Shelter Afrique

Series I Bonds: Tranche A 5-Year ₦27.18 billion 13% & Tranche B 7-Year ₦18.82 billion 13.25%

Final Bond Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

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Tranche A Rating:

Aa-(ngr)

Tranche B Rating:

Aa-(ngr)

Outlook: Stable
Issue Date: 7 Oct 2024
Expiry Date: 20 Apr 2025
The rating is valid throughout the life of the instrument but will be subject to annual monitoring and review.

Previous ratings:

Tranche A Rating: A+(ngr)

Tranche B Rating: A+(ngr)

Tranche A tenor: 5 years
Tranche B tenor: 7 years
Industry: Real Estate Finance

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The Bond is adjudged to offer adequate safety of timely payment of interest and principal; however, changes in circumstances can adversely affect such issues more than those in the higher rated categories.

Rating Rationale

Agusto & Co. hereby upgrades the national scale rating of Shelter Afrique's ("SHAF" or "the Issuer") Tranche A 5-Year ₦27.18 billion 13% and Tranche B 7-Year ₦18.82 billion 13.25% Senior Unsecured Bonds ("the Bond" or "the Issue) to a "**Aa-(ngr)**". The Bond forms the Series I issuance under SHAF's ₦200 billion Domestic Bond Issuance Programme ("the Programme"). The rating assigned to the Issue mirrors the standalone national scale rating of the Issuer as the Bond represents senior unsecured obligation that ranks pari passu with SHAF's other senior unsecured debts. Agusto & Co. upgraded the Issuer's rating to a "**Aa-(ngr)**" rating in September 2024. The rating upgrade is based on the impending treaty-based establishment of Shelter Afrique Development Bank (SHAFDB) replacing the existing Act of Parliament foundation which should raise the Issuer to a preferred creditor status in the near to medium term. The rating is also hinged on SHAF's multilateral legal ownership and relationship with 44 African Governments and the critical developmental mandate to drive affordable housing demand and supply in Africa. In addition, the Issuer's low leverage and acceptable liquidity and capitalisation profiles support the rating. However, the SHAF's rating remains constrained by weak asset quality which has been negatively impacted by legacy delinquent loans.

The Issuer, also known as the Company for Housing and Habitat in Africa, was incorporated in Kenya under the Shelter Afrique Act in 1985. SHAF is an international body with juridical personality and full legal capacity, with a mandate to support affordable housing and urban development in Africa. The Issuer is owned by 44 Class A shareholders comprising African governments and two Class B shareholders: the African Development Bank and African Reinsurance Corporation. As at the 2023 FYE, SHAF's capitalisation was adequate for near term business risks with a Basel II capital adequacy ratio of 34.4% (2022: 25.6%), which was better than our expectation of 20% and the set internal minimum standard of 25%. The Issuer's capitalisation was supported by shareholders' equity injection totalling $7.5 million in 2023. However, the injected equity represented only 28% of the 2023 target, with unresponsiveness from members due to events including elections, weaker macro economy, civil unrest and the lingering effect of COVID on many African countries' finances. As the finances of African governments improve and shareholders show greater willingness to inject more equity into the Issuer, we expect capitalisation to improve. We also believe that the transition to SHAFDB will help drive significant growth in capital.

In the 2023 FY, SHAF recorded a profit before tax of $0.9 million (2022: $11.8 million loss), which we view positively. Thus, profitability indicators – return on average assets (ROA) and return on average equity (ROE), improved to 0.4% (2022: -5.4%) and 0.6% (2022: -7.4%) respectively. Whilst we recognise that profit maximisation is secondary to the Issuer's developmental objectives, the profitability indicators were significantly below our expectations for a DFI and have been volatile in the last five years. Based on unaudited accounts for the first six months of 2024, SHAF recorded a profit before tax of $5 million, with the annualised ROE and ROA rising further to 4.6% and 5.9% respectively. In our view, the Issuer's profitability is weak. However, we believe that profitability will continue to improve in the near term given the aggressive recovery drive and plans to increase lending activities.

As at 31 December 2023, SHAF had liquid assets of $59.4 million, representing a 31% decline from the prior year primarily due to the disbursement of proceeds of the Bond previously held as short-term investments. Consequently, the liquidity ratio (liquid assets to total assets) declined to 26.5% (2022: 32.1%), which was higher than the Issuer's internal benchmark of 15%. We view positively that the Issuer has a US$20 million contingent facility with a Nigerian bank that has international authorisation. Thus, in our opinion, the Issuer's ability to refinance is satisfactory. As at the 2023 FYE, SHAF's liabilities funded 26% of total assets and primarily (90%) comprised bond borrowings while other liabilities made up a small share (10%). The Issuer is in discussions with existing and potential DFI partners to raise additional borrowings to fund loans in the medium term. With only obligations in relation to the Bond, SHAF has low leverage in our view, evidenced by a debt-to-equity ratio of 0.3x as at the 2023 FYE, which was significantly better than our threshold for DFIs.

The 5-year tenor Tranche A Bond and the 7-year Tranche B Issue have a two and three-year moratoriums on principal respectively. The fixed-rate coupons of 13% and 13.25% on Tranches A and B respectively are payable semi-annually in arrears starting six months from the allotment date. The principal will be repaid semi-annually, commencing six months after the expiration of the moratorium for the relevant tranches. The money received from financial institutions and real estate developers in Nigeria who have been granted project financing and credit lines will be used to pay off the Bond obligation. The performance report obtained from the Trustees to the Issue as at 4 July 2024 indicated that coupon payments have been timely, with totals of ₦7.1 billion and ₦5 billion paid on the Tranche A and Tranche B Bonds respectively.

In the near term, we expect SHAF's plans to grow the loan portfolio by at least $31 million (14%) to $254 million as at 31 December 2024 as well as the ongoing aggressive delinquent credit recovery drive to enhance performance and ability to meet the Bond obligations as and when due. As a result, we hereby attach a stable outlook to the Bond.

Figure 1: Strengths, Weaknesses and Challenges

Strengths

- Strategically important developmental mandate
- Multilateral legal ownership and relationship with 44 African Governments
- Significant tax benefits including full exemption from any taxation in Kenya
- Strong brand recognition in most countries with a SHAF presence
- Low leverage

Weaknesses

- Sluggish capital receipts from member countries
- Asset quality is constrained by the high volume of impaired legacy loans
- Weak profitability
- Frequent changes on the Board

Challenges

- Improving income sustainably
- Raising considerable (and inexpensive) funding
- Challenging macro environment in member countries
- Growing competition from larger DFIs in the housing space
- Weak investment climate and regulatory environment for housing in Africa

Table 1: Financial Data for SHAF

	31 December 2022	31 December 2023
Total Assets	$270 million	$224 million
Net Earnings	$475,354	$9.5 million
Pre-tax return on average assets	-5.4%	0.4%
Pre-tax return on average equity	-7.4%	0.6%

This report should be read in conjunction with Agusto & Co.'s 2024 Shelter Afrique's credit rating report.

ISSUER PROFILE

Shelter Afrique ("SHAF" or "the Issuer"), also known as the Company for Housing and Habitat in Africa, is a pan-African housing finance and development institution. The Issuer was established by the Shelter Afrique Act of 1982 as an international body with a juridical personality and full legal capacity. SHAF was established by 44 African Governments, African Development Bank, African Reinsurance Corporation and CDC Company Plc to address the need for innovative and sustainable housing delivery systems in Africa. The Issuer supports social housing programmes, integrated affordable housing solutions, rental housing developments and construction of large-scale housing projects in member countries. SHAF's principal office is located at the Shelter Afrique Centre, Longonot Road, Upper Hill, Nairobi, Kenya. The Issuer also has two regional offices, which are situated in Abuja, Nigeria and Abidjan, Cote d'Ivoire.

In October 2023, at the extraordinary general meeting of shareholders in Algeria, there was a special resolution to convert the Issuer to Shelter Afrique Development Bank ("SHAFDB"). In the territory of each member country, SHAFDB shall possess full juridical personality and full capacity to contract, acquire and dispose of immovable and movable property and institute and defend legal proceedings. The purpose of SHAFDB will remain to promote the financing of affordable housing and urban development in Africa, taking into consideration the evolving development needs across the continent. As of 31 July 2024, 29 out of the 44-member countries have signed the agreement to establish SHAFDB. SHAF's target is to secure participation from enough countries to represent at least of 51% of the shareholding by Q1'2025.

THE ISSUE

Structure

SHAF's ₦46 billion Fixed Rate Senior Unsecured Bond ("the Bond" or "the Issue") forms the Series I issuance under the Issuer's ₦200 billion Domestic Bond Programme ("the Programme"). The Bond was issued on 20 April 2022 in two tranches labelled A and B, which are of differing tenors. Tranche A has a 5-year tenor while Tranche B has a longer tenor of 7 years. The Issue constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and ranks pari passu and without any preference to other issuances under the Programme. The coupon and principal payment obligations of SHAF under the Bond shall, except where required by legislation, rank equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

The proceeds of the Issue are earmarked for funding mass housing development projects undertaken by real estate developers and providing lines of credit to developers. Of the ₦46 billion proceeds of the Bond, 61% or ₦28.4 billion has been disbursed to developers as at 30 April 2024 while, the balance of ₦18 billion which is held in low-risk placements and Federal of Government of Nigeria (FGN) securities, is expected to be disbursed before December 2024.

Table 2: Utilisation of the Bond Proceeds as at 30 April 2024

Project Name	Facility type	Amount in N'Million	%
Mixta	Corporate Line of Credit	8,000	28%
Landmark	Corporate Line of Credit	7,500	26%
Orange Line Developers	Project Finance	4,422	16%
Terra Developers	Project Finance	4,000	14%
Modern Shelter Developers	Project Finance	3,000	11%
Housing Solution Fund	Equity Investment	816	3%
Issuance costs	Issuance costs	619	2%
Total		28,357	

Source: SHAF

Repayment

The Issue will be repaid using the inflows from the financial institutions and real estate developers granted lines of credit and project financing. The fixed-rate coupons of 13% and 13.25% on Tranches A and B respectively are payable semi-annually in arrears commencing six months from the allotment date. Tranche A and Tranche B have a 2-year and 3-year moratoriums on principal respectively. The principal on the Bond will be repaid semi-annually commencing six months after the expiration of the moratorium for the relevant tranche. Thus, the first principal repayment for the Tranche A Bond will be on 20 October 2024 while, Tranche B's initial principal repayment will be on 20 October 2025.

Table 3: Outstanding Tranche A Repayment Schedule

Period	Bond Repayment Date	Semi-annual coupon payment (₦)	Principal repayment (₦)	Total Payment (₦)
Payment 1	20 October 2022	1,766,700,000	-	1,766,700,000
Payment 2	20 April 2023	1,766,700,000	-	1,766,700,000
Payment 3	20 October 2023	1,766,700,000	-	1,766,700,000
Payment 4	20 April 2024	1,766,700,000	-	1,766,700,000
Payment 5	20 October 2024	1,766,700,000	3,847,826,727	5,614,526,727
Payment 6	20 April 2025	1,516,591,263	4,097,935,464	5,614,526,727
Payment 7	20 October 2025	1,250,225,458	4,363,301,269	5,614,526,727
Payment 8	20 April 2026	966,545,875	4,647,980,852	5,614,526,727
Payment 9	20 October 2026	664,427,120	4,950,099,607	5,614,526,727
Payment 10	20 April 2027	342,670,645	5,271,856,081	5,614,526,727
Total		**13,573,960,361**	**27,180,000,000**	**40,753,960,361**

Table 4: Outstanding Tranche B Repayment Schedule

Period	Bond Repayment Date	Semi-annual coupon payment (₦)	Principal repayment (₦)	Total Payment (₦)
Payment 1	20 October 2022	1,246,825,000	-	1,246,825,000
Payment 2	20 April 2023	1,246,825,000	-	1,246,825,000
Payment 3	20 October 2023	1,246,825,000	-	1,246,825,000
Payment 4	20 April 2024	1,246,825,000	-	1,246,825,000
Payment 5	20 October 2024	1,246,825,000	-	1,246,825,000
Payment 6	20 April 2025	1,246,825,000	-	1,246,825,000
Payment 7	20 October 2025	1,246,825,000	1,859,269,139	3,106,094,139
Payment 8	20 April 2026	1,123,648,420	1,982,445,719	3,106,094,139
Payment 9	20 October 2026	992,311,391	2,113,782,748	3,106,094,139
Payment 10	20 April 2027	852,273,284	2,253,820,855	3,106,094,139
Payment 11	20 October 2027	702,957,652	2,403,136,487	3,106,094,139
Payment 12	20 April 2028	543,749,860	2,562,344,279	3,106,094,139
Payment 13	20 October 2028	373,994,551	2,732,099,588	3,106,094,139
Payment 14	20 April 2029	192,992,954	2,913,101,185	3,106,094,139
Total		**13,509,703,112**	**18,820,000,000**	**32,329,703,112**

The performance report obtained from the Bond's trustees – United Capital Trustees Limited, as at 4 July 2024 showed that coupon payments were timely and paid on 20 October 2023 and 20 April 2024 in line with the Trust Deed. As of 4 July 2024, a total of ₦7.1 billion had been paid as coupons on the 5-year tenor Tranche A Bond and ₦5 billion on the 7-year tenor Tranche B Bond. The performance report also confirmed that the Issuer has not breached any of the covenants of the Issue during the review period.

ANALYSTS' COMMENTS

Shelter Afrique's financial statements which are denominated in United States Dollars (USD) are used for our national scale rating of the Series I Tranche A 5-Year ₦27.18 billion 13% & Tranche B 7-Year ₦18.82 billion 13.25% Bonds.

ISSUER'S FINANCIAL CONDITION

Asset quality to remain constrained by legacy credits but SHAF's developmental impact is expected to improve

The Issuer focuses on providing lines of credit and project finance loans for housing development in Africa. As at 31 December 2023, SHAF's total assets stood at $224.3 million, a 17% decline from the end of the prior year largely due to the impact of the 50.1% depreciation of the Nigerian Naira (₦) from ₦448.55/$1 in 2022 to ₦899.39/$1 in 2023. The considerable Naira depreciation negatively impacted the US Dollar translation of asset values – especially cash and equivalents and the loan book.

As at 31 December 2023, the Issuer's gross loans of $223.2 million (2022: $269.5 million) represented the dominant asset class, constituting 99.5% of total assets. However, SHAF's net loan disbursements in 2023 was

$19.1 million (2022: $80.7million), which was conservative in our view. Based on unaudited accounts as at 30 June 2024, the Issuer's loan book stood at $227.8 million, representing a small 2% growth from the 2023FYE. In our view, the conservative approach to loan origination constrains SHAF's profit margins and developmental impact. We expect notable growth in the loan book in the near term, as the Issuer aims to deploy the residual funds from the proceeds of the debut bond by December 2024.

The bulk (65%) of SHAF's loans comprised medium-term project finance loans to developers while short to medium-term lines of credit to financial institutions to on-lend for mortgage related activities also made up a significant share (32%). A fraction (3%) of the loan book consisted of staff loans. We expect this trend to continue in the near term in line with the Issuer's mandate as the balance of the Bond's proceeds is disbursed by the end of 2024 and project finance and public-private partnerships activities are ramped up.

As at 31 December 2023, SHAF's stage three or non-performing loans (NPLs) remained significant at $112.8 million, albeit recording a 20% year-on-year decline due largely to the write-off of $19.1 million of legacy delinquent credits. Nevertheless, this translated to a very high NPL to gross loan ratio of 50.6%, which was only slightly lower than the 52.6% recorded in the prior year. We note that over 70% of NPLs were project finance loans, with the bulk comprising legacy loans related to incomplete projects that had funding withdrawn because the obligors were in breach of terms of the loan agreement. In our view, given the Issuer's member countries' limited foreclosure laws and drawn-out court processes, the NPLs are unlikely to be recovered in the near to medium term. Thus, we expect asset quality to remain constrained by the legacy credits in the near term. However, we expect SHAF's transition to a treaty-based establishment, along with entering into strategic agreements with governments of the countries where legacy delinquent loans are rife, to address some of the lingering NPLs in the medium term. Unaudited accounts as at 30 June 2024 show that the NPL ratio remained stagnant at 50.7%, with a 2% rise in stage 3 loans (in absolute terms) due largely to newly classified exposures. SHAF plans to continue driving recoveries, with collections of $929,966 recorded in 2023, albeit, a marginal result comparted to the recoveries of $2.8 million reported in 2022. As at the 2023 FYE, the Issuer's loss provisions covered 75.2% of NPLs, with the uncovered amount equating to 17% of shareholders' funds, which we consider significant. SHAF's management has disclosed that the uncovered portion is fully secured by legal charges on property, which should mitigate any impact on future earnings.

Overall, we consider the Issuer's asset quality to be weak given the large portfolio of legacy NPLs, which remains a drag.

Profitability to remain constrained by the high level of impaired legacy loans

SHAF primarily generates income from the interest charged on project finance loans and lines of credit. The Issuer also generates income from interest on placements with financial institutions and write-backs following recoveries. During the financial year ended 31 December 2023, the Issuer generated interest income of $25.7 million, a 48% growth from the prior year, with the bulk (69%) attributable to core lending activities while a significant balance (31%) was realised from bank placements. Growth in core lending income was supported by disbursements of up to $19.1 million in the review year. SHAF plans to grow the loan portfolio by at least $31 million (14%) to reach $254 million by 31 December 2024. Interest expense remained largely unchanged at $10.1 million (2022: $10 million). In addition, the Issuer recorded a lower loan loss expense of $4.6 million

(2022: $8.2 million) supported by impairment recoveries of $0.93 million (2022: $2.8 million) in 2023. Consequently, SHAF's net interest income improved to $11.1 million, which was 13.6 times the amount recorded in the prior year. This translated to a significantly higher net interest spread (NIS) of 60.8% compared to the 42.5% recorded in the prior year. In the near term, we anticipate higher contribution to net earnings from interest income from core lending activities given plans to ramp up disbursements.

In the review year, the Issuer recorded FX losses on investment in the Federal Government of Nigeria's bonds and loss in some joint ventures with Kenyan real estate companies which totalled $2.8 million. Nevertheless, overall, in the 2023 FY, SHAF's net earnings of $12.3 million, was 29 times the previous year. In the short term, we expect moderate growth in net earnings supported by income from investments given the higher yield environment.

In 2023, the Issuer incurred operating expenses of $11.3 million, which represented a 7% decline from 2022 due to reduced travels for official missions and lower business promotion, consultancy and legal fee expenses. Thus, in 2023, the cost-to-income ratio (CIR) improved considerably to 92% (2022: 2818%), albeit remaining higher than the target of 70%. In the review year, SHAF also recorded a profit before tax of $0.9 million (2022: $11.8 million loss), which we view positively. Thus, profitability indicators – return on average assets (ROA) and return on average equity (ROE), were improved at 0.4% (2022: -5.4%) and 0.6% (2022: -7.4%) respectively. Whilst we recognise that profit maximisation is secondary to the Issuer's developmental objectives, we believe that the profitability indicators were weak for a DFI. Based on unaudited accounts for the first six months of 2024, SHAF's recorded a profit before tax of $5 million, with the annualised ROE and ROA rising further to 4.6% and 5.9% respectively. In the near term, we expect profitability to improve given the aggressive recovery drive and plans to increase lending activities.

Liquidity to remain satisfactory while funding is bolstered in the near to medium term

SHAF is a non-deposit-taking DFI that is mainly funded by long-term capital from shareholders and borrowings. As at the 2023 FYE, the Issuer was 26% funded by liabilities, which primarily (90%) comprised the ₦46 billion bond with the outstanding balance at $52.5 million while other liabilities including dividend payable, benefit provisions and other payables made up a relatively small share (10%). Given the medium-term funding plans, we expect borrowings from SHAF's DFI partners to fund the bulk (80%) of the loan portfolio, while equity, commercial bank borrowings and debt issuances finance a small balance (20%).

As at 31 December 2023, SHAF had liquid assets[1] of $59.4 million, which represented a 31% decline from the prior year primarily due to the disbursement of proceeds of the Bond previously held as short-term investments. Consequently, the liquidity ratio (liquid assets to total assets) declined to 26.5% (2022: 32.1%), which was higher than the Issuer's internal benchmark of 15%. Unaudited accounts as at 30 June 2023 indicated that SHAF's liquidity ratio declined significantly to 18.5% due to the liquidation of short-term placements for loan disbursements. We note that the Issuer's obligors typically make principal and interest payments quarterly and

[1] Liquid assets exclude equity investments in Pan African Housing Fund LLC (Mauritius); Caisse Régionale de Refinancement Hypothécaire (CRRH), Togo; the Tanzania Mortgage Refinance Company Limited, Kenya Mortgage Refinance Company Limited and FundCo Capital Managers Limited.

semi-annually and, investing these inflows may cause SHAF's liquidity ratio to remain cyclical. However, we view positively that the Issuer has a $20 million contingent facility with a Nigerian bank that has international authorisation. Overall, in our opinion, SHAF's liquidity and funding profile is acceptable.

Capital is expected to remain adequate while leverage may rise slightly in the near term

As at 31 December 2023, SHAF's shareholders' funds stood at $166 million, up by 4.8% from 2022 due to the capital receipts of $7.5 million from seven countries (Congo, Gabon, Lesotho, Uganda, Burkina Faso, Eswatini and Rwanda). The Issuer had a Basel II capital adequacy ratio of 34.4% (2022: 25.6%), which was better than our expectation of 20% and the internal minimum standard of 25%, due largely to the relatively low risk weighted assets. SHAF also had a debt-to-equity ratio of 0.3x (2022: 0.7x), which was significantly below our maximum threshold for DFIs. However, we expect a slight rise in the debt-to-equity ratio as the Issuer obtains borrowings predominantly from DFIs and issue bonds in member countries' capital markets to drive developmental impact. Overall, SHAF's leverage is low and capitalisation is acceptable in our opinion. We believe that additional capital will be required to record significant developmental impact.

OUTLOOK

To fully embody its role as an international development finance institution, in October 2023, there was a special resolution agreed to establish the Shelter Afrique Development Bank (SHAFDB), at the extraordinary general meeting of shareholders held in Algeria. As SHAFDB, the Issuer should attain the Preferred Creditor Status (PCS) and be given priority for the repayment of debt in the event of a borrower experiencing financial stress. Under a broader approach to PCS, SHAFDB's loan servicing will also be protected against restrictions on foreign exchange. Thus, we expect improved resolution of SHAF's legacy delinquent loans which have been a drag on asset quality metrics in the near to medium term. A better-quality loan book will also be supported by aggressive recoveries, more efficient onboarding of clients and vigorous credit underwriting as well as the institution of Environmental, Social and Governance (ESG) standards.

Given the new treaty-based agreement to establish SHAFDB, Agusto & Co. anticipates a modest increase in shareholders' equity bolstered by capital calls from member countries and higher reserves from more profitable operations with the creation of better-quality risk assets. Furthermore, with plans to raise additional funding in the domestic debt capital markets of other member states in the near term, we expect the Issuer's funding to improve and leverage to rise but remain within acceptable limits. We also believe that SHAF's liquidity profile should remain satisfactory in the near term supported by the contingent credit line from the commercial bank.

The Issuer has continued to meet all its obligations on the Bond. Therefore, premised on higher bad loan recoveries and increased disbursements in the near term, which will be supported by additional equity and borrowings from DFIs, we expect the enhanced earnings to sustain SHAF's ability to continue to meet its obligations (coupon and principal) on the Bond as and when due. We hereby attach a "**stable**" outlook to Shelter Afrique's Bond.

This report should be read in conjunction with Agusto & Co.'s 2024 Shelter Afrique rating report.

FINANCIAL SUMMARY

SHELTER AFRIQUE						
STATEMENT OF FINANCIAL POSITION AS AT	**31-Dec-21**		**31-Dec-22**		**31-Dec-23**	
	$		**$**		**$**	
ASSETS						
Cash & equivalents	5,912,851	4%	3,400,643	1.3%	3,768,295	1.7%
Quoted investments		0%	10,392,317	3.8%	5,494,640	2.4%
Short-term placements	25,677,981	15%	72,961,707	27.0%	50,169,333	22.4%
Liquid Assets	31,590,832	19%	86,754,667	32.1%	59,432,268	26.5%
Gross Loans	244,246,753	146%	269,541,177	99.7%	223,161,442	99.5%
Less: Cumulative loan loss provision	(131,655,081)	-79%	(114,529,205)	-42.4%	(84,860,080)	-37.8%
Total loans & advances - net	112,591,672	67%	155,011,972	57.3%	138,301,362	61.7%
Interest receivable	294,495	0.2%	153,274	0.1%	67,763	0.0%
Other prepayments	488,235	0.3%	540,613	0.2%	590,652	0.3%
Other accounts receivables	2,146,621	1.3%	3,482,371	1.3%	1,508,029	0.7%
Unconsolidated subsidiaries & associates	4,086,707	2.4%	2,823,239	1.0%	2,505,135	1.1%
Other long-term investments	5,458,000	3.3%	5,445,000	2.0%	5,557,000	2.5%
Fixed assets & intangibles	11,809,420	7.1%	17,421,783	6.4%	16,313,690	7.3%
Total Assets	**167,317,852**		**270,422,450**		**224,275,899**	
CAPITAL & LIABILITIES						
Shareholders' Funds	161,603,767	97%	158,399,320	59%	166,012,818	74.0%
Total Borrowings		0%	105,195,956	39%	52,463,873	23.4%
Other Liabilities	5,714,085	3%	6,827,264	3%	5,799,208	2.6%
Total Capital & Liabilities	**167,317,852**		**270,422,450**		**224,275,899**	
AUDITORS	**PWC**		**PWC**		**PWC**	
Opinion	**Clean**		**Clean**		**Clean**	

INCOME STATEMENT FOR THE YEAR ENDED	**31-Dec-21**		**31-Dec-22**		**31-Dec-23**	
	$		**$**		**$**	
Interest income	12,092,354	89.8%	17,393,315	93.3%	25,689,330	106.7%
Interest expense	(2,022,873)	-15.0%	(10,001,243)	-53.7%	(10,067,618)	-41.8%
Loan loss expense	(88,216)	-0.7%	(8,203,110)	-43.9%	(4,561,184)	-18.9%
Non-interest income	1,377,322	10.2%	1,244, 183	6.7%	(1,272,859)	-6.7%
NET EARNINGS	**11,358,587**	**84.3%**	**433,145**	**2.3%**	**12,333,387**	**45.7%**
Staff costs	(5,388,860)	-40.0%	(4,635,973)	-24.9%	(4,732,380)	-19.7%
Depreciation expense	(392,770)	-2.9%	(501,038)	-2.7%	(302,103)	-1.3%
Other operating expenses	(3,766,052)	-28.0%	(7,070,766)	-38.1%	(6,304,855)	-23.4%
TOTAL OPERATING EXPENSES	(9,547,682)	-70.9%	(12,207,777)	-65.6%	(11,339,338)	-44.4%
PROFIT (LOSS) BEFORE TAXATION	1,810,905	13.4%	(11,774,632)	-63.2%	994,049	-3.7%
TAX (EXPENSE) BENEFIT	-		-		-	
PROFIT (LOSS) AFTER TAXATION	**1,810,905**	**13.4%**	**(11,774,632)**	**-63.2%**	994,049	-3.7%
GROSS EARNINGS	**13,469,676**	**100%**	**18,679,707**	**100%**	**24,081,706**	**100%**

THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (SHELTER - AFRIQUE)			
KEY RATIOS	**31-Dec-21**	**31-Dec-22**	**31-Dec-23**
PROFITABILITY & EARNINGS			
Net interest spread	83.3%	42.5%	60.8%
Loan loss expense/Interest income	-4.4%	-82.0%	-45.3%
Operating expenses/Net Earnings	84.1%	2818%	92%
Return on average assets (pre-tax)	1.1%	-5.4%	0.4%
Return on average equity (pre-tax)	1.2%	-7.4%	0.6%
Net interest income/average earning assets	5.1%	-0.3%	3.3%
LIQUIDITY & FUNDING			
Loans/Total Assets	67.3%	57.3%	61.7%
Liquid assets/Total borrowings (times)	N/A	0.8	1.1
Liquid Assets/Total Assets	18.9%	32.1%	26.5%
ASSET QUALITY RATIOS			
Performing Loans ($'Million)	63.7	127.8	110.3
Non-Performing Loans ($'Million)	144.5	141.8	112.8
Non-performing loans /Total loans - Gross	59.2%	52.6%	50.6%
Loan loss provision/Total loans - Gross	53.9%	42.5%	38.0%
Loan loss provision/non-performing loans & mortgages	91.1%	80.8%	75.2%
CAPITAL ADEQUACY & LEVERAGE RATIOS			
Risk-weighted assets/Total assets & contingents	9.2%	22.7%	27.4%
Debt/Equity (Gearing Ratio)	0.0	0.7	0.3
Core capital/ Total Assets - Leverage	94.6%	57.8%	73.2%
Interest Cover	1.9	-0.2	1.1
STAFF INFORMATION			
Average number of employees	46	48	55
Staff cost per employee ($)	117,149	96,583	86,043
Net earnings per staff ($)	246,926	9,903	171,871
Staff costs/Operating expenses	56.4%	37.8%	55.9%

RATING DEFINITIONS

Aaa	This is the highest rating category. The Bond is adjudged to offer highest safety of timely payment of interest and principal.
Aa	The Bond is adjudged to offer high safety of timely payment of interest and principal.
A	The Bond is adjudged to offer adequate safety of timely payment of interest and principal; however, changes in circumstances can adversely affect such issues more than those in the higher rated categories.
Bbb	The Bond is adjudged to offer sufficient safety of timely payment of interest and principal for the present; however, changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than for bonds in higher rated categories.
Bb	The Bond is adjudged to carry inadequate safety of timely payment of interest and principal; while it is less susceptible to default than other speculative grade bonds in the immediate future, the uncertainties that the issuer faces could lead to inadequate capacity to make timely interest and principal payments.
B	The Bond is adjudged to have greater susceptibility to default; while currently interest and principal payments are met, adverse business or economic conditions would lead to lack of ability or willingness to pay interest or principal.
C	The Bond is adjudged to have factors present that make them vulnerable to default; timely payment of interest and principal is possible only if favourable circumstances continue.
D	The Bond is in default and in arrears of interest or principal payments or are expected to default on maturity.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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