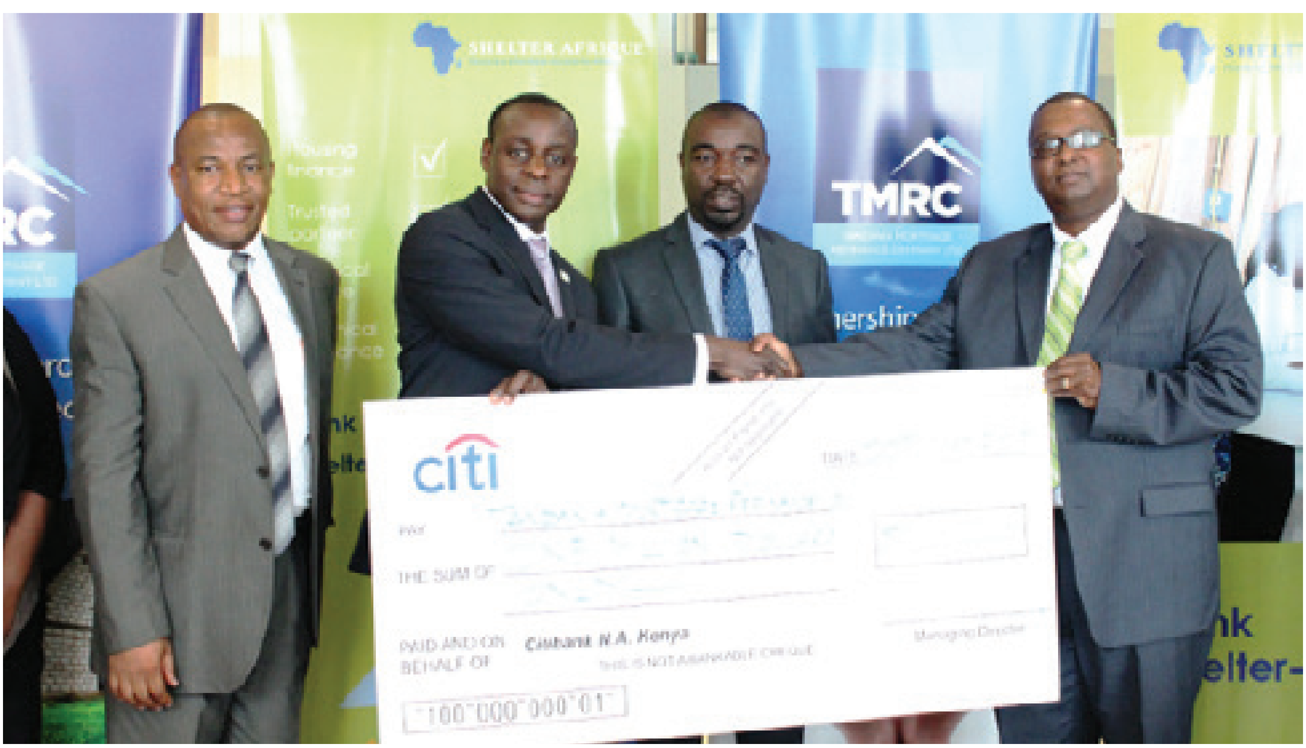
PORTFOLIO QUALITY IN 2015

The company operated in a very challenging and evolving environment, which continued to shape the portfolio risk profile. Nevertheless, the overall asset quality of the loan portfolio remained good, largely due to efforts made over the years such as strengthening the risk management framework, upgrading of portfolio management and monitoring, and enhanced quality control at entry level. Board and senior management oversight and active involvement have also contributed significantly to improving the company's credit quality.

During the period under review, significant improvement on the portfolio quality through joint departmental efforts and a well thought out strategy led to an unprecedented single digit NPL ratio, closing the year at 9.3% against a double digit of 11.8% in 2014.

LOOKING FORWARD

Overall performance during the year was above average, especially when taking into account the fact that 2015 was a transition year when several changes and new ways of working were introduced.



Shelter Afrique Managing Director handing over the cheque for equity in the Tanzania Mortgage Refinance Company

Most of these changes have now been consolidated and additional resources have been provided to frontline business teams. The full effects of these changes and investments will begin to be reflected in the 2016 results.

This expectation has informed targeted results for 2016, including a 60% growth on new approvals to US$ 216 million and an average 20% growth on commitments and disbursements to US$ 154 million and US$ 120 million respectively.

In 2016, business operations will focus on a number of key areas to sustain improvements in business performance and impact:

- **Sustainable growth:** We will continue to focus on growing the portfolio with good quality assets. Although the external environment is increasingly challenging due to rising interest rates and slower economic growth in most of our markets, management will continue to sustain business growth through robust partnerships, particularly with established private sector developers, increased market presence through the regional teams, and strong project management.

- **Large scale impact investments:** Promotion of large scale high impact housing projects that generate outcomes on several levels, including improved employment, support for local manufacturing, improved urban environment. These will be critical to maintaining the institution's position as a leader in the housing market.
- **Low income housing:** The institution will redouble its effort to increase investments in low income housing projects by facilitating homes that are affordable to a large proportion of the population. This will include delivering on our commitment to champion the development of a formal rental housing market.

- **Improving efficiency:** We will continue to explore new ways to improve our operational efficiency, particularly in processing applications for financing quickly and effectively. The new regional structure and local presence will improve internal communication and collaboration, facilitate contact with customers and provide a strong platform for faster and better decision making.

- **Improving customer satisfaction:** Our last survey of customer satisfaction indicated that customer experience was a major area for improvement. The three key areas of dissatisfaction are the quality of communication, customers experience with regard to our processes, fees, and speed of processing transactions. We will focus on improving these areas in 2016.

Housing Market Environment

Karibu Homes Groundbreaking Ceremony

In the year under review, the housing market environment in Shelter Afrique's markets of operations was characterized by

- Significant shifts in trends in rapid urbanization and the rise of mega cities;
- Growth in African mortgage markets; and
- An investor interest in niche markets in civil service housing and student accommodation through the financing of rental housing.

Globally and linked to this environment is the pivotal United Nations Conference on Housing and Sustainable Urban Development, Habitat III, that will be held from 17 to 20 October 2016 in Quito, Ecuador. A conference held every 20 years, the 2016 Habitat III specifically aims to "reinvigorate the global commitment to sustainable urbanization and focus on the implementation of a New Urban Agenda, building on the Habitat Agenda of Istanbul in 1996."

In its activities, Shelter Afrique has supported the implementation of the New Urban Agenda promoting all aspects of sustainable development with a focus on equity and shared prosperity. Shelter Afrique, in its contribution to the African Union's Common Agenda to Habitat III and the resulting Abuja Declaration, has focused on equity through the provision of affordable housing stock and support for the Sustainable Development Goals (SDGs) and in particular SDG 11 that calls for the development of sustainable cities and communities.

URBANIZATION

More than half of the world's population now live in urban areas. By 2050, that figure will have risen to 6.5 billion people – two thirds of humanity. Sustainable development cannot be achieved without significantly transforming the way we build and manage our urban spaces.

UN-Habitat estimates that African cities become home to over 40,000 new inhabitants every day (UN-Habitat 2011). A comparison of the projected growth rates of urban agglomerations across the world with growth in Africa indicates that most of the world's largest cities with population growth rates above 5% are in Africa. Such trends imply immense strains on affordable urban housing and exert strong pressure on Shelter Afrique and its member states to prepare for an urban future for Africa.

Africa is experiencing an urban population explosion with an average annual growth rate of 1.4% in the five years between 2010 and 2015. The continent is the second-fastest urbanizing region, second only to Asia. Despite the substantial urban growth experienced in the last decade, however, Africa is and will remain the least urbanized region. By 2050, Africa's urban population will only represent 55% of the country's total population, compared to 64% and 86% in Asia and Latin America respectively. While fast and uncontrolled urbanization presents several challenges such as housing informality, poor sanitation, and crime, a low urban population can impede economic prosperity.

According to the consulting firm McKinsey & Company, by 2025 10 African cities will have a GDP over US$ 50 billion. These large cities will contribute 70% of Africa's growth, with most of this growth accruing in just 30 cities with over 2 million people. These 30 afore-mentioned cities will be home to over 17 million consuming households earning the equivalent of US$ 20,000 or more by 2025   more than Canada today, or Australia and the Netherlands combined.

AFRICA IS EXPERIENCING AN 'URBAN EXPLOSION'
West and South-East Africa will experience greatest boom in urbanization, with the number of cities over 1m people to increase from 57 to 101

Chart 12: African cities with population over 200'000 in 2012

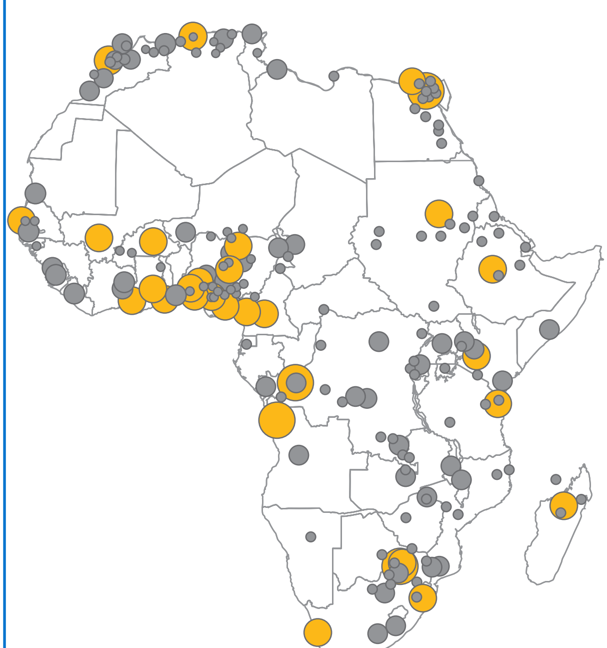
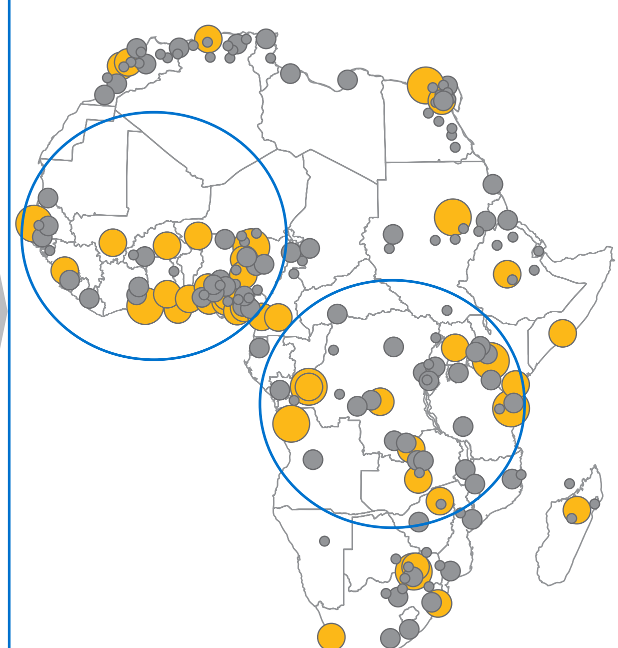


Chart 13: African cities with over 200'000 people in 2012 projected to 2025



Population, m

- 0.20-0.75
- 0.75-2.00
- 2.00-5.00
- >5.00

THE AGE OF THE AFRICAN MEGACITY

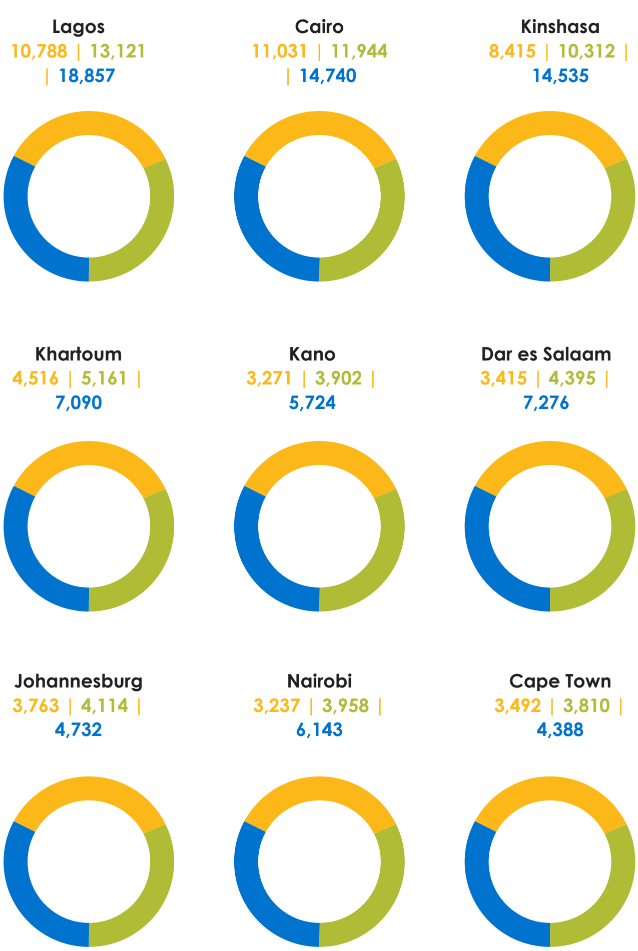
2015 ushers in the age of the African mega city, defined as a city with more than 10 million inhabitants. Of the 10 largest cities in the world, two of them, Lagos and Kinshasa, are in Shelter Afrique's member countries.

Within the next few decades, many other sub-Saharan and North African cities in Shelter Afrique member statesfor example, Nairobi, Dar-es-Salaam, Casablanca, and Abidjan—will reach that 10 million person threshold.

The total number of individuals living in Africa's urban areas is expected to rise from 400 million in 2010 to 1.26 billion in 2050.

Thus, if managed properly, the mega city can engender several economic opportunities as cities offer economies of scale that can be conducive to sustainable economic prosperity and improved human development.

Chart 14: African Mega cities



AFRICAN MORTGAGE MARKETS

Housing finance in sub-Saharan Africa is still at a very nascent stage but new financing approaches are changing the African mortgage markets positively.

In 2015, the amount of mortgage loans outstanding for the region was below 5% of GDP. Only in two Shelter Afrique member countries, Cape Verde and Namibia, was the mortgage sector larger than 17% of GDP. Maximum loan to value ratios (LTV) for mortgages average 80% for the region, with only two countries exceeding that ratio: Kenya, Rwanda and Cape Verde allow LTVs as high as 100 using mortgage insurance products.

However, most financial institutions in Shelter Afrique's countries of operation depend on customer deposits as the main source of funding for their mortgage portfolios. Lack of access to longer term funds and institutional and legal constraints such as difficulties in obtaining title registration on properties and cumbersome eviction procedures in case of default, have all restrained the growth of the mortgage sector. Moreover, the perceived high credit risk, high transaction costs and the lack of competition in the banking sector in most countries have resulted in high margins and extremely high interest rates of above 25% for mortgages in some countries.

In addition, very few financial institutions have developed non-collateralized loan products for housing. The products that are offered carry extremely high interest rates and have a short term, making them only feasible for gradual construction and home improvement.

There are, however, positive signs, including the establishment of the Nigeria Mortgage Refinance Corporation (NMRC) and the Tanzania Mortgage Refinance Company (TMRC). Shelter Afrique is an investor in both firms and will continue to support mortgage deepening in coming years.

As mortgage markets develop further, Shelter Afrique believes these will stipulate offtake demand for housing developers, supporting further investment in residential development, greater housing supply, and the growth of cities with more formal housing.

INNOVATION IN HOUSING FINANCE: RENTAL MARKETS

An important niche is the rental market. This was the focus of two recent symposia hosted by Shelter Afrique in 2015 in both Kenya and Ghana. During these two events, proponents highlighted the opportunity for regular cash

Chart 15: MORTAGAGE TO GDP VS PREVAILING MORTGAGE INTEREST RATE AND TERM

Source Hofnet, world bank, CAHF research, other sources

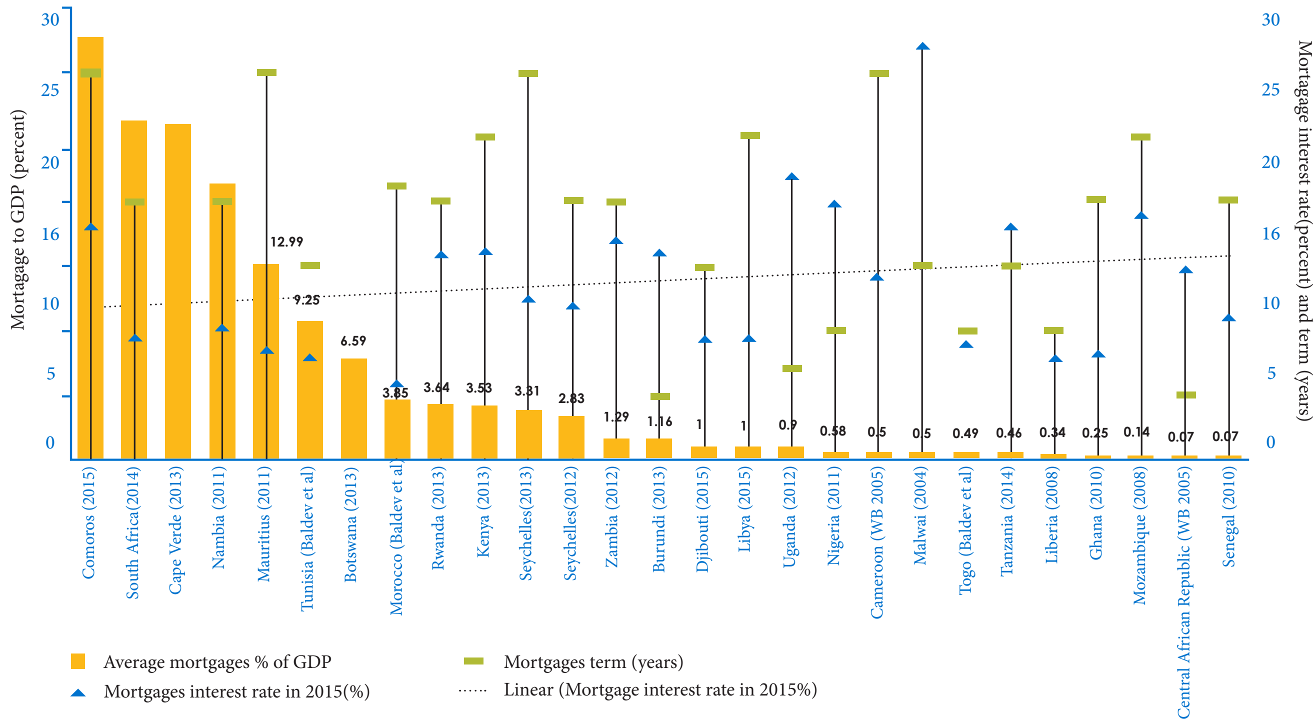
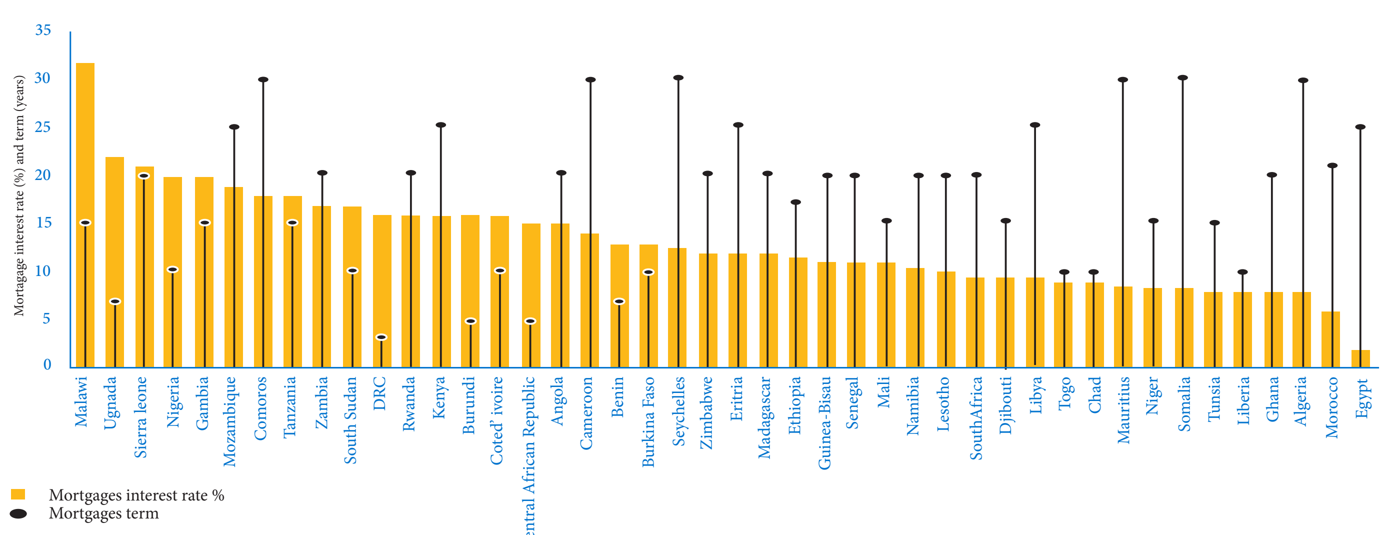


Chart 16: PREVAILING MORTGAGE INTEREST RATE, AND TERM

Source: CAHF research, September 2015



flow and increasing rentals as a hedge against the long term expectation for property appreciation. The rental sector offers strong synergies with pension fund liabilities, and provides opportunities for diversification.

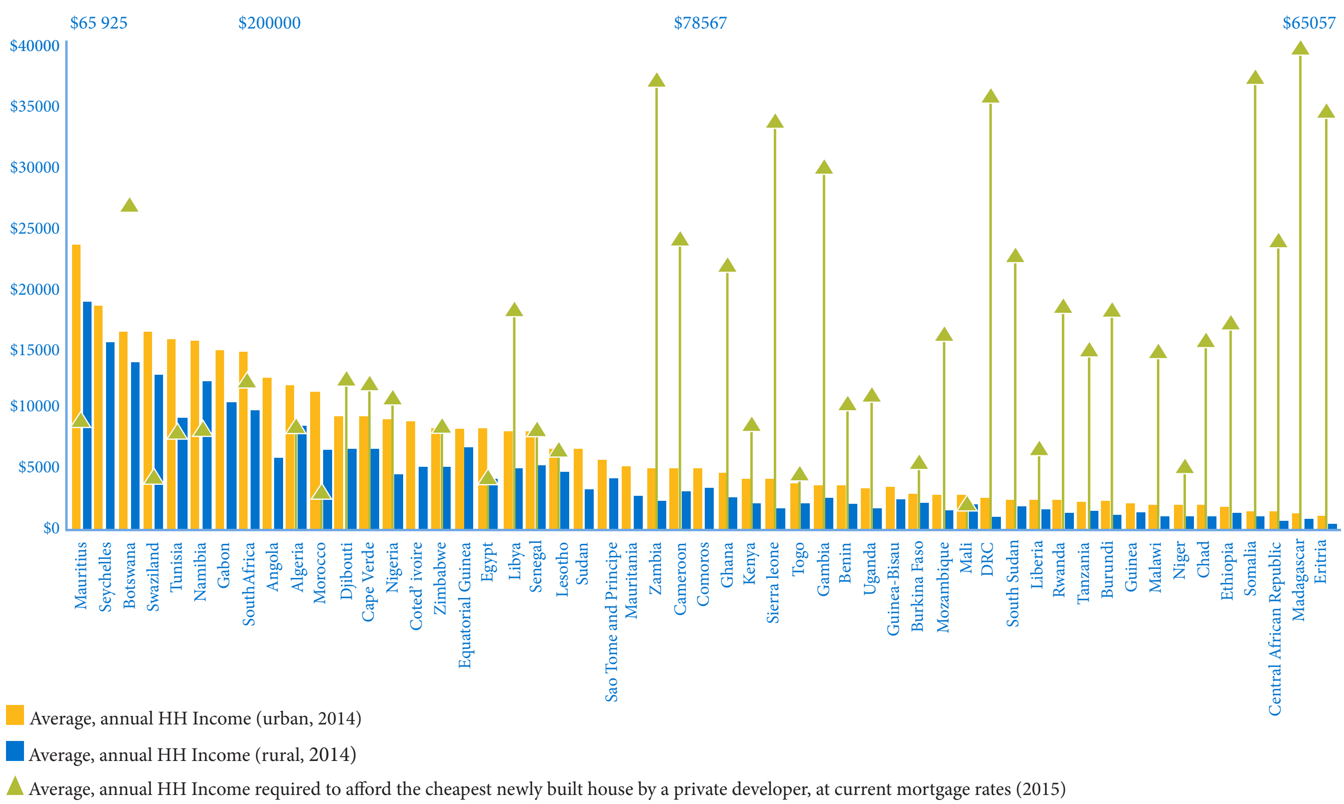
In fact, rental as a specific niche market continues to draw resources in innovative ways, including the introduction of real estate investment trusts (REIT) in Nigeria, Ghana and Kenya.

Demand is obvious: Africa's cities are welcoming streams of new migrants, and the middle class is young and both upwardly and geographically mobile in their pursuit of employment. This and the absence of affordable housing for ownership make rental an obvious target. And, critically, a growing track record is showing impressive results.
Within the rental sector, student housing has been a critically overlooked housing niche. A key challenge in making this market segment work has been the need for specialized property managers.

Shelter Afrique is keenly looking at opportunities to support both civil service housing and student accommodation using a rental finance model with long term and patient capital.

Chart 17: AVERAGE ANNUAL HOUSEHOLD INCOME AND HOUSING AFFORDABILITY

Source: CAHF survey of local housing practitioners and C-GDD data



SHELTER AFRIQUE
Financing Affordable Housing for Africa

Annual Report and Financial Statements

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS

Shelter Afrique Centre
Longonot Road, Upper Hill
P O Box 41479 – 00100
Nairobi
KENYA

PRINCIPAL BANKERS

Citibank N.A.
P O Box 30711 – 00100
Upper hill, Nairobi
KENYA

Citibank New York
C/o Citibank N.A.
P O Box 30711 – 00100
Upper hill, Nairobi
KENYA

Commercial Bank of Africa
P.O. Box 30437- 00100
Nairobi

BNP Paribas
2, Place de l'opera BP 6542
75060 Paribas Cedex 02, Paris
FRANCE

Ecobank
8, Avenue L.S. Senghor
B P 9095 CD Dakar
SENEGAL

SOLICITORS

Mamicha & Co. Advocates
Pan Africa House, 3rd Floor,
No. 9 Kenyatta Avenue
P. O Box 59304-00200
Nairobi, KENYA

B.M. Mutie & Co. Advocates
2nd Floor, MMID Studio,
Westlands Road, Westlands
P. O Box 14846-00100
Nairobi, KENYA

AUDITOR

Ernst & Young LLP
Certified Public Accountants (Kenya)
P O Box 44286-00100 Nairobi, KENYA

BOARD OF DIRECTORS			
Chairperson	Arch. Mariamu El Maawy (up to 18th September 2015) Mr. Jean-Paul Missi (from 18th September 2015)		
Vice Chairperson	Mr. Jean-Paul Missi (up to 18th September 2015) Mr. Samuel Mivedor (from 18th September 2015)		
	CLASS "A" SHAREHOLDERS (COUNTRIES)		
DIRECTORS	**ALTERNATE DIRECTORS**	**COUNTRIES / INSTITUTIONS REPRESENTED**	**% SHAREHOLDING**
Stanford Msichili (Zambia) (up to 1/9/2015)	Mr. David Gabindadde-Musoke (Uganda)	Botswana, Lesotho, Malawi, Namibia, Rwanda, Tanzania, Uganda, Zambia	12%
Ceferino Eburi Mata (Equatorial Guinea)	Pierre Zerbo (Burkina Faso)	Burkina Faso, Burundi, Central African Republic, Chad, Djibouti, Equatorial Guinea, Guinea Bissau, Ivory Coast, Mali, Senegal	12%
Alhaji Yahaya Hameed Yakubu (Ghana)	Boubacar Keita (Guinea)	Ghana, Guinea, Cape Verde, Togo	11%
Mr. A. Boulares (Algeria)	Dhehby Mohamed Mahmoud (Mauritania)	Algeria, Mauritania, Morocco, Tunisia	9%
Mr. Jean-Paul Missi (Cameroon)	Moussavou Ida Rachel (Gabon)	Benin, Congo, Democratic Republic of Congo, Cameroon, Gabon, Madagascar, Mauritius, Niger, Seychelles, Sao Tome & Principe	11%
Mr.Lawal Abubakar Yelwa (Nigeria) (up to 1/6/2015) Mr. Louis Chike Anikamadu(Nigeria) (2/6/2015)	Edward Graham (Gambia)	Gambia, Liberia, Nigeria, Sierra Leone	13%
Arch. Mariamu El Maawy (Kenya)	Clifford S. Mamaba (Swaziland)	Kenya, Somalia, Swaziland, Zimbabwe	11%
	CLASS "B" SHAREHOLDERS (INSTITUTIONS)		
Mr. Corneille Karekezi	Ms. Eunice Mbogo	African Reinsurance Corporation	4%
Mr. Sanders Shingirai Mutandwa (up to 1/9/2015) Mr Samuel Mivedor (1/9/2015)	AfDB Regional Representative, Kenya	African Development Bank (AfDB)	17%
Total			100%

INDEPENDENT DIRECTORS:
Ms. Kanini Mutooni (up to 18/9/2015)
Mr. Hardwork Pemhiwa
Dr. Omodele Jones (from 14/10/2015)

MANAGEMENT STAFF:
Mr. James Mugerwa, Managing Director
Mr. Vipya Harawa, Director, Legal, Risk & Compliance
Mr. Femi Adewole, Director, Business Development
Mr. Oumar Diop, Director, Portfolio Management
Mr. Mouhamadou Gueye, Head of Risk Management and Compliance
Mr. Godfrey Waweru, Head of Finance
Mr. Kevin Kihara, Head of Strategy, Performance and Market Development

INTERNAL AUDITOR:
Mr. Mohamed Barry

REPORT OF THE DIRECTORS

The Directors have the pleasure of submitting their report together with the audited financial statements for the year ended 31 December 2015, which show the state of the financial affairs of the Company.

1. LEGAL CAPACITY

   The Company is a Pan-African housing finance and development institution, established by African Governments, the African Development Bank, the African Reinsurance Corporation and the CDC Group plc in 1982 to address the need for innovative and sustainable housing delivery systems in Africa. It is an international body with juridical personality and full legal capacity established by the Constituent Charter of Shelter Afrique. In the Republic of Kenya, the Constituent Charter has the force of law in accordance with the Shelter - Afrique Act, 1985. Its principal office is situated in Nairobi, Kenya. The Company is exempted from all forms of taxation as provided for in the Shelter – Afrique Act, 1985.

2. PRINCIPAL ACTIVITY

   The principal activity of the Company is the provision of financial and technical assistance for housing and urban development activities in Africa.

3. RESULTS

   The results for the year are set out on page 43 of the financial statements. The profit for the year transferred to retained earnings amounts to US$ 2,123,562 (2014: US$ 761,311).

4. DIVIDENDS

   The Directors recommend the payment of a dividend of US $ 424,713, which represents US$ 6.82 per paid up ordinary share (2014 - US$ Nil). The dividend policy provides for distribution of dividend only if the net profit for the financial year concerned is at least US$ 1 million.

5. TRUST FUND

   The Directors recommend an appropriation of US$ 318,534 the Trust Fund. (2014: US$ Nil).

6. RESERVES

   The reserves of the Company are set out on page 45 of the financial statements.

7. DIRECTORS

   The Directors who served during the year and to the date of this report are as listed on page 37. In accordance with the Company's Charter, the Directors hold office for a term of three years and are, therefore, not subject to retirement by rotation annually.

8. AUDITORS

   Ernst & Young LLP served as the Company's auditors for the 2015 fianacial year.

By Order of the Board

....

Company Secretary

15 April 2016

Nairobi

The Company for Habitat and Housing in Africa (Shelter - Afrique) is fully committed to the principles of transparency, integrity and accountability. The Directors are ultimately accountable to all stakeholders for ensuring that the Company's business is conducted in accordance with high standards of corporate governance. Of particular importance to the Company are the observance of shareholders' interest, efficient practices and open corporate communication systems.

1. BOARD OF DIRECTORS

The names of the Directors who held office in the year and to the date of this report are set out on page 37.

The Board is responsible for formulating Company policies and strategies and ensuring that business objectives, aimed at promoting and protecting shareholder value, are achieved. The Board also retains the overall responsibility for effective control of the Company and implements corporate governance policies of the Company.

The Board comprises seven Class 'A' Directors representing countries, two Class 'B' Directors representing Institutions, and two Independent Directors. The Directors have diverse skills and are drawn from various sectors of the economy. All Directors are non-executive.

A timetable of calendar dates for Board meetings to be held in the following year is fixed in advance by the Board. The notice of Board meetings is given in advance in accordance with the Company's Statutes and General By-Laws and is distributed together with the agenda and Board papers to all the Directors beforehand. The Board meets regularly and at least three times annually. During the year, the Board convened and held four ordinary meetings. In accordance with the Company's practice, one Board meeting is normally scheduled to coincide with the occasion of the Annual General Meeting.

The Company Secretary is always available to the Board of Directors.

a) Directors' Remuneration

The aggregate amount of emoluments paid to Directors for services rendered during the financial year is disclosed in Note 38 (a) to the financial statements for the year ended 31 December 2015.

b) Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or management except for those disclosed in Note 38 to the financial statements for the year ended 31 December 2015.

2. BOARD COMMITTEES

The Board has in place three main committees, namely the Audit, Risk & Finance Committee, the Investments Committee and the Administrative Affairs & Human Resource Policy Issues Committee. To discharge its mandate effectively, matters are discussed in detail in the three committees before resolution by the Board. These committees assist the Board in ensuring that proper policies, strategies, internal controls and organizational structures are in place to achieve the Company's objectives and obligations to its stakeholders. All the committees have detailed terms of reference and hold meetings as necessary. The Board may delegate some of its powers to any committee and may appoint any other committee, including ad hoc committees, as and when it is deemed necessary. The authority for the day-to-day running of the Company is delegated by Statute to the Managing Director.

3. RISK MANAGEMENT AND INTERNAL CONTROL

Management, in consultation with the Board Committees, is responsible for the Company's day-to-day overall risk management to minimize potential adverse effects on its financial performance while the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Company has an ongoing process of identifying, evaluating and managing significant risks inherent in its business, by the Risk Management department. This process is also reviewed by the internal auditor. The internal auditor reports administratively to the Managing Director and functionally to the Audit, Risk and Finance Committee.

As part of the independence required by Shelter-Afrique corporate governance, the Internal Audit annual work program and budget are separately approved by the Audit, Risk and Finance Committee, which also reviews and approves Audit reports and internal audit annual report. The Company has in place controls, which include, but are not limited to, an annual budgeting process, a regular review of strategic initiatives, a well-defined organizational structure which is kept under regular review by the Board and a review of quarterly financial and operating information by management and the Board.

4. BUSINESS ETHICS

The Company conducts its business in compliance with high ethical standards of business practice. In this respect, transactions with its intermediaries, employees and other stakeholders are conducted at arm's length, with integrity and transparency.

5. RESPONSIBILITY FOR STAFF WELFARE AND TRAINING

As part of its policy, the Company recognizes the need for diversity, equal opportunities, gender sensitivity and provision of a safe and conducive work environment for its entire staff. The Company assists its staff to undertake continuous professional and development training programmes to fulfil their potential. This process is appropriately managed to align staff development with the Company's strategic and business goals and objectives, and is reinforced with appropriate remuneration and incentive systems.

6. BOARD AND COMMITTEE MEETINGS ATTENDANCE

The Board meets quarterly for scheduled meetings to review the Company's performance against business plans as well as to formulate and implement strategy and on other occasions to deal with any issue that requires attention between the quarterly meetings. During the year, the Board held four ordinary meetings.

7. COMPLIANCE

The Company operates within the requirements of the Constituent Charter, the Shelter Afrique Act, 1985, its Statutes and General By-Laws and adopts certain universally accepted principles in the areas of human rights, labour standards and environment in its commitment to best practice. In addition, the Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs).

Mr.Jean- Paul Missi	Dr. Omodele Jones
Chairman	Director
15th April 2016	15th April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's Statutes require the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the operating results of the Company for that year. It also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Company's Statutes. The Directors are of the opinion that the annual financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Mr.Jean- Paul Missi	Dr. Omodele Jones
Chairman	Director
15th April 2016	15th April 2016

INDEPENDENT AUDITOR'S REPORT

EY
Building a better working world

Ernst & Young LLP
Certified Public Accounts
Kenya Re Towers
Upper Hill
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Nairobi GPO, Kenya

Tel: 254 20 2715300
Email: info@ke.ey.com
www.ey.com

TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (SHELTER - AFRIQUE) REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Company for Habitat and Housing in Africa (Shelter - Afrique), which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information ,as set out on pages 43 to 99.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015, and its results and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joseph K Cheboror – P/No. P.1145

Nairobi, Kenya

12 APRIL 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$	2014 Restated* US$
INTEREST AND SIMILAR INCOME	5	25,143,027	24,058,935
INTEREST EXPENSE AND SIMILAR CHARGES	6	(12,944,977)	(13,351,421)
NET INTEREST INCOME		12,198,050	10,707,514
FEES AND COMMISSIONS INCOME	7	2,517,718	3,113,500
GRANT INCOME	8	54,129	104,719
OTHER INCOME	9	404,206	322,813
OPERATING EXPENSES	10	(10,089,869)	(8,236,196)
NET FOREIGN EXCHANGE GAINS (LOSSES)	11	66,030	(376,316)
GRANT EXPENDITURE	12	(50,250)	(100,840)
IMPAIRMENT CHARGE ON LOANS AND ADVANCES	18 (b)	(2,277,105)	(4,832,591)
OTHER IMPAIRMENT CHARGES	15(b)	(800,000)	-
SHARE OF PROFIT OF A JOINT VENTURE	20	100,653	58,708
PROFIT FOR THE YEAR		2,123,562	761,311
OTHER COMPREHENSIVE INCOME			
UNREALISED GAIN/(LOSS) ON EQUITY INVESTMENTS	22	(3,928)	(310,656)
REVALUATION GAIN/(LOSS) - BUILDINGS	26(d)	987,667	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		983,739	(310,656)
TOTAL COMPREHENSIVE INCOME		3,107,301	450,655
EARNINGS PER SHARE	13	34.51	12.62

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015	2014 Restated*	As at 1st January 2014 Restated*
ASSETS				
Bank and cash balances	14	10,363,874	9,064,503	4,334,950
Short term bank deposits	15	30,470,444	51,841,155	56,787,812
Currency swap receivable	16	3,674,265	-	-
Properties held for sale	17	4,550,813	-	-
Loans and advances to customers	18(a)	281,348,734	216,854,284	195,411,454
Other receivables	19	2,820,501	2,437,691	2,173,474
Investments in joint ventures	20	2,212,837	1,460,983	1,588,709
Corporate bonds	21	-	28,800	2,882,932
Equity Investments	22	4,750,450	2,938,005	2,596,071
Property and equipment	23	5,325,889	3,994,014	3,708,965
Intangible assets	24	431,857	560,907	577,090
Government grant	25	120,264	124,145	128,024
TOTAL ASSETS		346,069,928	289,304,487	270,189,481
EQUITY AND LIABILITIES				
EQUITY				
Share capital	26(a)	62,232,000	60,823,000	59,842,000
Share premium	26(b)	16,074,604	14,985,447	14,230,752
Revaluation reserve	26(d)	2,872,647	1,884,980	1,916,665
Retained earnings		29,977,158	27,853,596	29,433,472
Available-for-Sale Reserve	26(e)	351,773	355,701	666,357
TOTAL EQUITY		111,508,182	105,902,724	106,089,246
LIABILITIES				
Bank borrowings	27	-	4,385,767	3,906,360
Currency swap payable	16	3,149,828	-	-
Other payables	28	2,509,734	1,836,985	2,468,234
Leave pay	29	276,968	451,356	379,748
Dividends payable	30	1,129,579	1,312,393	530,604
Trust Fund Payable	31	1,423,737	1,423,737	-
Deferred income	32	1,498,636	582,915	103,965
Medium term notes	33	66,142,135	78,280,778	89,642,358
Lines of credit	34	158,431,129	95,127,832	67,068,966
TOTAL LIABILITIES		234,561,746	183,401,763	164,100,235
TOTAL EQUITY AND LIABILITIES		346,069,928	289,304,487	270,189,481

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

The financial statements on pages 43 to 99 were approved by the Board of Directors on 15th April 2016 and were signed on its behalf by:-

Mr.Jean- Paul Missi
Chairman
15th April 2016

Dr. Omodele Jones
Director
15th April 2016

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital US$	Share premium US$	Revaluation surplus US$	Retained earnings US$	Available for Sale reserve US$	Total equity US$
As previously stated at 1 January 2014	59,842,000	14,230,752	1,916,665	29,562,828	537,001	106,089,246
Prior year adjustment (Note 40)	-	-	-	(129,356)	129,356	-
Restated balance 1st January 2014	59,842,000	14,230,752	1,916,665	29,433,472	666,357	106,089,246
Issue of share capital (additional)	981,000	754,695	-	-	-	1,735,695
Profit for the year	-	-	-	761,311	-	761,311
Transfer to Trust Fund	-	-	-	(1,423,737)	-	(1,423,737)
Transfer of excess depreciation upon revaluation	-	-	(31,685)	31,685	-	-
Revaluation of available for sale investments	-	-	-	-	(310,656)	(310,656)
Transfer to dividends payable (note 30)	-	-	-	(949,135)	-	(949,135)
At 31 DECEMBER 2014 (restated)	60,823,000	14,985,447	1,884,980	27,853,596	355,701	105,902,724
At 1 January 2015	60,823,000	14,985,447	1,884,980	27,853,596	355,701	105,902,724
Issue of Share capital (additional)	1,409,000	1,089,157	-	-	-	2,498,157
Profit for the year	-	-	-	2,123,562	-	2,123,562
Other comprehensive income:						
- Revaluation surplus	-	-	987,667	-	-	987,667
- Revaluation of Available for sale investments	-	-	-	-	(3,928)	(3,928)
At 31 DECEMBER 2015	62,232,000	16,074,604	2,872,647	29,977,158	351,773	111,508,182

The revaluation surplus relates to the revaluation of the Company's buildings which are carried at valuation less accumulated depreciation and impairment, if any.
*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$	2014 Restated* US$
OPERATING ACTIVITIES			
Net cash used in operations	36(a)	(63,046,570)	(11,648,528)
INVESTING ACTIVITIES			
Purchase of equipment	23	(602,519)	(542,595)
Purchase of intangible assets	24	(65,408)	(103,029)
Proceeds from disposal of equipment		-	14,224
Investment in Equity	22	(1,816,373)	(652,590)
Investment in Joint Venture		158,645	115,498
Properties held for sale	17	-	-
Net cash used in investing activities		(2,325,655)	(1,168,492)
FINANCING ACTIVITIES			
Dividends paid	30	(182,814)	(60,485)
Proceeds from capital subscriptions	26(c)	2,498,157	1,634,634
Proceeds from borrowed funds - lines of credit	36(c)	75,849,750	60,620,627
Repayment of borrowed funds - lines of credit	36(c)	(11,708,084)	(31,481,451)
Proceeds from medium term notes	36(d)	1,632,272	32,476,097
Repayment of medium term notes	36(d)	(5,065,125)	(37,532,446)
Proceeds from bank borrowings	36(e)	0	7,203,126
Repayment of bank borrowings	36(e)	(4,146,409)	(6,213,793)
Interest paid on borrowed funds - lines of credit	36(c)	(3,473,851)	(2,247,532)
Interest paid on medium term notes	36(d)	(8,125,710)	(10,297,243)
Interest paid on bank borrowings	36(e)	(168,559)	(327,794)
Other finance charges paid	36(f)	(1,874,772)	(797,508)
Net cash generated from financing activities		45,234,855	12,976,232
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,137,370)	159,212
EFFECT OF EXCHANGE RATE CHANGES	11	66,030	(376,316)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		60,905,658	61,122,762
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	36(b)	40,834,318	60,905,658

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

2. NEW AND AMENDED STANDARDS, INTERPRETATIONS AND IMPROVEMENTS

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since it does not have a defined benefit plan.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The company has applied these improvements for the first time in these financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. These amendments did not impact the Company's financial statements or accounting policies since it does not have share based payments.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This amendment did not have any impact on the Company's financial statements, as the Company has not acquired any businesses

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

Disclosures related to operating segments have been made on Note 39 to the financial statements.

2. NEW AND AMENDED STANDARDS, INTERPRETATIONS AND IMPROVEMENTS (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the company during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Company is not a joint arrangement, and thus this amendment is not relevant for the Company.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Company has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Company.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The company plans to adopt the new standard on the required effective date. Overall, the company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

2. NEW AND AMENDED STANDARDS, INTERPRETATIONS AND IMPROVEMENTS (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Debt securities are expected to be measured at fair value through Other Comprehensive Income under IFRS 9 as the Company expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9. However, the Company will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Company expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Company does not expect a significant impact on its equity due to secured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Company does not have existing hedge relationships that are designated in effective hedging relationships.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and Other Comprehensive Income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018.. Early adoption is permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

2. NEW AND AMENDED STANDARDS, INTERPRETATIONS AND IMPROVEMENTS (continued)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively with early adoption permitted. In December 2015, the IASB postponed the effective date of these amendments indefinitely pending the outcome of its research project on the equity method of accounting. The amendments are not expected to have any impact on the Company.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of Other Comprehensive Income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and Other Comprehensive Income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

2. NEW AND AMENDED STANDARDS, INTERPRETATIONS AND IMPROVEMENTS (continued)

IFRS 16 Leases

The IASB issued IFRS 16 Leases on 13 January 2016. The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset)for a period of time in exchange for consideration.

Key features

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less).
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared on the historical cost basis of accounting except for the revaluation of certain property and financial instruments, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below. The Company's functional and reporting currency is the United States Dollars (US$).

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income and expense are recognised in profit or loss on the accrual basis. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

In the normal course of business, the Company earns fees and commission income from a diverse range of services to its customers. Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period. Fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

Dividend income from equity investments is recognised when the company's right to receive payment is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as an expense. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(d) Investments in joint ventures

The Company has interest in joint venture, which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangements require unanimous agreement for financial and operating decisions among the venturers. The Company recognises its interest in the joint ventures using the equity method of accounting. Under the equity method, the interest in a joint venture is initially recognised at cost and the carrying amount is increased or decreased to recognise the venturer's share of profit or loss in the joint venture after the date of acquisition. The venturer's share of profit or loss is recognised in the venturer's profit or loss. Any change in OCI of the joint venture is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture. Distributions received from the joint venture reduce the carrying amount of the interest.

The financial statements of the joint ventures are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss and other comprehensive income.

(e) Foreign currencies

The Company's financial statements are presented in United States Dollars (US$). The functional currency is the United States Dollars (US$).

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Intangible assets

Intangible assets comprise acquired computer software programmes. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on acquired computer software programmes is capitalised and amortised using the straight-line method over their estimated useful lives, which is four to five years. Amortisation is recognised within the operating expenses line item.

The intangible assets' useful lives and methods of amortisation are reviewed at each reporting date, and adjusted prospectively if appropriate.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(g) Government and other grants

Government and other grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Grants are initially recognised as deferred income at fair value and are subsequently amortised to profit or loss as follows:

Government of Kenya land grant	amortised over the period of the lease of the land on a straight-line basis.
Agence Française de Development (AFD) grant	amortised to profit or loss as the amounts are utilised in accordance with the grant agreement.

(h) Property and equipment

Property and equipment are stated at cost or valuation, less accumulated depreciation and impairment losses, if any. Such cost includes the cost of replacing part of property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repairs and maintenance costs are recognised in profit or loss as incurred.

Leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Revaluation surplus
In accordance with IAS 16, the nature of revaluation surplus results from valuation of assets with significant changes in fair value. The fair value of land and buildings is usually determined from market-based evidence by appraisal that is done by professionally qualified valuers.

Changes in fair value are recognized in other comprehensive income and accumulated in equity under revaluation surplus

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property and equipment (continued)

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on the straight-line basis, at annual rates estimated to write off the cost or valuation of the assets over their estimated useful lives.

The annual depreciation rates in use are:

Buildings	2.38 & 2.56%
Office equipment, furniture and fittings	12.5%
Motor vehicles	25.0%
Computers	25.0%
Residential furniture and fittings	12.5%

Buildings on leasehold land are depreciated over the estimated useful life of the building, or the lease period, whichever is shorter. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(i) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or has decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Retirement benefit costs

The Company operates a defined contribution provident fund scheme for all its employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the Company and employees. For the Kenyan employees, the Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The Company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to approximately US$ 2.23 per month per employee. The Company's contributions to the above schemes are charged to profit or loss in the year to which they relate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee entitlements

Employee entitlements to service pay and annual leave are recognized when they accrue to employees. A provision is made for the estimated liability of service pay as a result of services rendered by employees up to the year end. Employees are entitled to a full month pay for every year of service completed. A provision is made for the estimated liability of annual leave and service pay as a result of services rendered by employees up to the year end. An actuarial valuation is carried out every three years to determine the service pay liability. The last valuation was carried out in December 2015.

(l) Financial instruments

Financial assets

Recognition and measurement

A financial instrument is recognised when the Company becomes party to the contractual provisions of the instrument. Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates its portfolio every reporting date to ensure that all financial instruments are appropriately classified.

As at the reporting date, the classification of the Company's financial assets was as follows:

- Currency swap receivable
- Loans and receivables: loans and advances to customers, Bank and Cash balances, Short term deposits and staff loans
- Held-to-maturity investments: -, corporate bondsAvailable-for-sale financial investments – Equity investments

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Interest and similar income in profit or loss. The losses arising from impairment are recognised in profit or loss in impairment charge for loans and advances and in operating expenses for other receivables.

Other receivables consist of all receivables which are of short duration with no stated interest rate and are measured at amortised cost using the effective interest rate. An allowance is made for any unrecoverable amounts.

For the purpose of the statement of cash flows, cash equivalents include short-term liquid investments which are readily convertible to known amounts of cash and which were within three months to maturity when acquired, less advances from banks repayable within three months from date of disbursement or confirmation of the advance. Cash and cash equivalents are measured at amortised cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Financial instruments (continued)

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale, or do not meet the definition of loans and receivables. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included Interest and similar income in profit or loss. The losses arising from impairment are recognised in profit or loss in operating expenses.

If the Company were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Company would be prohibited from classifying any financial asset as held to maturity during the following two years.

(iii) Available-for-sale financial assets

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are designated as available for sale or are not classified as (a) loans and advances, (b) held to maturity or (c) financial assets at fair value through profit and loss. Debt securities in this category are those that are intended to be held for an indefinite period and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income. They are then credited to the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in operating expenses. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method. If, as a result of a change in intention or ability or in the rare circumstance that a reliable measure of fair value is no longer available, it becomes appropriate to carry the financial asset at cost or amortised cost rather than at fair value. The fair value-carrying amount of the financial asset on that date becomes its new cost or amortised cost, as applicable.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably determined. Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future flows, such as changes in arrears or economic conditions that are correlated with default.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (continued)

(iii) Available-for-sale financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank borrowings, medium term notes, and lines of credit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (continued)

(iii) Available-for-sale financial assets (continued)

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Bank borrowings, Medium term borrowings and lines of credit
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense will not be offset in profit or loss unless required by an accounting standard or interpretation, and is specifically disclosed in the accounting policies of the Company.

(m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss, net of any reimbursement.

In accordance with IAS 37, for each class of provision, the Company discloses:
(a) The carrying amount at the beginning and end of the period;
(b) Additional provisions made in the period, including increases to existing provisions;
(c) Amounts used (i.e. incurred and charged against the provision) during the period;
(D) Unused amounts reversed during the period; and
This is reflected in the specific notes in the explaining the financial statements.

(n) Dividends

Distributions of profits to holders of equity investments in proportion to their holdings of the capital is done at the year-end provided the Company has made profits in excess of United States dollar (US$) of one million. The maximum amount that can be distributed is 20% of the profits after approval by the annual general meeting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Trust Fund

The Company has set up a Trust Fund to enhance Shelter-Afrique's visibility in corporate social responsibility to its member countries. The current policy approved by the Annual General meeting requires an appropriation of 30% of the profits in a given year.

(p) Deferred Expenditure

Expenditure incurred in relation to a borrowing facility from which the Bank will derive benefits over a period beyond the year in which the facility is secured, if material, is capitalized and amortized over the life of the facility. This relates to expenditure incurred to acquire long term facilities.

(q) Deferred Income

Funds received in relation to loans and advances to customers from which the Company will derive benefits over a period beyond the year in which the funds are received, if material, are capitalized and amortized over the life of the facility. This relates to lump sum fees received from loans and advances to customers. Other deferred income relates to government grants, based on land donated by the Kenya government for the Headquarters building. The grant is amortised over the life of the building.

(r) Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as inventory properties, at fair value at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Notes 3, 22, 23 and 35
- Contingent consideration Note 37
- Quantitative disclosures of fair value measurement hierarchy Note 35
- Investment in unquoted equity shares Note 22
- Property, plant and equipment under revaluation model Note 23
- Inventory properties Note 17
- Financial instruments (including those carried at amortized cost) Note 16

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

IFRS13.9

- In the principal market for the asset or liability
  Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

IFRS 13.16

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

IFRS 13.22

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Fair value measurement (continued)

IFRS 13.27
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(s) Leases

Determination
The determination of whether an arrangement is, (or contains), a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee
Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the profit or loss. The company currently does not have any finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortized over the period of the lease. The amortization is recognized as an operating expense in profit or loss.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(t) Property held for sale

Property swapped for debt as part of debt recovery process and is held as inventory, rather than for rental income or capital appreciation, is measured at the lower of cost and net realisable value. The cost includes the agreed price by the parties at the point of the debt swap.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal will be determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold. No revenue has been recognized during the current year.

(u) Hedge Accounting

The Company uses derivative financial instruments, such as forward currency contracts and to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment losses on loans and advances

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).The impairment loss on loans and advances is disclosed in more detail in Note 18 (b).

When a loan is known to be uncollectible, when all the necessary legal procedures have been completed, and the final loss has been determined, the loss is written off against the related provision for impairment losses. Subsequent recoveries are credited to the profit or loss for the year. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to the profit or loss for the year.

Held-to-maturity investments

The Company follows the IAS 39 guidance on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity. If the Company fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire category as available-for-sale. The investments would therefore be required to be measured at fair value and not amortised cost. The Corporate bonds are described in more detail in Note 21.

Property, plant and equipment

Critical estimates are made by the Directors in determining useful lives and depreciation rates for property and equipment. Revaluation of the land and buildings is done by done by qualified firm of valuers every five years. Property, Plant and equipment is described in more details on Note 23.

Fair value of financial instruments

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include other observable inputs, such as, sale of similar instruments in the market as and when they occur. The carrying amounts of the financial assets are disclosed in Note 23.

5. INTEREST AND SIMILAR INCOME

	2015 US$	2014 US$
Project finance loans	15,834,702	15,171,383
Lines of Credit advances	6,480,497	4,960,831
Placements with financial institutions	2,827,828	3,926,721
	25,143,027	24,058,935

6 INTEREST EXPENSE AND SIMILAR CHARGES

Funds from financial institutions and capital markets	12,894,257	13,304,629
Bank charges	50,720	46,792
	12,944,977	13,351,421

7. FEES AND COMMISSIONS INCOME

	2015 US$	2014 US$
Commitment fees – Project finance	295,885	540,656
Appraisal fees – Project Finance	473,315	471,814
Appraisal fees – Lines of credit	125,000	177,495
Front end fees – Project finance	173,459	111,213
Penalty fees – Project finance	785,895	680,436
Management fees and other fees – Project Finance	518,322	523,853
Other fees – lines of credit	111,592	121,371
Other project finance fees	34,250	486,662
	2,517,718	3,113,500

Commitment fees: These are fees payable by the borrower three months after signing of the loan agreement on any undisbursed loan amounts. They accrue at the rate of 0.85 per cent per annum on the undisbursed loan amount.

Appraisal fees: These are non-refundable fees paid by the borrower to cater for any project appraisal expenses incurred when appraising the project. These are paid prior to the loan agreement being signed and are stated at 0.5 per cent on the loan amount.

Front-end fees: These are non-refundable fees paid by the borrower upon signing of the loan agreement stated at 1 per cent on the loan amount.

Penalty fees: These are late payment charges levied on the outstanding invoice amount at different rates.

Management fees: These are fees for managing the projects and are charged at 0.5% of the outstanding loan balance.

Trade Finance fees: These are fees levied for the issuance and confirmation of trade finance instruments (e.g. letters of credit, guarantees, and performance bonds). They are charged at rates varying between 0.5% - 2% on the principal of the said trade finance instruments.

Other project fees : These include cancellation and termination fees payable by the borrower upon cancellation of the loan agreement and insurance costs for projects.

8 GRANT INCOME

	2015 US$	2014 US$
Government of Kenya land grant (note 25)	3,879	3,879
AFD interest advantage grant (note 32)	50,250	100,840
	54,129	104,719

9 OTHER INCOME

	2015 US$	2014 US$
Rental income*	266,727	145,043
Gain on disposal of equipment	-	609
Dividend income-Equity participation	78,818	95,510
Interest on staff loans	58,661	77,136
Miscellaneous income	-	4,515
	404,206	322,813

*At the reporting date, the company had contracted with tenants for the following future lease receivables:

	2015 US$	2014 US$
Within one year	191,244	217,463
Within the second to fifth year inclusive	482,971	707,345
Later than five years	4,023	58,584
	678,238	983,392

Leases are negotiated for an average term of six (6) years.

10. OPERATING EXPENSES

	2015 US$	2014 US$
(a)Operating expenses		
Staff costs (note 10(b))	6,661,996	4,707,723
Depreciation on property and equipment (note 23)	258,311	243,930
Amortization of grant income (Note 25)	3,879	3,879
Amortization of intangible assets (note 24)	194,459	119,212
Audit fees	32,775	28,413
Board of Directors' meetings	580,468	617,620
Official missions	377,065	335,109
Consultancy fees	596,974	206,565
Business promotion	56,682	123,563
Other administration costs*	1,327,260	1,850,182
	10,089,869	8,236,196

*Other Administrative costs comprise translation costs, recruitment, legal fees, printing, insurance, communication etc.

(b) Staff Costs

	2015 US$	2014 US$
Salaries and wages	4,530,361	3,940,763
Post-employment benefits (Defined contribution plans)	541,518	540,743
Leave and Service pay	1,553,939	193,848
Other costs	36,178	32,369
Total staff costs (Note 10 (a))	6,661,996	4,707,723

11. NET FOREIGN EXCHANGE GAINS / LOSSES

	2015 US$	2014 Restated* US$
Net gains (losses) on foreign currency transactions and revaluation	66,030	(376,316)

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

12. GRANT EXPENDITURE

	2015 US$	2014 US$
AFD interest advantage grant (note 32)	(50,250)	100,840

13. EARNINGS PER SHARE

	2015 US$	2014 Restated* US$
Profit for the year (US$)	2,123,562	761,311
Weighted average number of ordinary shares in issue	61,528	60,333
Basic earnings per share (expressed in US$ per share)	34.51	12.62

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares has been computed as a reasonable approximation of the number of ordinary shares outstanding during the period, which is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. There were no discontinued operations and no potentially dilutive shares outstanding at 31 December 2015 and 31 December 2014.

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

14. CASH AND BANK BALANCES

	2015 US$	2014 US$
Amounts in United States Dollars (US$)	6,524,609	6,091,315
Amounts maintained in other currencies:		
Kenya Shillings	542,840	250,391
FCFA	2,972,026	2,265,221
Euro	27,796	186,238
South African Rand	293,033	267,425
Naira	3,570	3,913
	3,839,265	2,973,188
	10,363,874	9,064,503

15. SHORT TERM BANK DEPOSITS

	2015 US$	2014 US$
(a) Call and term deposits with banks (Held-to-maturity):		
Amounts in United States Dollars (US$)	25,843,487	19,888,012
Less Provision for impaired asset (Note 15 b)	(800,000)	-
Amounts in United States Dollars (US$)	25,043,487	19,888,012
Amounts maintained in other currencies:		
Kenya Shillings	3,625,616	21,691,473
FCFA	1,801,341	8,922,239
Euro	-	1,339,431
	5,426,957	31,953,143
	30,470,444	51,841,155

(b) Impaired asset

The provision for impaired asset relates to a deposit held in Chase Bank Limited, a bank in Kenya that was placed under receivership, on 7th April 2016 by the Central Bank of Kenya (see Note 44).

(c) The effective interest rates per annum by currency were as follows:

	2015	2014
United States Dollars (US$)	3.74%	2.1%
Kenya Shillings	12.88%	10.4%
FCFA	5.59%	4.8%
Euro	-	3.0%
South African Rand	-	0.3%

All the bank deposits mature within three months from the dates of placement.

16. DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Company uses derivatives for hedging purposes in order to reduce its exposure to foreign currency risks. This is done by engaging in currency swaps. In a currency swap, the Company pays a specified amount in one currency and receives a specified amount in another currency. To avoid creating currency mismatches, the Company swaps its Rand assets/loans for US dollar in cases where disbursement was made in South African Rand.

The table below shows the derivative financial instruments, recorded as assets or liabilities at year-end:

a) Currency Hedges - Assets

	2015 US$	2014 US$
At 1 January	-	-
Receipts under swap agreement	3,674,265	-
At 31 December	3,674,265	-

16. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

b) Currency Hedges – Liabilities

	2015 US$	2014 US$
At 1 January	-	-
Payments under swap arrangement	3,532,499	-
Exchange loss	(382,671)	-
At 31 December	3,149,828	-

17. PROPERTIES HELD FOR SALE

	2015 US$	2014 US$
(a) Land and Buildings		
At 1 January	-	-
Additions	3,185,745	-
Exchange loss	(72,699)	-
At 31 December	3,113,046	-
(b) Land		
At 1 January	-	-
Additions	1,437,767	-
At 31 December	1,437,767	-
	4,550,813	-

The Company's i properties held for sale comprise of 11 apartments in Eden Beach Resort & Spa in Mombasa Kenya, and 17 houses and vacant land in Athi River, Kenya. The properties are measured at the lower of cost or net realisable value.

The Company did not have any property held for sale in 2014.

18. LOANS AND ADVANCES TO CUSTOMERS

	2015 US$	2014 US$
(a) (i) Analysis of loans and advances		
At 1 January	213,324,624	188,822,185
Disbursements during the year	100,977,872	73,085,605
Repayment during the year	(34,643,318)	(44,371,825)
Currency translation adjustment	(6,422,530)	(4,211,339)
At 31 December		
Principal loans and advances	273,236,648	213,324,626
Interest and fees receivable	19,176,634	12,402,745
Gross loans	292,413,282	225,727,371
Impairment provision for credit risk	(11,064,548)	(8,873,087)
Net loans and advances	281,348,734	216,854,284

Currency translation adjustment relates to translation of loans denominated in currencies other than the US$ as at the end of the reporting period.

18. LOANS AND ADVANCES TO CUSTOMERS (continued)

	2015 US$	2014 US$
(ii) Analysis of loans and advances – profiling		
Current portion	92,741,624	78,820,347
Non-Current portion	188,607,110	138,033,937
Net loans and advances	281,348,734	216,854,284
(iii) Segmental analysis		
Loans and advances - Project finance	154,958,307	149,013,300
Loans and advances – Lines of credit	126,390,427	67,840,984
Net loans and advances	281,348,734	216,854,284

(b) Impairment on loans and advances

	2015 US$	2014 US$
At 1 January	8,873,087	4,406,148
Amounts written off (Principal & Interest)	-	(288,859)
Charge for the year	2,936,007	4,832,591
Impairment recovery	(658,902)	-
	2,277,105	4,832,591
Currency translation adjustment	(85,644)	(76,793)
At 31 December	11,064,548	8,873,087

In the opinion of the Directors, the current levels of provisions reflect a prudent assessment of the quality of the Company's loan portfolio.

The effective interest rate was, 9.60% (2014 – 9.56%) per annum.

(c) Analysis of gross loans by maturity

	2015 US$	2014 US$
Maturing		
Within one year	103,806,172	87,693,435
One year to five years	143,651,509	96,724,238
Over five years	44,955,601	41,309,698
	292,413,282	225,727,371

19. OTHER RECEIVABLES

(a) Analysis of other receivables

	2015 US$	2014 US$
Staff loans	1,643,315	1,523,337
Other debtors and prepayments	1,284,911	1,032,584
	2,928,226	2,555,921
Less: provision for doubtful amounts	(31,463)	(32,108)
Provision HQ Service charge	(76,262)	(86,122)
At 31 December	2,820,501	2,437,691
Current portion	1,359,948	1,003,111
Non-Current portion	1,460,553	1,434,580
At 31 December	2,820,501	2,437,691

Staff loans and advances are granted in accordance with the Staff Rules and Regulations approved by the Board of Directors. The effective rate on staff loans and advances was 5.8% (2014 - 5.8 %) per annum. The terms on the US$ denominated staff loans are at market rates.

The staff car loans and staff mortgage loans at the year-end are secured and settlement occurs in cash. The other category of staff loans are unsecured and settlement occurs in cash. For the year ended 31 December 2015, the company has not recorded any impairment of receivables relating to amounts owed by related parties (2014: US $ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Other debtors and prepayments are receivable over varying amounts of time depending on the nature of the debt, but generally within one year.

(b) Movement for Provision for doubtful amounts

	2015 US$	2014 US$
As at 1 January	32,108	32,387
Currency Exchange translation	(645)	(279)
At 31 December	31,463	32,108

(c) Movement for Provision HQ Service charge

	2015 US$	2014 US$
As at 1 January	86,122	90,401
Currency Exchange translation	(9,860)	(4,279)
At 31 December	76,262	86,122

20. INVESTMENTS IN JOINT VENTURES (continued)

(a) Everest Park Project

Everest Park Project Joint Venture is a joint venture arrangement between Shelter Afrique and Everest Limited with effect from 01.02.2011. The purpose of the joint venture is to own, develop, construct and sell the subject property and improvements as an investment for production of income. The property is located within Mavoko Municipality in Kenya. The joint venture was incorporated in Kenya and the principal place of business is Shelter Afrique Centre, Longonot road, Nairobi, Kenya. The joint venture is not a listed entity.

The venturers have the following undivided interest in the Joint Venture: Shelter Afrique – 50% and Everest Limited - 50%. The term of the joint venture has been extended up to January 2021.

Joint venture's statement of financial position:	2015 US$	2014 US$
Property held for sale	919,499	-
Trade and other receivables	124,182	684,238
Cash and cash equivalents	1,680,696	2,268,595
Total current assets	2,724,377	2,952,833
Trade and other payables	253,520	30,868
Total current liabilities	253,520	30,868
EQUITY	2,470,858	2,921,965
Proportion of the Company's ownership	50%	50%
Carrying amount of the investment	1,235,429	1,460,983
Joint venture's statement of profit and loss:		
Revenue	99,558	1,084,803
Interest income	222,285	90,069
Other income	59,293	12,859
Cost of sales	(70,270)	(1,050,649)
Gross profit	310,866	137,082
Administration expenses	(90,466)	(19,666)
Profit before tax	220,400	117,416
Income tax expense	-	-
Profit after tax	220,400	117,416
Share of joint venture's profit	110,200	58,708
Less overstated share of joint venture's profit in previous year	(9,547)	-
Adjusted Share of joint venture's profit after tax	100,653	58,708

20. INVESTMENTS IN JOINT VENTURES (continued)

(a) Everest Park Project (continued)

Reconciliation of investment in joint venture	2015 US$	2014 US$
1 January	1,460,983	1,588,709
Equity Reduction / profit taking	(158,645)	(115,498)
Share of profit / (loss)	110,200	58,708
Less overstated share of profit in previous year	(9,547)	-
Currency translation adjustments	(167,562)	(70,937)
At 31 December	1,235,429	1,460,983

Commitments to the Everest Park Joint Venture include additional equity contribution of US$ 97,741 (2014: US$ 110,378).

(b) Glenwood Garden City

Glenwood Gardens Limited is a joint venture where Shelter Afrique owns 50% Shareholding. It is located in Ruaka Nairobi, Kenya. The project is expected to promote home ownership and also provide shelter for about 1,000 people in a sustainable community housing estate. The investment is valued at cost as the project construction is ongoing.

Joint venture's statement of financial position:	2015 US$	2014 US$
Cash and bank balances	977,408	-
Related party balances	97,741	-
Land	879,667	-
Total current assets	1,954,816	-
Total current liabilities	-	-
EQUITY	1,954,816	-
Proportion of the Company's ownership	50%	50%
Carrying amount of the investment	977,408	977,408

Joint venture's statement of profit and loss:

The joint venture had not yet begun operations by 31st December 2015.

Total carrying amounts of Joint ventures:	2015 US$	2014 US$
Everest Park	1,235,429	1,460,983
Glenwood Garden City	977,408	-
	2,212,837	1,460,983

21. CORPORATE BONDS

	2015 Amortized cost US$	2015 Market Value US$	2014 Amortized cost US$	2014 Market Value US$
Corporate bonds – held to maturity	-	-	28,800	33,588
	-	-	28,800	33,588

The average effective interest rate per annum for the corporate bonds during the year ended 31 December 2015 was nil (2014:4.74%). The market value was as quoted on the New York Stock exchange where the securities were quoted.

	2015 US$	2014 US$
Maturing:		
Within one year	-	100,000
	-	100,000
Impairment provision for credit risk	-	(71,200)
	-	28,800

22. EQUITY INVESTMENTS

31 December 2015	Currency	At 1 January Cost/Fair value US$	Additions at Cost US$	Fair value gain / (loss) US$	Investment Carrying amount 2015 US$	Investment Carrying amount 2014 US$
Measured at Fair value						
Caisse Régionale de Refinancement Hypothécaire (CRRH), Togo	FCFA	929,177	-	(3,928)	925,249	929,177
Measured at Cost						
Banque de L'Habitat du Burkina Faso (BHBF)	FCFA	1,356,238	-		1,356,238	1,356,238
Pan African Housing Fund LLC	USD	652,590	816,373	-	1,468,963	652,590
Tanzania Mortgage Refinance Company Ltd	USD	-	1,000,000	-	1,000,000	-
Total		2,938,005	1,816,373	(3,928)	4,750,450	2,938,005

22. EQUITY INVESTMENTS (continued)

31 December 2014	Currency	At 1 January Cost/Fair value US$	Additions at Cost US$	Fair value gain / (loss) US$	Investment Carrying amount 2014 US$	Investment Carrying amount 2013 US$
Measured at Fair value						
Caisse Régionale de Refinancement Hypothécaire (CRRH), Togo	FCFA	1,055,480	-	(126,303)	929,177	1,055,480
Banque de L'Habitat du Burkina Faso (BHBF)	FCFA	1,540,591	-	(184,353)	1,356,238	1,540,591
Pan African Housing Fund LLC	USD	-	652,590	-	652,590	-
Total		2,596,071	652,590	(310,656)	2,938,005	2,596,071

The Company's main equity invetments are in Caisse Régionale de Refinancement Hypothécaire (CRRH), Banque de L'Habitat du Burkina Faso (BHBF), Pan African Housing Fund LLC, and Tanzania Mortgage Refinance Company Ltd. The Company's participation is expressed in US Dollars.

As at 31 December 2015, only the investment in Caisse Régionale de Refinancement Hypothécaire (CRRH) was carried at fair value. The fair value was determined using the latest share transaction price for May 2015. All other investments were carried at cost as there were no readily available prices since the shares are not traded in an active market, and their fair values could not otherwise be reliably measured. As at 31 December 2014, all investments were carried at fair value. However, the investment in Banque de L'Habitat du Burkina Faso (BHBF) is carried at its carrying amount as at 31 December 2014 in these financial statements, which becomes its new cost since a reliable measure of fair value is no longer available, in accordance with IAS 39.
The Company does not intend to dispose the shares in the short term, and none of the shares have been derecognized.

Investment in Caisse Régionale de Refinancement Hypothécaire de l'UEMOA - CRRH

Caisse Régionale de Refinancement Hypothécaire (CRRH) is a regional mortgage-refinancing fund, created on 17th July 2010 as a limited company under Togolese law. The initial capital was FCFA 3,426 million comprising of 342,600 shares with a nominal value of FCFA 10,000 fully subscribed and paid up. Its main responsibility is to support the issuance of long-term loans by major mortgage lenders from the West African Economic and Monetary Unit (WAEMU) area.

The main sponsor of CRRH is the Banque Ouest Africaine de Développement (West African Development Bank), while other shareholders include local banks. Shelter Afrique's investment comprises 46,000 shares at a par value of FCFA 10,000.The fair value was adjusted as a result of recommendations of the audit firm, KPMG, in their report to shareholders of CRRH-UEMOA in May 2015, advising them on new share capital subscription that had been offered to development and financial institutions, at FCFA 12,076 per share.

Investment in Banque de l'Habitat du Burkina Faso

Banque de L'Habitat du Burkina Faso (BHBF) is a limited company with a share capital of 5,000 million CFA Francs, with its headquarters in Ouagadougou, Burkina Faso. It was created by the government of Burkina Faso in 2006 to support the development of the housing sector and to strengthen the mortgage market in Burkina Faso. Shelter Afrique's investment comprises 52,632 shares, at a par value of FCFA 10,000, with a cost of FCFA 13,900 per share. The investment is carried at cost in the financial statements as the shares are not quoted in an active market and the fair value cannot otherwise be reliably measured.

Pan African Housing Fund LLC

The Pan African Housing Fund (PAHF) is a sector-specific private equity fund whose key objective is to promote directly and indirectly the provision of housing solutions in Africa. The current investors of Pan African Housing Fund LLC are Shelter Afrique, CDC Group plc (CDC), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), African Development Bank (AfDB), African Reinsurance Corporation (Africa Re), Eastern and Southern African Trade and Development Bank (PTA Bank) and Phatisa.

22. EQUITY INVESTMENTS (continued)

Pan African Housing Fund LLC (continued)

The Pan African Housing Fund seeks to provide risk capital to real estate projects on a joint-venture basis to selected local developers and works closely with these developers to increase their capabilities across both technical and scale dimensions. The investment is carried at cost in the financial statements as the projects financed are still under construction.

Tanzania Mortgage Refinance Company Ltd

Tanzania Mortgage Refinance Company Ltd (TMRC) is a private sector institution whose main objective is the development and promotion of the mortgage finance market (and hence residential construction) through the provision of liquidity to mortgage lenders and development of the local bond market. The investment is carried at cost in the financial statements, as there is no active market for the shares and the fair value cannot otherwise be reliably measured.

23 PROPERTY AND EQUIPMENT

	Leasehold land and and Buildings US$	Office equipment, furniture and fitting US$	Computers US$	Motor vehicles US$	Residential equipment, furniture and fittings US$	Total costs US$
COST OR VALUATION						
At 1 January 2014	3,705,617	553,543	324,803	97,652	88,049	4,769,664
Additions	346,581	87,750	47,584	-	60,680	542,595
Disposals	-	(3,611)	-	-	(44,644)	(48,255)
At 31 December 2014	4,052,198	637,682	372,387	97,652	104,085	5,264,004
Comprising:						
At cost	2,773,423	637,682	372,387	97,652	104,085	3,985,229
At valuation	1,278,775	-	-	-	-	1,278,775
	4,052,198	637,682	372,387	97,652	104,085	5,264,004
At 1 January 2015	4,052,198	637,682	372,387	97,652	104,085	5,264,004
Additions	258,951	106,375	29,072	98,641	109,480	602,519
Disposals	-	-	(185)	-	-	(185)
Revaluation Adjustment	418,641	-	-	-	-	418,641
At 31 December 2015	4,729,790	744,057	401,274	196,293	213,565	6,284,979
Comprising:						
At cost	3,032,374	744,057	401,274	196,293	213,565	4,587,563
At valuation	1,697,416	-	-	-	-	1,697,416
	4,729,790	744,057	401,274	196,293	213,565	6,284,979
DEPRECIATION						
At 1 January 2014	301,977	409,668	247,004	41,347	60,694	1,060,690
Charge for the Year	137,569	39,115	34,214	24,413	8,619	243,930
Disposals	-	(3,272)	-	-	(31,358)	(34,630)
As at 31 December 2014	439,546	445,511	281,218	65,760	37,955	1,269,990
At 1 January 2015	439,546	445,511	281,218	65,760	37,955	1,269,990
Charge for the Year	129,480	49,526	36,751	24,413	18,141	258,311
Disposals			(185)			(185)
Elimination on revaluation	(569,026)	-	-	-	-	(569,026)
As at 31 December 2015	-	495,037	317,784	90,173	56,096	959,090
NET CARRYING AMOUNT						
As at 31 December 2015	4,729,790	249,019	83,490	106,120	157,469	5,325,889
As at 31 December 2014	3,612,652	192,171	91,169	31,892	66,130	3,994,014

23. PROPERTY AND EQUIPMENT (continued)

(i) The Company's buildings were revalued on 31 December 2015 by Ebony Estates Limited, independent professional valuers, on the basis of open market value. The revaluation surplus of US$ 987,667 was credited to other comprehensive income. The Company's policy is to revalue its property every five years.

(ii) Included in property and equipment are assets with a cost of US$579,836 (2014 - US$531,321) which were fully depreciated. The normal annual depreciation charge on these assets would have been US$ 98,882 (2014 -US$ 92,970).

(iii) No items of property, plant and equipment (PPE) have been pledged as security for liabilities. There are no restrictions on the titles.

(iv) If the leasehold land and buildings were carried at cost, their carrying amount would be is US$ 3,032,374 (2014: US$ 2,773,423).

24. INTANGIBLE ASSETS

	2015 US$	2014 US$
COST		
At 1st January	982,517	879,488
Additions	65,408	103,029
As at 31 December	1,047,925	982,517
AMORTIZATION		
At 1 January	421,610	302,398
Charge for the year	194,458	119,212
	616,068	421,610
NET CARRYING AMOUNT At 31 December	431,857	560,907

The intangible assets relate to computer software, the major component being Oracle ERP which has been used since October 2010. Included in intangible assets are assets with a cost of US$ 72,898 (2014 -US$ 71,845) which have been fully amortised. The normal annual amortisation charge on these assets would have been US$14,544 (2014–US$ 14,369).

25. GOVERNMENT GRANT

	2015 US$	2014 US$
Value of grant received	200,000	200,000
At 1 January	124,145	128,024
Released to profit or loss	(3,881)	(3,879)
At 31 December	120,264	124,145
Current	3,881	3,879
Non-current	116,383	120,266
	120,264	124,145
Amounts released to date:		
At 1 January	75,855	71,976
Charge for the year	3,881	3,879
	79,736	75,855

The grant relates to leasehold land donated by the Government of Kenya for the construction of the Company's Headquarters Building. The land was donated in 1996 and its deemed value capitalised on acquisition is amortised over the duration of the remaining lease period. The related deferred income has been set out in Note 32 to these financial statements.

26. EQUITY

(a) SHARE CAPITAL

	2015 US$	2014 US$
Authorised:		
1,000,000 ordinary shares of US$ 1,000 each	1,000,000,000	1,000,000,000
Issued and called:		
146,114 ordinary shares of US$ 1,000 each	146,114,000	146,114,000
Paid up:		
Class A: Issued and fully paid:		
49,136 (2014: 47,727) ordinary shares of US$ 1000 each	49,136,000	47,727,000
Class B: Issued and fully paid:		
13,096 ordinary shares of US$ 1,000 each	13,096,000	13,096,000
	62,232,000	60,823,000
Callable capital	500,000,000	500,000,000

As a supranational development financial institution with a membership comprising 44 African States and two institutional members, subscription to the capital of the Company is made by all its members. Membership in the Company is open to both African Governments and African institutions, which are classified into Class A and Class B shareholders, respectively. This classification is for distinction purposes only and does not imply any difference in rights attached to the shares.

The callable capital is callable from existing shareholders.

(b) SHARE PREMIUM

	2015 US$	2014 US$
At end of year	16,074,604	14,985,447

Share premium arises from new and current shareholders who take up additional shares in the Company. The share premium is the difference between the par value (US$ 1,000 per share) and the current share price. The current share price is US$1,773 (2014-US$1,773) for current shareholders and US$ 2,334(2014 - US$2,334) for new shareholders.

(c) MOVEMENT IN PAID UP CAPITAL

	Number of shares	Ordinary Share US$	shares premium US$	Total US$
At 1 January 2014	59,842	59,842,000	14,230,752	74,072,752
Paid up in the year	924	924,000	710,634	1,634,634
Write Backs from Dividends	57	57,000	44,061	101,061
At 31 December 2014	60,823	60,823,000	14,985,447	75,808,447
At 1 January 2015	60,823	60,823,000	14,985,447	75,808,447
Paid up in the year	1,409	1,409,000	1,089,157	2,498,157
At 31 December 2015	62,232	62,232,000	16,074,604	78,306,604

26. EQUITY (continued)

(d) REVALUATION RESERVE

	2015 US$	2014 US$
At 1 January	1,884,980	1,884,980
Revaluation gain for the year	987,667	-
At 31 December	2,872,647	1,884,980

The revaluation reserve arises from the revaluation of buildings of the Company and is not distributable.

(e) AVAILABLE-FOR-SALE RESERVE

	2015 US$	2014 Restated* US$
At 1 January	355,701	537,001
Fair Value gain/(loss)	(3,928)	(181,300)
At 31 December	351,773	355,701

The available-for-sale reserve arises from the revaluation of equity investments and is not distributable.
*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

27. BANK BORROWINGS

	2015 US$	2014 US$
CFC Stanbic Rand facility	-	4,384,080
Interest payable on loans	-	1,687
	-	4,385,767
Analysis of borrowings by maturity:		
Maturing:		
Within one year	-	4,385,767

Bank borrowings relate to short-term facilities obtained from CFC Stanbic at an interest rate of 9.75%. The facility was repaid during the year.

28. OTHER PAYABLES

	2015 US$	2014 US$
Accruals	1,026,424	1,708,339
Post employment benefits	1,374,785	-
Rent deposits	70,855	94,949
Share capital subscriptions (fractional shares) (i)	37,670	33,697
	2,509,734	1,836,985

(i) Movement of Share capital subscriptions (fractional shares)

	2015 US$	2014 US$
At 1 January	33,697	25,622
From Increase in Capital subscriptions during the year	3,973	2,275
From Increase in Dividend Writebacks during the year	-	5,800
At 31 December	37,670	33,697

28. OTHER PAYABLES (continued)

(ii) Share capital subscriptions (fractional shares)

Fractional shares result from the payment of subscriptions by shareholders, whereby the amount paid is not sufficient to purchase a full share. The amounts are therefore held as amounts payable to the shareholders. Once the shareholders make subscriptions with additional fractions, those adding up to a full share price are transferred to shareholder's equity contribution, otherwise they are held as amounts payable.

29. LEAVE PAY

	2015 US$	2014 US$
At 1 January	451,356	379,748
Increase / (decrease) in provision	(160,666)	193,848
Payment of leave pay	(13,722)	(122,240)
At 31 December	276,968	451,356

Leave pay relates to employee entitlements to annual leave and home leave and are recognized when they accrue to employees.

30. DIVIDENDS PAYABLE

	2015 US$	2014 US$
At 1 January	1,312,393	530,604
Dividend declared	-	949,135
Dividend paid out to shareholders	(182,814)	(60,485)
Amount used to issue share Capital	-	(106,861)
At 31 December	1,129,579	1,312,393

The Directors recommend the payment of a dividend of US$ 424,713 which represents US$ 6.82 per paid up ordinary share (2014 - US$ Nil). This dividend is subject to approval by shareholders at the Annual General Meeting and has not been recognised as a liability in these financial statements.
The amount used to issue share capital refers to the amount declared as dividend to shareholders who opted to increase their share capital instead of receiving cash payments. Thus, the dividend was used to issue additional shares.

31. TRUST FUND PAYABLE

	2015 US$	2014 US$
At end of year	1,423,737	1,423,737

This amount is due to the Shelter Afrique Trust Fund whose formation was approved by the Annual General Meeting in June 2013. The Trust Fund is still in the process of being legally formed. The Trust Fund was to receive seed capital from Shelter Afrique through appropriations of net profit. The purpose of the fund was to mobilize funds for the purpose of alleviating urban poverty with specific focus on providing grants and concessionary financing for housing projects targeted at very low income groups, support for innovation research aimed at development of new construction methods and processes, capacity building and general charitable projects.

The Directors recommend an appropriation of US$ 318,534 to the Trust Fund. (2014: US$ Nil). This amount is subject to approval by shareholders at the Annual General Meeting and has not been recognised as a liability in these financial statements.

32. DEFERRED INCOME

	2015 US$	2014 US$
At 1 January	582,915	103,965
Amortization of Government of Kenya grant (note 8 and 25)	(3,879)	(3,879)
AFD interest advantage grant for the year	(252,763)	207,597
AFD grant expenditure for the year (note 8 and 12)	(50,250)	(100,840)
Deferred Front End Fees	1,222,613	376,072
At 31 December	1,498,636	582,915

The AFD interest advantage grant arises from a credit facility obtained in 2010/2011 of Euro 10 million from Agence Française de Développement (AFD) at preferential interest rates below market rates. The AFD technical assistance is at 3.02% (adjusted discount rate) of the drawn down amount of Euro 10 Million on a reducing balance.

The adjusted discount rate is the difference between what Shelter Afrique is paying on the credit facility and what it would have paid at the prevailing market rate. This is as per the credit facility agreement between AFD and Shelter Afrique. The interest advantage is what is classified as a grant since the funds are received at concessionary rates (different from the existing market rates).

Deferred front end fees relates to front end fees paid upfront for loans and advances, which has been deferred to future periods.

33. MEDIUM TERM NOTES

	2015 US$	2014 US$
CFA bond – (2014 – 2020)	16,656,261	18,538,458
Kenya Shilling bond – 2012 – 2015	-	3,681,105
Kenya Shilling bond – 2013 – 2018	48,870,409	55,188,978
Interest payable on loans	2,047,945	2,208,633
Deferred charges on medium term notes	(1,432,480)	(1,336,396)
	66,142,135	78,280,778
Maturity analysis for the medium term notes:		
Maturing:		
Within one year	24,798,347	4,553,342
One year to five years	41,343,788	73,727,436
	66,142,135	78,280,778

The Communauté Financière Africaine-Franc (FCFA (2014-2020) bond was for FCFA 10 billion-(US$18.5 million) and was raised in 2014 through CGF Bourse for the duration 2014 to 2020 at an interest rate of 6.6% p.a.

The Kenya Shilling Bond 2012 – 2015 for KShs 500 million (US$5.8 million) was fully repaid during the year.

The Kenya Shilling Bond 2013 – 2018 for KShs 5 billion (US$57.9 million) was launched in 2013 through the Nairobi Securities Exchange for the duration 2013 to 2018. Interest rate is fixed at 12.75% for some KShs 4.2 billion (US$ 49 million) and a floating rate of 1.5% above the 182-day Treasury bill rate for Kshs 0.8 billion (US$ 8,808,975).

The medium term notes are all unsecured.

34. LINES OF CREDIT

	Start Date	Maturity Date	Currency	2015	2014
				US$	US$
African Development Bank (AfDB)	2010	2021	US$	17,078,947	20,184,211
Agence Française de Développement (AFD)	2010	2019	EURO	4,780,125	6,840,242
Ghana International Bank	2013	2015	US$	-	714,286
AFD USD Loan	2014	2023	US$	18,750,000	20,000,000
Commercial Bank of Africa (CBA) Euro	2015	2016	EURO	-	195,040
Commercial Bank of Africa USD	2015	2018	US$	5,000,000	-
Commercial Bank of Africa-Multi Currency	2014	2016	KES	276,778	-
Commercial Bank of Africa-KES	2015	2016	KES	6,841,857	-
European Investment Bank	2014	2020	EURO	12,817,419	12,901,156
AFD Kshs social Housing	2013	2023	KES	4,327,463	4,886,970
CBA syndicated loan	2014	2017	US$	7,348,030	8,700,000
AfDB Trade Finance	2014	2018	US$	20,000,000	20,000,000
KFW BANKEGRUPPE	2015	2024	US$	30,000,000	-
Islamic Corporation for Development	2015	2016	US$	25,000,000	-
Commerzbank	2015	2016	US$	5,000,000	-
Interest payable				1,210,510	705,927
				158,431,129	95,127,832

(i) Analysis of borrowings by maturity:

	2015 US$	2014 US$
Maturing:		
Within one year	33,349,042	1,615,253
One year to five years	91,359,146	80,507,571
Over five years	33,722,941	13,005,008
	158,431,129	95,127,832

(ii) LINES OF CREDIT – PROFILING

	2015	2014
Current portion	33,349,042	1,615,253
Non-Current portion	125,082,087	93,512,579
	158,431,129	95,127,832

The effective interest rates were 3.43% per annum (2014:-3.23%) for US denominated loans, 4.35% per annum (2014: 4.45%) for Euro denominated loans and 13.10% per annum (2014: Nil) for Kenya Shillings denominated loans.

All loans are unsecured.

35. FAIR VALUE MEASUREMENT

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank Borrowings, currency swaps receivables and payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

The fair values of the unquoted ordinary shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments. The fair values of the remaining AFS financial assets are derived from quoted market prices in active markets.

The fair values of the company's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The company' s own non-performance risk as at 31 December 2015 was assessed to be insignificant.

Fair value of the properties was determined by using market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

As at 31 December 2015, the properties' 'fair values are based on valuations performed by Ebony Estates Limited, accredited independent valuers.

35. FAIR VALUE MEASUREMENT (Continued)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities as at 31 December 2015.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Land and buildings	-	-	4,729,790	4,729,790
Financial assets :				
EQUITY INVESTMENTS				
Caisse Régionale de Refinancement Hypothécaire	-	925,249	-	925,249
Financial liabilities :				
Quoted debt instruments :				
Kenya Shilling Bond -2013-2018	48,870,409	-	-	48,870,409
CFA Bond 5 - 6.60% 2014-2020	16,656,261	-	-	16,656,261
Lines of credit	-	-	158,212,021	158,212,021
Assets for which fair values are disclosed				
Loans and advances to customers	-	-	280,194,571	280,194,571

35. FAIR VALUE HIERARCHY (Continued)

The significant unobservable inputs used in the fair value measurement categorised within Level 2 and 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2015 are as shown below:

Description	Valuation method	Significant unobservable inputs	Sensitivity	Effect on fair value
Land and Buildings	Market Comparable Approach	Estimated rental value per sqm	0.5%	23,649
Unquoted equity shares	DCF	Long-term growth rate for cash flows for subsequent years	10%	95,525
		Discount for deterioration of expected security value due to political instability in respective member countries	2%	111,803
		WACC	10%	95,525
		Lack of marketability of the assets	1%	9,252
Loans and advances to customers	DCF	Discount for lack of liquidity of security	5%	14,009,729
		Discount for expected future default rates	2%	5,603,891
		Discount for deterioration of expected security value due to political instability in respective member countries	2%	5,603,891
Lines of credit	DCF	Own non-performance risk	0.1%	158,212
		Constant repayment rate	2%	3,164,240

35. FAIR VALUE HIERARCHY (Continued)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities for 2014. Quantitative disclosures of fair value measurement hierarchy for assets and liabilities as at 31 December 2014:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Land and buildings	-	-	4,052,198	4,052,198
Financial assets :				
Unquoted equity shares:				
Caisse Régionale de Refinancement Hypothécaire (CRRH)	-	929,177	-	929,177
Banque de L'Habitat du Burkina Faso (BHBF)	-	1,356,238	-	1,356,238
Pan African Housing Fund LLC	-	652,590	-	652,590
Corporate Bonds	33,588	-	-	33,588
Financial liabilities :				
Quoted debt instruments :				
Kenya Shilling Bond -2012-2015	3,681,105	-	-	3,681,105
Kenya Shilling Bond -2013-2018	55,188,978	-	-	55,188,978
CFA Bond 5 - 6.60% 2014-2020	18,538,458	-	-	18,538,458
Lines of credit	-	-	95,127,832	95,127,832
Assets for which fair values are disclosed				
Loans and advances to customers	-	-	220,691,773	220,691,773

35. FAIR VALUE MEASUREMENT (Continued)

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2014 are as shown below:

Description	Valuation method	Significant unobservable inputs	Sensitivity	Effect on fair value
Land and Buildings	Market Comparable Approach	Estimated rental value per sq.m per month	0.5%	20,261
Unquoted equity shares	DCF	Long-term growth rate for cash flows for subsequent years	10%	293,800
		Discount for deterioration of expected security value due to political instability in	2%	58,760
		WACC	10%	293,800
		Lack of marketability of the assets	1%	29,380
Loans and advances to customers	DCF	Discount for lack of liquidity of security	5%	11,034,588
		Discount for expected future default rates	2%	4,413,835
		Discount for deterioration of expected security value due to political instability in respective member countries	2%	4,413,835
Lines of credit	DCF	Own non-performance risk	0.1%	95,127
		Constant repayment rate	2%	1,902,556

36. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit for the year to cash used in operations

	2015 US$	2014 (Restated)* US$
Profit for the year	2,123,562	761,311
Adjustments for:		
Interest expense on funds from financial institutions and capital markets (note 6)	12,944,977	13,351,421
Gain on disposal of property and equipment	-	(609)
Depreciation of property and equipment (Note 23)	258,311	243,930
Amortization of grant income (Note 25)	3,881	3,879
Amortization of intangible assets (Note 24)	194,458	119,212
Share of profit of Everest joint venture (Note 20)	(100,653)	(58,708)
Foreign exchange (gain)/loss (Note 11)	(66,030)	376,316
Net foreign exchange loss/ (gain) - joint venture	167,562	70,937
Net foreign exchange loss/ (gain) –properties held for sale	72,699	-
Net foreign exchange loss/ (gain) - lines of credit	(1,356,980)	(1,331,834)
Net foreign exchange loss/ (gain) – medium term notes	(8,460,925)	(5,830,814)
Net foreign exchange loss/ (gain) – Bank borrowings	(245,106)	(414,162)
Cash flows from operating profits before changes in operating assets and liabilities	5,535,756	7,290,879
Movements in:		
Loans and advances to customers	(64,494,451)	(21,066,758)
Corporate bonds	28,800	2,854,132
Other receivables	(382,810)	(264,215)
Investment in Properties	(4,623,512)	-
Currency Swap Receivable	(3,674,265)	-
Other payables	498,361	(565,443)
Currency Swap Payable	3,149,829	
Deferred income	915,722	102,877
Net cash used in operations	(63,046,570)	(11,648,528)

Certain amounts here do not correspond to the 2014 financial statements and refelect adjustments made, refer to note 40.

(b) Cash and cash equivalents:

For the purpose of the statement of cash flows, cash equivalents include the following balances in the statement of financial position:

	2015 US$	2014 US$
Bank and cash balances (Note 14)	10,363,874	9,064,503
Short term bank deposits (Note 15)	30,470,444	51,841,155
Cash and cash equivalents	40,834,318	60,905,658

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

In 2013, Shelter Afrique obtained approval from the Kenya Capital Markets Authority (CMA) for an eight (8) billion (US$ 92.7 million equivalent) Kenya shilling bond programme. The first tranche of Kenya shillings five (5) billion (US$ 57.9 million equivalent) bond was successfully raised during the year 2013. The remaining tranche of Kenya shillings three (3) billion bond is projected to be raised in 2016.

36 NOTES TO THE STATEMENT OF CASHFLOWS (continued)

(b) Cash and cash equivalents (continued):

The company also has various undrawn facilities granted by financial institutions including:

- Syndicated loan facility through Commercial Bank of Africa of $6.3 Million.
- Trade finance facility of US$ 10 million with Commercial Bank of Africa.

(c) Analysis of movement in line of credit:

	2015 US$	2014 US$
At 1 January	95,127,832	67,068,966
Additional borrowings in the year	75,849,750	60,620,627
Repayments in the year	(11,708,084)	(31,481,451)
Interest expense for the year	3,992,462	2,499,056
Interest paid in the year	(3,473,851)	(2,247,532)
Net foreign exchange loss	(1,356,980)	(1,331,834)
At 31 December	158,431,129	95,127,832

(d) Analysis of movement in medium term notes

	2015 US$	2014 US$
At 1 January	78,041,639	89,642,358
Additional borrowings in the year	1,632,272	32,476,097
Repayments in the year	(5,065,125)	(37,532,446)
Interest expense for the year	8,119,984	9,583,687
Interest paid in the year	(8,125,710)	(10,297,243)
Net foreign exchange loss/ (gain)	(8,460,925)	(5,830,814)
At 31 December	66,142,135	78,041,639

(e) Analysis of movement in bank borrowings

	2015 US$	2014 US$
At 1 January	4,385,767	3,906,360
Additional borrowings in the year	-	7,203,126
Repayments in the year	(4,146,409)	(6,213,792)
Interest expense for the year	174,307	232,031
Interest Paid in the year	(168,559)	(327,794)
Net foreign exchange loss/ (gain)	(245,106)	(414,162)
At 31 December	-	4,385,767

(f) Other finance charges paid

	2015 US$	2014 US$
Interest expense on lines of credit	3,992,462	2,499,056
Interest expense on medium term notes	8,119,984	9,583,687
Interest expense on bank borrowings	174,307	232,031
Other financial charges	1,874,772	797,508
Total interest and similar charges	14,161,525	13,112,282

37. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments:

	2015 US$	2014 US$
Approved and signed project loans	77,573,273	92,536,845
Office furniture and computerization	392,000	402,814
Headquarter building structural repairs	281,000	294,000
Motor vehicles	-	120,000
	78,246,273	93,353,659

(b) Contingent liabilities:

The Company is a defendant to legal proceedings filed against it by third parties and is also a plaintiff to legal proceedings filed against third parties. As the Company is in the financial industry, it is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of the pending or threatened legal proceedings (including litigations), the directors, having sought the advice of the Company's legal counsel, are of the opinion that the outcome of these proceedings and claims will not have a material impact on the financial position or performance of the Company. The quantum has not been disclosed, as these amounts are unverifiable.

38. RELATED PARTY TRANSACTIONS

The related party transactions relate to key management personnel and Interest in joint venture

(a) Key management Personnel
Except for staff loans and advances (amounting to US$ 1,643,315; 2014: US$ 1,523,337) disclosed in Note 19, there were no other related party transactions undertaken during the year between the Company and staff. The new staff loans advanced to key management staff in the year 2015 amounted to US$ 60,000 (2014: US$ 212,502). Interest income received on staff loans and advances during the year amounted to US$ 58,662 (2014– US$77,135).

The remuneration of members of key management during the year was as follows:

	2015 US$	2014 US$
Salaries and other short-term benefits	1,062,328	907,918
Post-employment benefits	150,717	92,811
	1,213,045	1,000,729
Directors' remuneration		
Short term benefits: fees for services as directors	282,500	332,500

b) Investment in Joint Ventures

The Company granted a loan to the Joint Venture for a total of US $ 3,162,276) in 2013 in order to retire an existing debt of the joint venture. The loan was denominated in Kenya Shillings and was advanced at a variable interest rate of 16.5%, and was fully repaid in 2014. Balances as at the year-end were:

	2015 US$	2014 US$
At 1 January	-	977,262
Loans granted balance	-	-
Interest charged on the loan	-	12,215
Repayments	-	(989,477)
Total	-	-

39. SEGMENT REPORTING

The Company's main business is offering loan products for housing and infrastructure development. As such, for segmental reporting, the Company has chosen to organize the business based on the loan products offered.

The main types of loan products are:

Lines of credit - Short term and structured medium term financing to housing finance institutions and other institutions for on-lending to individuals and developers for new mortgages or refinancing of existing mortgages.

Project finance – Medium term construction / development loans to developers for development of new housing estates, infrastructure provision through site and services schemes, commercial projects (office buildings, rental housing, shopping centres, etc.)

Other operations comprise other miscellaneous income like rental of office premises which cannot be directly attributed to the Company's main business. The Company also invests in equity investments and participates in joint ventures. Segment assets and liabilities comprise operating assets and liabilities, which form the majority of the statement of financial position. Information about geographical areas has not been included, as this is not available and the cost to develop is considered to be excessive.

40. PRIOR PERIOD ADJUSTMENTS

In 2012, the Company invested in equity investments in the West African region by acquiring shares in two institutions. The equity stake was denominated in FCFA and converted in the books to the functional currency, which is US dollars. On the reporting dates, the investments were revalued for currency movements and the resulting unrealised exchange gain / loss recognised through profit or loss instead of through other comprehensive income as part of the fair value gain or losses. Consequently, the retained earnings were overstated while the available for sale reserve was understated by the same amounts. The overall effect on the total comprehensive income and equity was nil. The financial statements for the year ended 31 December 2014 have been restated to correct the misstatements. The effects of the restatements are summarised below:

	As previously reported US$	Adjustment US$	As restated US$
Statement of Profit or Loss and Other Comprehensive Income			
Year ended 31 December 2014			
Net foreign exchange losses	(686,972)	310,656	(376,316)
Profit for the year	450,655	310,656	761,311
Other Comprehensive Income			
Year ended 31 December 2014			
Unrealized gain on equity investments	-	(310,656)	(310,656)
Earnings per share	7.47	-	12.62

40. PRIOR PERIOD ADJUSTMENT (continued)

	As previously reported US$	Adjustment US$	As restated US$
Statement of Financial Position			
At 1 January 2014			
Retained earnings	29,562,828	(129,356)	29,433,472
Available-for-sale reserve	537,001	129,356	666,357
At 31 December 2014			
Retained earnings	27,672,296	181,300	27,853,596
Available-for-Sale Reserve	537,001	(181,300)	355,701

41. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance. The Company's risk management policies are designed to identify and analyse these risks, to set appropriate tolerable risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Risk management is carried out by various committees under the supervision of the Board of Directors. The risk management programme is premised on active Board and Senior Management oversight, adequate policies and procedures, adequate internal controls and risk monitoring as well as management information systems.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of non-derivative financial instruments. In addition, risk management and internal audit departments have responsibility for the independent review of risk management and the control environment. The most important types of risk to which the company is exposed are credit risk, liquidity risk, market risk and other operational risk.

(a) Capital Management	2015 US$	2014 Restated* US$
Share capital and share premium	78,306,604	75,808,447
Retained earnings	29,977,158	27,853,596
Available-for-sale reserve	351,773	355,701
Revaluation surplus	2,872,647	1,884,980
	111,508,182	105,902,724
Bank borrowings	-	4,385,767
Lines of Credit	158,431,129	95,127,832
Medium term notes	66,142,135	78,280,778
	224,573,264	177,794,377
Total Capital	336,081,448	283,697,101
Gearing ratio	67%	63%

*Certain amounts here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note 40.

41. FINANCIAL RISK MANAGEMENT (continued)

(a) Capital Management (continued)

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To maintain financial strength to support new business growth;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To allocate capital efficiently to support growth; and
- To manage exposures to movement in exchange rates.
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company has a number of sources of capital available to it and seeks to optimize its debt to equity structure in order to ensure that it can consistently maximize returns to shareholders. Capital adequacy is monitored regularly by the Company's management and quarterly by the Board of Directors. The Company has undertaken to comply with Basel II capital adequacy framework which consists of setting an amount of minimum risk capital to cushion against unexpected losses. The company has set a minimum capital adequacy ratio of 25%. This has so far been met. The capital adequacy ratio has been arrived by taking the company's core capital expressed as a percentage of its risk weighted assets.

The capital structure of the Company consists of debt, which includes the bank borrowings, medium term notes, and lines of credit disclosed in notes 27, 33 and 34, respectively, and equity attributable to equity holders, comprising issued and paid capital, reserves and retained earnings as disclosed in note 26. Cash and bank balances are not offset against the borrowings in determining the total debt as the Company considers this not relevant to its risk management process in determining gearing ratios.

(b) Credit Risk Management

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to discharge a contractual obligation. Credit risk is the most important risk for the Company's business and management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Company's asset portfolio.

The credit risk management and control function is exercised primarily by the Loans Monitoring Committee for the project loans, and the Assets and Liabilities Committee for the investment activities.

In measuring credit risk on loans and advances to customers, the Company uses a risk analysis and pricing framework to derive the risk rating and risk premium of the facility. The risk ratings are derived through consideration of the following components:

(i) The country's business environment
(ii) The borrower's financial strength and condition
(v) The project viability
(vi) The security package

All new projects undergo a minimum initial credit rating and are subjected to a rigorous project appraisal to ensure asset quality at the entry level. The appraisal process includes among others, enhanced due diligence conducted by international Credit Reference Bureaus, thorough screening against international financial sanction lists, Anti Money Laundering risk clearance, summary credit notes issued by the Risk Management Department, and approval by the Loans Committee and the Board of Directors. The Assets and Liabilities Committees supervises the projects portfolio risk rating on a quarterly basis and may recommend adequate actions on loan recovery, in case of changes in country and project risk conditions. For debt securities and other bills, external rating such as Standard &Poor's rating or their equivalents are used by the Company for managing the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

41. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk Management (continued)

The Company manages, limits and controls concentrations of credit risk wherever they are identified. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or group of borrowers. The Assets and Liabilities Committee reviews the country risks and project risk on a quarterly basis to ensure compliance with country exposure limits and single obligor as stipulated by the risk management policy. The concentration of risk is spread across the various geographical spheres of operation as the Company has operations throughout Africa. Exposure to credit risk is also managed in part by obtaining adequate collateral and corporate guarantees. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

Impairment provisions are recognised for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment. The Company classifies its loans according to five categories namely Normal, Watch, Substandard, Doubtful or Loss. This internal credit risk rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Company:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral

The composition of the Company's project loan portfolio as at year-end was as follows:

Class/Status	2015 US$	2015 %	2014 US$	2014 %
Normal	226,173,169	77%	171,199,244	76%
Watch	39,049,300	13%	27,762,240	12%
Substandard	2,040,650	1%	20,888,034	9%
Doubtful	25,001,162	9%	5,877,853	3%
Loss	149,001		-	
Total	292,413,282	100%	225,727,371	100%
Less Provision	(11,064,548)		(8,873,087)	
Total	281,348,734		216,854,284	

Classification of credit risk bearing assets

The maximum exposure to credit risk before collateral held or other credit enhancements is US$292,413,282 (2014: US$225,727,371) for project loans. This represents a worst-case scenario of credit risk exposure to the Company at the comparative reporting dates, without taking account of any collateral held or other credit enhancements. For reported assets, this exposure is based on the net carrying amounts as reported in the statement of financial position. As at 31 December 2015, collateral was held on project loans totalling US$292,413,282 (2014: US$225,727,371) which provided sufficient cover against credit risk.

41. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk Management (continued)

The table below represents a classification of the Company's project loans and other receivables as at 31 December 2015.

	Gross amounts US$	Impairment allowances US$	Net amounts US$	%%
Neither past due nor impaired	228,993,669	-	228,993,669	80%
Past due but not impaired	39,049,300		39,049,300	14%
Impaired	27,298,539	(11,172,273)	16,126,266	6%
	295,341,508	(11,172,273)	284,169,235	100%

The table below represents a classification of the Company's project loans and other receivables as at 31 December 2014.

	Gross US$	Impairment US$	Neta US$	%
Neither past due nor impaired	171,199,244		171,199,244	79%
Past due but not impaired	27,762,240		27,762,240	13%
Impaired	26,765,887	(8,873,087)	17,892,800	8%
	225,727,371	(8,873,087)	216,854,284	100%

Loans and other receivables are considered impaired when their recoverability is doubtful due to falling in arrears, or adverse conditions affecting the project or asset.

Of the total gross amount of impaired receivables, the following amounts have been individually assessed as impaired:

	2015 US$	2014 US$
Loans and advances	11,064,548	8,873,087
Other receivables	107,725	32,108
	11,172,273	8,905,195

Ageing of arrears for past due but not impaired project loans

	2015 US$	2014 US$
0-3 months	30,649,740	15,419,432
3-6 months	8,399,560	7,278,900
6–12 months	-	5,063,908
	39,049,300	27,762,240

41. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk Management (Continued)

All Current projects

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Company resulting from both its loan and advances portfolio and debt securities based on the following:

- The amounts under the past due but not impaired categories are backed by bank guarantees from reputable banks and /or legal charges over the projects.
- 77% of the loans are categorized in the normal category under the internal rating system
- All of its investments in debt securities are in entities with good credit rating
- Countries are assessed and grouped into risk categories and maximum exposure limits set per country.

Credit risk from balances with banks and financial institutions as well as equity investments is managed by the Company's treasury unit in accordance with the Company's policy. Investment of surplus funds is made only with approved counterparties who meet the minimum threshold requirement under the counterparty risk assessment process and at limited exposure limits to each bank. The Company's maximum exposure to credit risk for other financial assets is shown below.

	2015 US$	2014 US$
Bank and cash balances	10,363,874	9,064,503
Short term bank deposits	30,470,444	51,841,155
Corporate bonds	-	28,800
Equity Investments	4,750,450	2,938,005
	45,584,768	63,872,463

An impairment provision of US$ 800,000 for short term bank deposits has been made as disclosed in Note 15 (b).

(c) Market Risk Management

The Company is exposed to market risks, which is the risk that the fair values or future cash flows of financial instruments and equity investments will fluctuate because of changes in market prices, such as interest rates and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Monitoring of market risk is done by the Assets and Liabilities Committee, which in turn reports to the Board of Directors.

Market risk exposure is measured by the use of sensitivity analyses. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk. The market risk exposure for the Company relates primarily to currency and interest rate risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company undertakes certain transactions denominated in foreign currencies mainly the Kenya Shilling, CFA and Euro. This results in exposures to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities. This is achieved primarily by borrowing and lending in the same foreign currencies and limiting the assets and liabilities mismatches to less than 5% of the Company's total assets. The table below summarizes the Company's exposure to foreign currency exchange risk as at 31 December. Included in the table are the Company's financial instruments at carrying amounts, categorized by currency.

41 FINANCIAL RISK MANAGEMENT (Continued)

c) Market Risk Management (continued) – Currency Risk

AT 31 DECEMBER 2015	US$	EUR	CFA	KSHS	ZAR	NAIRA	Total US$
ASSETS							
Bank and cash balances	6,524,608	27,796	2,972,025	542,841	293,034	3,570	10,363,874
Short term deposits	25,043,487	-	1,801,342	3,625,615	-	-	30,470,444
Loans and advances to customers	207,707,536	1,885,700	18,121,912	50,410,867	3,222,719	-	281,348,734
Total financial assets	239,275,631	1,913,496	22,895,279	54,579,323	3,515,753	3,570	322,183,052
LIABILITIES							
Debt securities	-	-	17,032,739	49,109,396	-	-	66,142,135
Lines of credit	141,990,796	5,067,030	-	11,373,303	-	-	158,431,129
Total financial liabilities	141,990,796	5,067,030	17,032,739	60,482,699	0	0	224,573,264
Net position	97,284,835	-3,153,534	5,862,540	-5,903,376	3,515,753	3,570	97,609,788
AT 31 DECEMBER 2014							
Total financial assets	181,236,003	3,023,735	24,455,788	64,490,957	4,578,346	3,913	277,788,742
Total financial liabilities	82,174,671	7,873,426	18,964,182	64,396,331	4,385,767	-	177,794,377
Net position	99,061,332	(4,849,691)	5,491,606	94,626	192,579	3,913	99,994,365

41. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market Risk Management (continued)

Currency Risk (Continued)

The following table details the sensitivity of the Company's profit to various percentage increases and decreases in the functional currency against the relevant foreign currencies. This sensitivity is based on the weighted average of the deviation from the mean rate in the year for each currency and represents management's assessment of the reasonably possible change in foreign exchange rates.

Impact 2015	EURO	CFA	KSHS	ZAR	TOTAL
	5%	4%	4%	1%	
	(157,677)	234,502	(236,135)	35,158	(124,152)

Impact 2014	EUR	CFA	KSHS	ZAR	TOTAL
	5%	4%	4%	1%	
	(242,485)	219,664	3,785	1,926	(17,109)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The non–trading equity price risk exposure arises from equity securities classified as available-for-sale. A 10 per cent increase in the value of the company's available-for-sale equities at 31 December 2015 would have increased equity by US$ 461,275 (2014: US$ 293,800). An equivalent decrease would have resulted in an equivalent but opposite impact and would cause a potential impairment, which would reduce profitability by the same amount.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company is exposed to the effects of fluctuations in the prevailing levels of market interest rates on both the fair values and future cash flows of its financial instruments. Interest rates on loans to customers are pegged to the Company's specific cost of funds which is usually Libor based. Interest margins may increase as a result of such changes in the Libor rates but may reduce losses in the event that unexpected movements arise for the Libor rates. The Company also invests in fixed interest rate instruments. Interest rate risk is managed principally through monitoring interest gaps and by Board of Directors. The Audit, Risk and Finance Committee is the monitoring body for compliance with these limits and is assisted by the Assets and Liabilities Committee as well as the Loans Committee.

The table below summarizes the Company's exposure to interest rate risks. It includes the Company's financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

41. FINANCIAL RISK MANAGEMENT (Continued)

c) Market Risk Management – Interest Rates

	Up to 1 month US$	1-6 months US$	6-12 months US$	1-5 years US$	over 5 years US$	Total sensitive balance US$	Non-interest bearing US$	Fixed Interest rate US$	Total US$
AT 31 December 2015									
Assets									
Bank and cash balances	10,363,874	-	-	-	-	10,363,874	-	-	10,363,874
Short term deposits	1,530,823	28,939,621	-	-	-	30,470,444	-	-	30,470,444
Loans and advances to customers	-	218,462,055	-	-	-	218,462,055	19,185,043	43,701,636	281,348,734
Total financial assets	11,894,697	247,401,676	-	-	-	259,296,373	19,185,043	43,701,636	322,183,052
Liabilities									
Lines of credit	1,210,510	11,841,857	100,867,419	-	-	113,919,786	-	44,511,343	158,431,129
Medium term notes	615,464	-	7,431,234	-	-	8,046,698	-	58,095,436	66,142,135
Total financial liabilities	1,825,974	11,841,857	108,298,653	-	-	121,966,484	-	102,606,779	224,573,264
Net interest rate sensitivity gap	10,068,723	235,559,819	(108,298,653)	-	-	137,329,889	19,185,043	(58,905,143)	97,609,788
AT 31 December 2014									
Assets									
Bank and cash balances	9,064,503	-	-	-	-	9,064,503	-	-	9,064,503
Short term deposits	-	44,102,348	-	6,900,487	-	51,002,835	838,320	-	51,841,154
Corporate bonds	-	28,800	-		-	28,800	-	-	28,800
Loans and advances to customers	-	150,056,920	-	-	-	150,056,920	12,402,746	54,394,619	216,854,284
Total financial assets	9,064,503	194,188,068	-	6,900,487	-	210,153,058	13,241,066	54,394,619	277,788,741
Liabilities									
Bank borrowings	-	4,385,767	-	-	-	4,385,767	-	-	4,385,767
Lines of credit	-	68,395,897	8,895,040	-	-	77,290,937	705,927	17,130,968	95,127,832
Medium term notes	-	-	8,517,486	-	-	8,517,486	633,098	69,130,194	78,280,778
Total financial liabilities	-	72,781,664	17,412,526	-	-	90,194,190	1,339,025	86,261,162	177,794,377
Net interest rate sensitivity gap	9,064,503	121,406,404	(17,412,526)	6,900,487	-	119,958,868	11,902,041	(31,866,543)	99,994,364

Based on a sensitivity rate of 50 basis points, all other variables held constant, the Company's profit for the year and equity would increase/decrease by US$ 686,649 (2014–US$ 599,794) . A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

41. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity Risk Management

Liquidity risk is the risk that the Company will be unable to meet its obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay lenders and fulfil commitments to lend.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. It is assisted in this function by the Assets and Liabilities Committee. The Company's liquidity management process includes:

- Day-to-day funding which is managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Company maintains an active presence in money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Matching the maturity profiles of financial assets and liabilities
- Managing the concentration and profile of debt maturities.
- Maintaining adequate reserves, bank facilities and reserve borrowing facilities
- Entering into lending contracts subject to availability of funds.
- An aggressive resource mobilization strategy aimed at increasing lines of credit and other resources for lending.
- Investments in property and equipment that are properly budgeted for and performed when the Company has sufficient cash flows.

Monitoring and reporting take the form of cash flow measurement and projections for specified key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. The Company also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and bank balances, call deposits and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. The Company would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

The table overleaf presents the cash flows payable by the Company under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the inherent liquidity risk based on expected cash flows:

41. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity Risk Management (Continued)

	Up to 1 month	2-6 months	6-12 months	1-5 years	over 5 years	Open ended	Total
AT 31 DECEMBER 2015	US$	US$	US$	US$	US$	US$	US$
Financial assets							
Bank and cash balances	10,363,874	-	-	-	-	-	10,363,874
Short term deposits	1,530,823	28,939,621	-	-	-	-	30,470,444
Loans and advances to customers	45,415,500	22,575,932	35,814,740	143,651,509	44,955,601	-	292,413,282
Equity Investments	-	-	-	-	-	4,612,752	4,612,752
Total financial assets	57,310,197	51,515,553	35,814,740	143,651,509	44,955,601	4,612,752	337,860,352
Financial liabilities							
Lines of credit		24,046,516	15,406,234	101,079,967	34,486,206	-	175,018,923
Medium term notes	-	15,491,649	16,116,702	48,995,185	-	-	80,603,536
Total financial liabilities	-	39,538,165	31,522,936	150,075,152	34,486,206	-	255,622,459
Net Liquidity gap	57,310,197	11,977,388	4,291,804	(6,423,643)	10,469,395	4,612,752	82,237,893
AT 31 DECEMBER 2014	US$	US$	US$	US$	US$	US$	US$
Financial assets							
Bank and cash balances	9,064,503	-	-	-	-	-	9,064,503
Short term deposits	-	53,569,614	-	-	-	-	53,569,614
Corporate bonds	-	-	28,800	-		-	28,800
Loans and advances to customers	37,562,133	25,796,856	24,334,445	96,724,238	41,309,698	-	225,727,370
Equity Investments	-	-	-	-	-	2,938,005	2,938,005
Total financial assets	46,626,636	79,366,470	24,334,445	96,724,238	41,338,498	2,938,005	291,328,292
Financial liabilities							
Financial liabilities							
Bank borrowings	-	4,826,472	-	-	-	-	4,826,472
Lines of credit	-	9,395,134	-	78,041,639	-	-	87,436,773
Medium term notes	-	70,409,426	29,346,443	3,596,408	713,777	-	104,066,054
Total financial liabilities	-	84,631,032	29,346,443	81,638,047	713,777	-	196,329,299
Net Liquidity gap	46,626,636	(5,264,562)	(5,011,998)	15,086,191	40,624,721	2,938,005	94,998,993

42 TAXATION

The Company is exempt from all forms of taxation as provided for in the Shelter – Afrique Act 1985.

43. CURRENCY

These financial statements are presented in United States Dollars (US$).

44 EVENTS AFTER THE REPORTING PERIOD

On 7th April 2016, the Central Bank of Kenya appointed the Kenya Deposit Insurance Corporation as a receiver for Chase Bank Limited, for a period of twelve months. At the time of receivership, Shelter Afrique held deposits with the bank amounting to US$ 4,120,287. The deposit amount as at 31 December 2015 was US$ 6,879,675. It is expected that recovery from the Kenya Deposit Insurance Corporation will not be in full. Consequently, a provision of US$ 800,000 has been made in these financial statements.

Appendix 1

THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (SHELTER - AFRIQUE) MANAGEMENT INFORMATION SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2015

	Class A: Countries	No of shares 31 December 2014	No of shares 31 December 2015	% of shareholding
1	Algeria	4,220	4,220	6.78%
2	Benin	306	306	0.49%
3	Botswana	839	839	1.35%
4	Burkina Faso	950	950	1.53%
5	Burundi	300	300	0.48%
6	Cameroon	2,457	2,934	4.71%
7	Cape Verde	16	16	0.03%
8	Central Afr. Rep	271	271	0.44%
9	Chad	1,090	1,090	1.75%
10	Congo	516	516	0.83%
11	Democratic Republic of Congo	600	600	0.96%
12	Djibouti	300	300	0.48%
13	Gabon	1,283	1,283	2.06%
14	Gambia	321	321	0.52%
15	Ghana	6,315	6,315	10.15%
16	Guinea	419	419	0.67%
17	Guinea Bissau	25	25	0.04%
18	Guinea Equatorial	301	301	0.48%
19	Ivory Coast	1,725	1,725	2.77%
20	Kenya	6,568	6,617	10.63%
21	Lesotho	500	500	0.80%
22	Liberia	309	309	0.50%
23	Madagascar	327	327	0.53%
24	Malawi	521	521	0.84%
25	Mali	1,342	1,342	2.16%
26	Mauritania	639	639	1.03%
27	Mauritius	115	115	0.18%
28	Morocco	437	437	0.70%
29	Namibia	327	327	0.53%
30	Niger	317	317	0.51%
31	Nigeria	7,069	7,069	11.36%
32	Rwanda	901	901	1.45%
33	Sao Tome & Principe	16	16	0.03%
34	Senegal	1,407	1,407	2.26%
35	Seychelles	300	300	0.48%
36	Sierra Leone	74	74	0.12%
37	Somalia	10	10	0.02%
38	Swaziland	228	228	0.37%
39	Tanzania	325	325	0.52%
40	Togo	162	162	0.26%
41	Tunisia	300	300	0.48%
42	Uganda	526	1,409	2.26%
43	Zambia	2,553	2,553	4.10%
44	Zimbabwe	200	200	0.32%
	CLASS B:			
1	African Development Bank	10,576	10,576	16.99%
2	African Reinsurance Corporation	2,520	2,520	4.05%
	TOTAL	60,823	62,232	100.00%

Our Presence

Shelter Afrique was established in 1982 by African governments, the African Development Bank (AfDB), African Reinsurance Corporation (Africa-Re) and CDC (UK's Development Finance Institution) with the mandate of mobilizing resources for housing development in Africa.

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SHELTER AFRIQUE
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2015
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"Building houses, families and nations"