



**SHELTER AFRIQUE**  
Financing Affordable Housing for Africa



**20  
25**

**A N N U A L R E P O R T**

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Financing Affordable Housing in Africa

*Shelter Afrique is the only Pan-African Multilateral Development Bank that exclusively promote and finance affordable housing and urban development in Africa.*

A partnership of 44 African Governments, the African Development Bank (AfDB) and the Africa Reinsurance Corporation (Africa-Re), Shelter Afrique builds strategic partnerships and offers a host of products and related services to support the efficient delivery of affordable housing and commercial real estate.

As the Company for Housing and Habitat in Africa, our work has a direct and positive impact on the lives of many by meeting the needs of the continent's rapidly growing urban population.





**Vision**

A decent and affordable home for all in Africa.

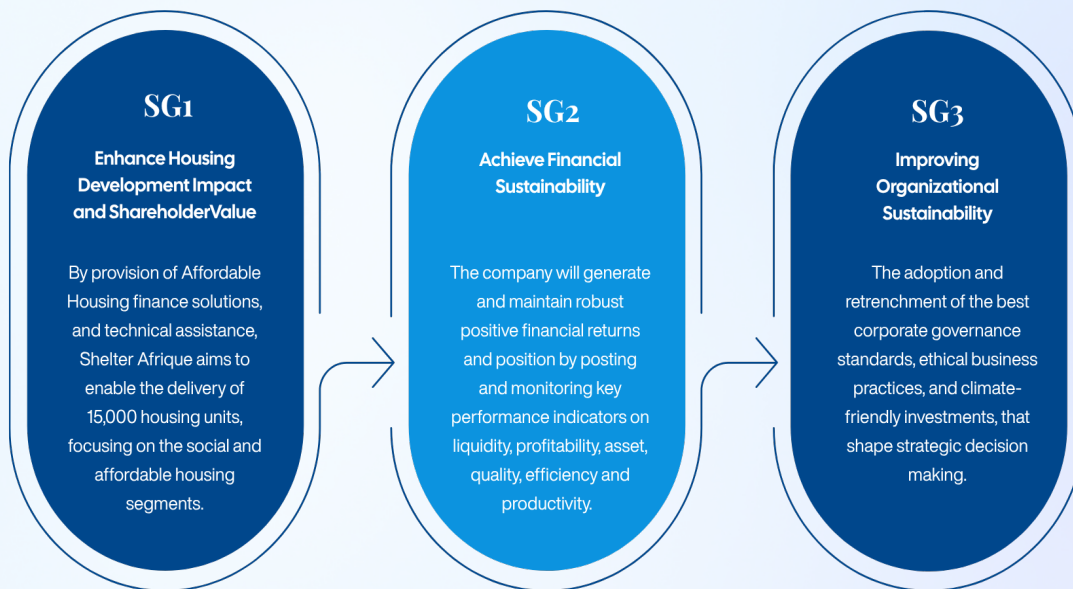
**Mission**

To be the pre-eminent provider of financial, advisory and research solutions geared towards addressing the housing crisis in Africa by using public-private partnerships to achieve sustainable development impact.

**Values**

- Accountability
- Customer
- Centricity
- Teamwork
- Integrity
- Innovation

**Strategic Goals**



**SG1**

**Enhance Housing Development Impact and Shareholder Value**

By provision of Affordable Housing finance solutions, and technical assistance, Shelter Afrique aims to enable the delivery of 15,000 housing units, focusing on the social and affordable housing segments.

**SG2**

**Achieve Financial Sustainability**

The company will generate and maintain robust positive financial returns and position by posting and monitoring key performance indicators on liquidity, profitability, asset, quality, efficiency and productivity.

**SG3**

**Improving Organizational Sustainability**

The adoption and retrenchment of the best corporate governance standards, ethical business practices, and climate-friendly investments, that shape strategic decision making.

## *Letter of Transmittal*

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The Chairperson  
General Meeting of Shareholders Shelter Afrique  
11th June 2026

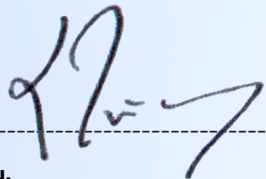
To the Shareholders of Shelter Afrique

In accordance with regulation 9, of the General Regulations of Shelter Afrique, I have the privilege, representing the Board of Directors, to submit the Annual Report and Audited Financial Statements of the institution for the year ended 31 December 2025.

The report highlights the strategic milestones, an analysis of the international and African economies operating environment in which the organization operated in during the period, institutional transformations, and financial performance.

In addition, this report highlights the momentum we continue to build under the New Dawn Strategy (2023–2027), reaffirming our unwavering commitment to addressing Africa’s housing challenges through innovation, strong governance, and high-impact partnerships.

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



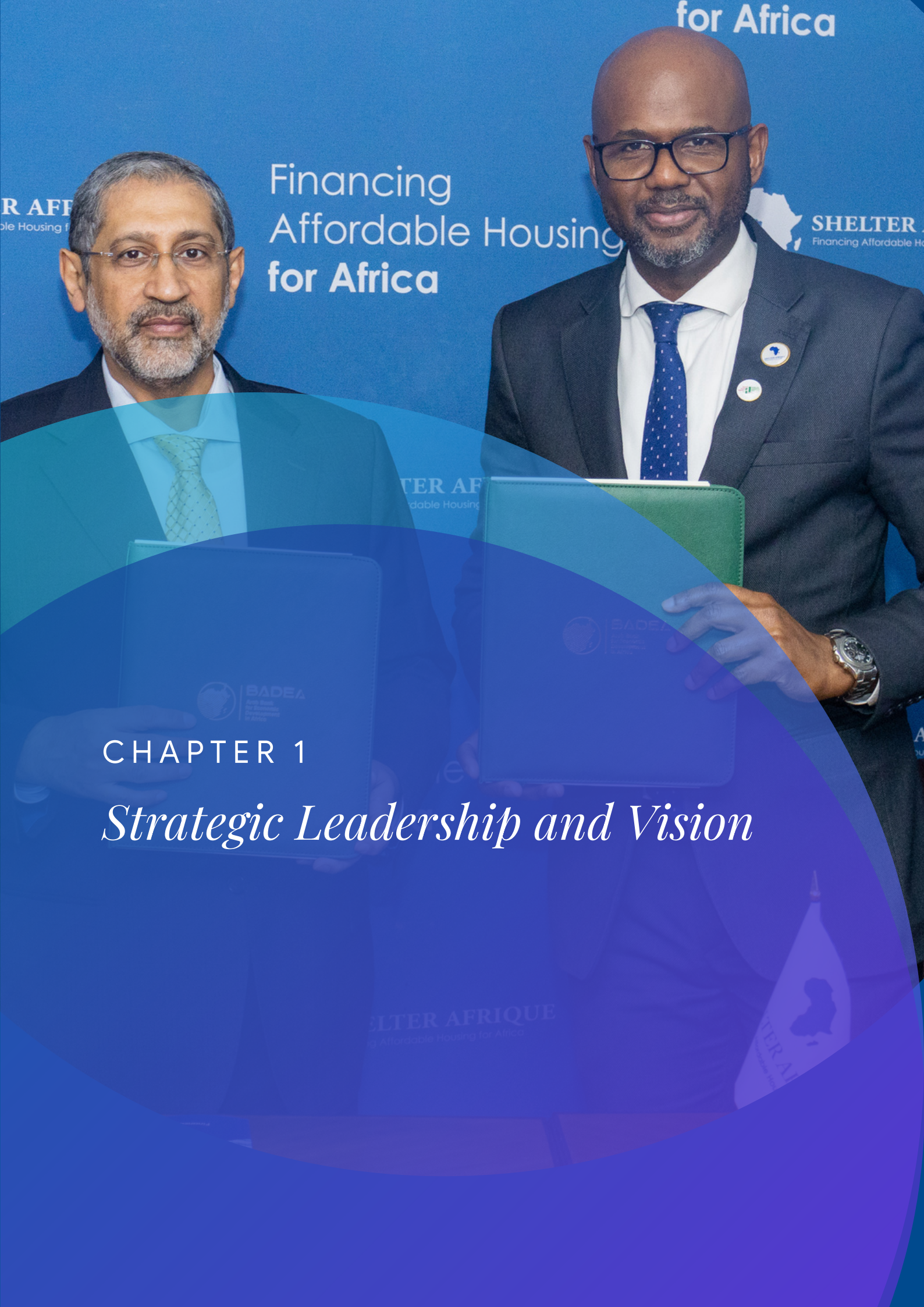
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**Mr. Lionel Zinsou,**  
**CHAIRPERSON OF THE BOARD OF DIRECTORS**

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for Africa

Financing  
Affordable Housing  
for Africa

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CHAPTER 1

*Strategic Leadership and Vision*

SHELTER AFRIQUE  
Financing Affordable Housing for Africa

SHELTER AFRIQUE  
Financing Affordable Housing for Africa

# CHAPTER 1

## Strategic Leadership and Vision

### Overview

This chapter provides the institutional framework guiding the operations of Shelter Afrique Development Bank (ShafDB). It outlines the strategic direction mandated by the Board of Directors and Senior Management for the 2025 reporting year, anchored by the leadership statements of the Board Chairperson and the Managing Director. Collectively, these elements provide a consolidated account of the Bank's strategic positioning, key board-level resolutions, and an assessment of operational performance against the 2023–2027 Strategic Plan.

This chapter is structured to provide:

- **Strategic Goal Assessment:** Progress reviews of the Bank's three primary pillars.
- **The “New Dawn” Framework:** An overview of the performance of architecture and diagnostic tools (VIRAL Model) utilized to drive continental impact.

### 1.2 Strategic Goals and 2025 Progress Assessment

The Bank's activities are organized under three Strategic Goals (SGs), balancing developmental impact with the financial rigor required of a multilateral development bank.

#### **SG1: Enhance Housing Development Impact and Shareholder Value**

The Bank targets delivery of 15,000 housing units over the planned period. In 2025, progress was marked by USD 63.0 million in disbursements and the advancement of major projects in Côte d'Ivoire (3,000 units) and Togo (3,000 units), alongside new advisory mandates in Gabon and Congo.

#### **SG2: Achieve Financial Sustainability**

Consistent with the New African Financial Architecture (NAFA) framework, the Bank focused on portfolio quality and balance sheet strength. Key activities towards this focus included the signing of two significant facilities; the USD 120 million BADEA facility and the USD 50 million Afrexim Bank facility; and the commencement on the establishment of the FCFA Bond Issuance Programme, all of which were pivotal in diversifying funding and improving capital adequacy. The bank also recorded an improved profitability of 20% Year-on-Year.

#### **SG3: Improve Organizational Sustainability**

The Bank adopted a revised Board Charter in November 2025 and integrated ESG criteria into its investment framework, adhering to IFC Performance Standards and the Paris Agreement goals.

### 1.3 Strategic Plan Framework: “New Dawn” 2023–2027

The “New Dawn” strategy represents the institutional evolution of Shelter Afrique into a fully capitalized development bank. At its core is the VIRAL Model, a proprietary diagnostic framework evaluating five dimensions: Vision, Institutions,

Strategic Goal	Key Indicator	2025 Outcome
<b>SG1:</b> <b>Housing Impact</b>	Loan Disbursements	USD 63.0 Million
	Loan Approvals	USD 56.5 million
	Housing Unit Pipeline	5,000+ units
	Advisory Agreements	2,480 units (Gabon & Congo)
<b>SG2:</b> <b>Financial Sustainability</b>	Capital Mobilization	USD 120 million (BADEA) USD 50 million (Afrexim Bank) 20% growth in profits YoY
	New Lending Credit Facilities	ZB Bank, Afriland, ZNBS, CRRH-UEMOA
	Capital Market Access	Commencement on the establishment of a <b>USD 60 billion</b> FCFA Bond Issuance Programme
<b>SG3:</b> <b>Organizational Sustainability</b>	Governance Framework	Revised Charter adopted (Nov 2025)
	Human Capital	55 Employees (as at 31 Dec 2025)

2025 Performance Scorecard

Regulations, Actors, and Local Initiatives.

### 1.5 Key Board Decisions in 2025

The Board of Directors exercised rigorous oversight through several landmark resolutions designed to expand the Bank’s footprint and financial resilience:

- Capital Market Expansion: Approved the East African Bond Issuance Programme to access local currency markets.

- Regional Liquidity: Authorized a Money Market Line with CRRH-UEMOA to support West African housing finance.
- Strategic Lending: Approved targeted facilities for ZB Bank (Zimbabwe), Afriland First Bank (Côte d'Ivoire), and the Zambia National Building Society (ZNBS).
- Governance Reform: Adopted the Revised Board Charter on 12th November 2025 to sharpen accountability and performance evaluation.
- Leadership Succession: Formally elected Mr. Lionel Zinsou as Board Chairperson and Mr. Said Athman Mtwana as Vice-Chairperson on 11th December 2025.



## CHAIRPERSON'S STATEMENT

### **Fellow Shareholders, Partners, and Distinguished Stakeholders,**

On behalf of the Board of Directors, it is my privilege to present the 2025 Annual Report of Shelter Afrique Development Bank (ShafDB). Having been elected as Board Chairperson during the 149th Board Meeting on 11th December 2025, I am deeply honored by the trust our shareholders and Directors have placed in my leadership. I assume this role with a profound sense of duty toward our 44 African Member States and the millions of households for whom affordable housing remains a fundamental pillar of dignity and economic participation.

### **The Operating Environment**

The 2025 fiscal year was defined by a complex global landscape. While we observed moderate growth, the “higher-for-longer” interest rate environment maintained by major central banks continued to exert pressure on global liquidity. The International Monetary Fund (IMF) noted that these elevated financing costs have particularly constrained long-cycle sectors, such as urban infrastructure and housing, which require patient capital.

Within Africa, however, the narrative was one of commendable resilience. The African Development Bank (AfDB) estimated continental GDP growth at approximately 4.1%, buoyed by firm commodity prices and the accelerating integration of the African Continental Free Trade Area (AfCFTA).

Despite this, the recovery remains bifurcated. Several Member States continue to navigate fiscal constraints and climate-induced vulnerabilities. In this context, Shelter Afrique’s mandate as a specialized development finance institution (DFI) has never been more vital.

With Africa’s housing deficit now exceeding 53 million units, our alignment with the UN Habitat III New Urban Agenda and SDG 11 is not merely a policy preference—it is a developmental imperative for the continent’s structural transformation.

### **Governance and Institutional Strengthening.**

In 2025, the Board remained steadfast in its commitment to the King IV Code of Corporate Governance. A landmark achievement this year was the approval of our Revised Board Charter on 12th November, which sharpened the lines of accountability between the Board and Management. This alignment with OECD standards ensures we remain a “partner of choice” for international investors.

The 44th Annual General Meeting in Algiers served as a powerful testament to shareholder solidarity. With 28 Member States in attendance, the Assembly endorsed critical resolutions on share allocation to bolster our capital increase program. We also look forward to our upcoming engagements in the Kingdom of Morocco and the Republic of Zambia, con-

firmed as hosts for the 45th and 46th AGMs, respectively.

The 2025 Financial Statements, reflect a continuous tempered resumption of underwriting of new business by the Company. In parallel the Company has also been undergoing its transformational journey to strengthen the framework of the institution i.e. constituent's document – (statutes), Capital restructure, NPL Resolution, Operational excellence, strengthening of credit capacity including (policy and procedures) and human capital. In addition to change in strategy to further de-risk the book (mitigate credit risk) by disbursing directly to Financial Institutions (FI's) as opposed to directly disbursing to projects and implementing the guaranteed structure. This has culminated in a 20% Year-on-Year comprehensive profit growth.

### **Strategic Allocations and Resource Mobilization.**

During the year, the Board continued to approve transactions to support Resource Mobilization and disbursements to projects. Perhaps the most transformative milestone of 2025 was the USD 120 million concessional facility secured from the Arab Bank for Economic Development in Africa (BADEA). This facility is a linchpin of our Capital Increase Programme, designed to help Member States normalize their subscriptions and pave the way for an investment-grade credit rating. In addition, the bank secured a USD 50 million from Afrexim Bank in June 2025.

In addition, the Board approved the establishment of the East African Bond Issuance Programme. It's worth noting the FCFA 60 billion is under implementation expected to close in the year 2026.

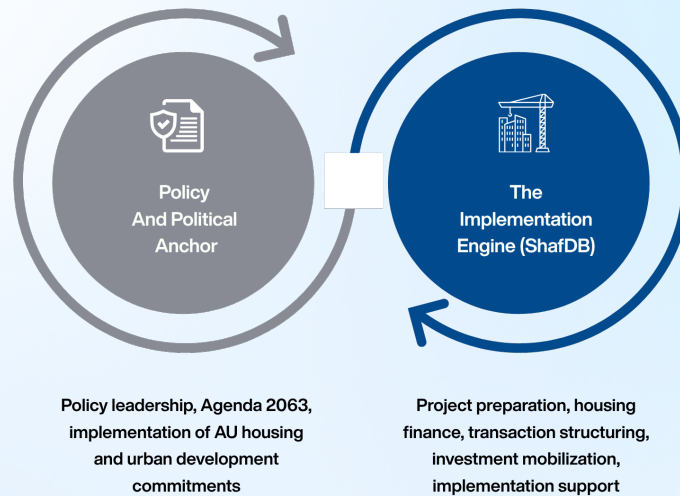
### **Housing as a Catalyst for Growth**

The announcement of the Nairobi Declaration at the Second Africa Urban Forum marked a defining moment for Africa's urban development agenda. The Declaration underscores the importance of enhanced collaboration among governments, development finance institutions, international development partners, and the private sector to mobilize resources and unlock investment for sustainable housing and urban development. As a key implementing partner, Shelter Afrique remains committed to supporting Member States in preparing investment-ready projects and facilitating access to financing, thereby advancing the aspirations of Agenda 2063 and contributing to more inclusive, resilient, and prosperous African cities.

We view housing not just as shelter, but as an economic engine. Consistent with the Africa Union Housing Agenda which is driven by the goal of providing adequate and inclusive and climate-resilient housing across the continent. Housing As a fundamental pillar of Agenda 2063, which focuses on addressing massive urban deficits and leveraging rapid urbanization for social-economic transformation. The continent strategy was re-affirmed during the Second Africa Urban Forum (AUF2) in Nairobi which centers on several actionable objectives.

1. Innovative financing: Mobilizing public-private partnership and blended finance to make mortgages and construction loan accessible to low income earners.
2. Inclusive communities integrating the housing needs of the informal sector (which employs over 80% of Africa urban force), displaced persons and marginalized groups into national housing framework.

## Advancing Affordable Housing and Urban Development Across Africa



3. Policy Reform: Prioritizing housing in national development plans by updating urban planning regulations and integrating standards.
4. Africa Affordable Housing Compact: A continental platform established by the AU to unite governments, financial institutions, and the private sector to scale up housing delivery.

Our partnership with Afreximbank on project preparation further ensures that we are moving “upstream” to create a pipeline of bankable, sustainable real estate developments across the continent.

### Outlook for 2026

As we move into the next phase of our 2023–2027 Strategic Plan, our focus remains unwavering:

1. Broadening our equity base through capital mobilization and onboarding new members
2. Local Currency Financing through African capital markets: Mitigating exchange rate volatility for our borrowers.
3. Technical Advisory: Scaling support for National Housing Corporations to improve delivery efficiency.

On behalf of the Board, I extend my sincere gratitude to my predecessors for their foundational work, to our Management and Staff for their tireless dedication, and to our Shareholders for their enduring confidence. Together, we are building more than houses; we are building the frontier of African prosperity.

**MR. LIONEL ZINSOU**

CHAIRPERSON OF THE BOARD OF DIRECTORS  
SHELTER AFRIQUE DEVELOPMENT BANK

## OUR BOARD



### Mr. Lionel Zinsou

#### *Board Chairperson – Independent Director*

Lionel Zinsou brings a distinctive blend of public-sector leadership, private equity experience, and strong economic insight. Trained at École Normale Supérieure and Sciences Po, he served as Prime Minister of Benin and later as a private equity partner, giving him broad exposure to finance, credit, and investment oversight. His cross-sector background supports development-focused investment decisions and inclusive economic growth in emerging markets.



### Mr. Said Athman Mtwana

#### *Board Vice Chairperson*

##### **Representing group 1**

Mr. Said Athman Mtwana combines expertise in sustainable urban development, housing policy, and infrastructure planning. With advanced training in urban and regional planning and building economics from the University of Nairobi, he offers strong insight into project management, research, and sustainable building performance. His background in public sector leadership and urban innovation supports climate-resilient development initiatives.



### Director Ahmed Belayat

##### **Representing Group 4**

Mr. Ahmed Belayat has strong experience in housing finance, real estate management, and public sector accounting. His professional training in financial management, housing aid administration, and development programs, supported by institutions including the World Bank and USAID, gives him practical insight into housing policy and institutional oversight. His background supports sustainable housing investment and inclusive urban development.

## OUR BOARD



### Director Mr. Jack Ngarambe

**Representing Group 2**

Dr. Jack Ngarambe has strong expertise in sustainable urban development, architectural engineering, and infrastructure planning. With a PhD in Architectural Engineering from Kyung Hee University in South Korea, he brings analytical depth in building performance simulation, project management, and data-driven design. His experience in research and teaching supports evidence-based urban solutions and climate-resilient infrastructure.



### Director Arc. Chris Pobee Abbey - Board Member

**Representing Group 3**

Arc. Chris Pobee Abbey is experienced in architecture, urban planning, and housing policy development. His training from Kwame Nkrumah University of Science and Technology and Chung-Ang University, along with certification in performance-based contracting, supports strong capability in project coordination and contract administration. His background helps advance sustainable infrastructure and inclusive urban development.



### Director Tchelu Mwenyimali Laurent

**Representing Group 5**

Tchelu Mwenyimali Laurent has expertise in healthcare systems management, institutional administration, and disaster risk reduction. His academic training in healthcare institution management at bachelor's and master's level gives him practical understanding of health governance, human resources, and service delivery. He also brings experience in displacement support, research coordination, and administrative leadership.

## OUR BOARD



### Director ALOZIE Eucharia

#### Representing Group 6

Arc. Eucharia Alozie specializes in public-private partnerships, urban planning, and infrastructure development. With advanced training in architecture and urban and regional planning, plus PPP certification from the Institute for Public-Private Partnership in Washington DC, she brings strong insight into project structuring and public housing delivery. Her experience supports sustainable investment and inclusive infrastructure financing.



### Director Issa Seydou Sissoko

#### Representing Group 7

Issa Seydou Sissoko has strong experience in architecture, urban planning, and infrastructure project management. His academic training in architectural design and urban planning from leading institutions in China, complemented by public procurement certifications, supports project supervision, spatial planning, and construction management. His background strengthens sustainable infrastructure delivery and inclusive urban growth.



### Director Dr Chii P. Akporji

#### Representing the African Development Bank (AfDB)

Dr. Chii P. Akporji has deep experience in corporate governance, housing finance, and strategic policy development. Her academic and professional training includes institutions such as Cambridge University and the Wharton School, strengthening her knowledge of program management, resource mobilization, and policy advocacy. She brings valuable experience in governance, government relations, and strategic planning for inclusive development.

## OUR BOARD



### Mr. Babatunde Adebisi Sanda

**Independent Director**

Babatunde Adebisi Sanda brings extensive experience in banking, finance, and enterprise management. A qualified accountant with academic training in business administration, he has strong expertise in credit management, financial oversight, and economic development strategies across Sub-Saharan Africa. His background in operations, controls, marketing, and human capital supports sustainable investment and sound governance.



### Dr. Phocas Nyandwi - Burundi

**Representing the African Reinsurance Corporation (Africa-Re)**

Dr. Phocas Nyandwi is an experienced leader in insurance, reinsurance, and regional financial risk management. He holds advanced academic training in business administration and economics from institutions in Kenya, Tanzania, and Burundi, giving him strong insight into underwriting, operations, and market development. His leadership across AFRICA RE, Kenya Reinsurance Corporation, and SOCABU supports resilience and inclusive investment.

## MANAGING DIRECTOR'S STATEMENT



### Dear Shareholders, Partners, Clients, and Stakeholders,

The 2025 Annual Report reflects Shelter Afrique Development Bank's continued transition as Africa's only multilateral institution exclusively dedicated to housing and urban development. It was a year marked by institutional consolidation, operational learning, and renewed focus on execution as we continued implementation of our 2023–2027 Strategic Plan.

Africa's housing deficit of about 52 million units remains one of the continent's most pressing development challenges. Rapid urbanization, demographic growth, and infrastructure gaps continue to place significant pressure on governments and financial systems alike. Against this backdrop, Shelter Afrique Development Bank remains committed to supporting practical, scalable, and financially sustainable housing solutions across Africa.

During the year, the institution formally rebranded to Shelter Africa Development Bank and focused on strengthening operational delivery, improving portfolio execution, and deepening strategic partnerships.

While approval volumes remained below our long-term ambitions, the year underscored the importance of disciplined execution, stronger project preparation, and enhanced operational follow-through. Total disbursements reached USD 63 million in 2025, compared to USD 24 million 2024, reflecting progress in operations and project pipeline management. Profit for the Bank grew by 20% USD 2.14 million compared to USD 1.79 million in 2024, further buttressing the institution's turnaround.

We also continued to strengthen the institution's capital base. A major milestone was the signing of a USD 120 million concessional facility with the Arab Bank for Economic Development in Africa (BADEA), aimed at supporting Member States in increasing capital subscriptions and strengthening the Bank's long-term capital position. 8 countries (USD 86 million) so far have benefited from this facility, enabling them to meet their subscription requirements. This represents an important step in our broader ambition to access international capital markets more competitively over time.

From a funding perspective, a USD 50 million was signed with Afrexim Bank in June 2025 to support disbursements. Other engagements with bilateral lenders have been continuing during the period of 2025 and are expected to conclude in 2026.

*As the only multilateral development institution on the continent with an exclusive mandate for housing and urban development, Shelter Afrique occupies a unique position within the African financial architecture.*

At the same time, we have advanced efforts to deepen local currency financing solutions. In West Africa, the Bank has advanced preparation for its inaugural FCFA 60 billion sustainable bond programme intended to support operations across the West Africa Economic And Monetary Union (UEMOA). Additionally, preparatory work for its future East Africa bond is on course envisaged as a multi-currency, multi-tranched programme.

Our co-financing partnership with Afreximbank specifically targets the project preparation phase. By providing the “upstream” support feasibility studies and financial structuring necessary to make housing projects bankable, we are effectively de-risking the sector for private capital.

The year also saw continued growth in our advisory services activities. Shelter Afrique Development Bank supported governments and national housing institutions in structuring housing programmes, public-private partnerships, and institutional reforms in several member countries. These engagements are increasingly becoming an important part of the Bank’s value proposition and developmental impact.

Across our operations, we remain committed to strengthening governance, transparency, and sustainability standards. Our work continues to be guided by the King IV Code of Corporate Governance, while our environmental and social frameworks increasingly align with international best practice, including IFC Performance Standards and the African Development Bank’s Integrated Safeguards System.

Importantly, 2025 also highlighted areas where the institution must continue strengthening its delivery architecture, operational systems, staffing and execution capacity in order to match its long-term ambitions. This remains a key priority for Management and the Board as we position the institution for its next phase of growth.



As we look ahead, our focus remains clear: strengthening execution, mobilizing capital at greater scale, supporting Member States more effectively, and continuing the transformation of Shelter Afrique Development Bank into a stronger and more impactful development finance institution for Africa.

I would like to thank our shareholders, partners, clients, and staff for their continued support and commitment during this important period in the institution's evolution.

Together, we are laying the foundations for a more resilient, better-housed, and more prosperous Africa.



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**THIERNO-HABIB HANN, CFA**  
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER  
SHELTER AFRIQUE DEVELOPMENT BANK

## SENIOR MANAGEMENT



**Thierno-Habib Hann**  
*Managing Director*



**Beatrice Mburu**  
*Chief Finance Officer*



**Nabil Mahfoudh**  
*Director of Treasury*



**Gibson Mapfidza**  
*Chief Business Officer*



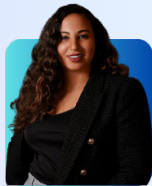
**Natasha Koli**  
*Director of Legal*



**Christopher Chege**  
*Director, Credit & Operations*



**Sandie Paho Handou**  
*Company Secretary*



**Nisan Abdulkader**  
*Director, Communications  
& External Affairs*



**Marianne Koly**  
*Director, Internal Audit*



**Charles Kazuka**  
*Director, Human Capital*



**Bernard Oketch**  
*Director of Risk*

# MEMBER COUNTRIES





## CHAPTER 2

# *Governance And Shareholding*

## CHAPTER 2

### Governance And Shareholding

#### Stewardship for Strategic Transformation

In 2025, Shelter Afrique continues to strengthen its governance framework as a cornerstone of its institutional transformation and long-term sustainability. The governance architecture remains anchored by an initiative-taking and independent Board of Directors, mandated under Article 22 of the Company's Statutes to provide strategic direction, oversight, and accountability.

Building on prior reforms, the Board has deepened its alignment with the King IV and now moving towards King V Code of Corporate Governance, reinforcing a culture of ethical leadership, transparency, and performance-driven oversight. Emphasis has been placed on enhancing decision-making agility, strengthening risk governance, and ensuring that governance structures remain responsive to the evolving development finance landscape.

Governance in 2025 goes beyond compliance—it is a strategic enabler, guiding the institution through complexity while positioning it for scalable impact across Africa's housing and urban development ecosystem.

#### 2.2 Statement on Corporate Governance

Effective corporate governance remains central to Shelter Afrique's ability to deliver on its mandate in 2025. The Board of Directors retains ultimate responsibility for the integrity of the governance framework and continues to uphold the highest standards of accountability, transparency, and ethical stewardship.

*Emphasis has been placed on enhancing decision-making agility, strengthening risk governance, and ensuring that governance structures remain responsive to the evolving development finance landscape.*

During the year, the Board has focused on reinforcing governance practices that support institutional resilience, financial sustainability, and development impact. This includes strengthening oversight mechanisms, enhancing Board effectiveness, and ensuring alignment between governance structures and the Bank's strategic priorities.

Through this continued commitment, Shelter Afrique aims to sustain long-term value creation for its shareholders, member states, partners, and the communities it serves.

#### Overview

In 2025, the Board continues to embed globally recognized governance principles while adapting to emerging trends and institutional priorities. The King IV as read together with the King V Code remains a key reference framework, complemented by evolving international best practices tailored to development finance institutions.

This approach reflects a deliberate shift toward more

*The focus has been placed on strengthening Board performance evaluation, deepening director capacity through continuous learning, and reinforcing leadership accountability.*

adaptive, inclusive, and forward-looking governance ensuring that Shelter Afrique remains well-positioned to navigate complexity while advancing its development mandate.

#### **Board Charter**

The Board Charter remains a central instrument guiding governance practice in 2025, with ongoing enhancements to ensure relevance and effectiveness in a dynamic operating environment. During the year, the Charter has been actively applied to reinforce clarity in roles, responsibilities, and decision-making processes across the Board and its Committees.

The focus has been placed on strengthening Board performance evaluation, deepening director capacity through continuous learning, and reinforcing leadership accountability. The Charter continues to provide clear guidance on ethical governance, including the management of conflicts of interest and related party transactions, ensuring integrity in all Board deliberations.

In line with evolving governance expectations, the Charter supports a culture of continuous improvement, equipping the Board to provide agile, informed, and strategic oversight as Shelter Afrique advances its transformation agenda.

The Board Charter sets out the Board's functions and powers and is complementary to the provisions gov-

erning the Board of Directors as set out in the Statutes and the General By-Laws of Shelter Afrique as well as the resolutions of the General Meeting. The Charter regulates the Board and Committee composition, provides positions such as the Chairperson, the Vice-Chairperson, and the Company Secretary makes provision for the duties and responsibilities of the Board of Directors, and stipulates the methodology and terms for performance evaluation for the Board. The Charter also guides on Director induction, development, and training as well as decision-making within the Board. Matters related to conflicts of interest and related party transactions are also covered in detail with clear guidance on how these should be dealt with.

#### **Board Composition**

Shelter Afrique's Board comprises 7 (seven) Class 'A' Directors representing 44 African member countries, 2 (two) Class 'B' Directors representing 2 (two) Institutions, and 2 (two) Independent Directors. All Directors are non-executive. The Directors have diverse skills and expertise and are drawn from various sectors critical to delivering our mandate to our key stakeholders. The names and biographical details of each Director, including their main associations outside Shelter Afrique, are available on the Company's website [www.shelterafrique.org](http://www.shelterafrique.org).

#### **OUR CORPORATE GOVERNANCE STATEMENT**

Corporate Governance is the primary responsibility of the Board of Directors, which should ensure that the organization has in place a robust governance strategy that promotes a highly transparent governance culture, as well as creating long-term value for stakeholders.

#### **Overview**

The Board has adopted the King IV Code of Governance, South Africa as the benchmark for the implementation of good governance practices in the organization among other best practices.

## Board of Directors

The Company is governed by a Board of Directors, each appointed by the shareholders of the Company for a term of three (3) years renewable once. The Board is responsible for providing the Company's strategic direction in line with the mandate given by the Shareholders. It also formulates Company policies, sets the risk appetite, and ensures that the business objectives are achieved within a controlled environment. The Board is accountable to the shareholders for the Company's performance and is collectively responsible for the company's long-term success.

During the reporting period, the Board made critical resolutions aimed at improving the governance of the Company and its performance. Notable resolutions included:

1. Approved the establishment of the East African Bond Issuance Programme
2. Approved the establishment of a Money Market Line with CRRH-UEMOA
3. Approved the ZB Bank Zimbabwe facility
4. Approved the Afriland Côte d'Ivoire facility
5. Adopted a revised Charter on 12th November 2025
6. Approved the line of credit facility to Zambia National Building Society, ZNBS
7. On 11th December 2029, during its 149th meeting, the Board of Directors elected Mr. Lionel Zinsou as Board Chairman and Mr. Said Athman Mtwana as Vice-Chairman of the Board of Directors respectively for a period of 1 year renewable.

## Roles & Responsibilities

The Board is responsible for the conduct of the company's general operations and, for this purpose, exercises all powers provided for it in the Statutes and By-Laws, and the authorities delegated to it by the General Meeting.

The Board's responsibilities include but are not limited to:

- Oversight and supervision of the general business of

the Company.

- Ensuring that the Vision, Mission, and Core Values of the Company are in line with shareholders' needs and that the organization's culture is established and embedded.
- Approving the Company's Strategy, financial, and business objectives and ensuring that it has oversight and is kept current on the progress of achieving those objectives.
- Setting the Risk Appetite of the Company and assessing performance relative to the Company's Risk appetite.
- Responsible for the effective operation of The Company by appointing, and evaluating the performance of Senior Management, including compensation and succession planning.

## Board Committees

The Board has 4 (four) substantive committees, namely the Audit, and Risk Committee (ARC), the Finance, Credit & Investment Committee (FCIC), the Human Resources, Governance and Nominations (HRGN) Committee, and the Strategy, Business Conduct and Ethics Committee (SBCE). The Board committees were established to enable the Board to fulfill its oversight responsibilities relating to the mid to long-term strategy for the Company, risks and opportunities relating to such strategy, and strategic decisions regarding investments, expansion, acquisitions, and divestitures by the Company. For the Board to discharge its mandate effectively, matters are discussed in detail in the committees before resolution by the Board. These committees assist the board in ensuring that proper policies, strategies, internal controls, and structures are in place to achieve the Company's objectives and obligations to its stakeholders. All the committees have specific terms of reference and hold meetings quarterly or as frequently as necessary.

## Managing Director

The Managing Director is the legal representative of the Company and is also the Chief Executive, who is required to conduct, under the general directives of the Board, the cur-

rent business of the Company.

The Managing Director is also responsible for the organization, appointment, and dismissal of other officers of the Company per the regulations adopted by the Board. He/She also shall report to the Board on the appointment and dismissal of officers, which exercise should give paramount importance to securing the highest standards of efficiency, technical competence, and integrity and recruit them, among nationals of Member countries, ensuring as wide a geographical basis as possible.

### **Company Secretary**

The Company Secretary serves as Secretary to the Board and the General Meeting.

The Company Secretary also is required by statute to keep the summary records of the proceedings of the Board and the General Meeting and full records of their decisions and recommendations.

The Company Secretary has charge of the corporate books and records of the Company and in general, performs all duties incidental to his/her office, and is responsible to the Managing Director.

### **Board Operations**

The Board Charter regulates board operations. On an annual basis, the Board sets an Annual Work Plan with a progressive agenda to guide its objectives. A schedule of calendar dates for Board meetings to be held in the following year is also fixed in advance by the Board. In 2025, the Board held its meetings as follows: conduct, under the general directives of the Board, the current business of the Company.

The Managing Director is also responsible for the organization, appointment, and dismissal of other officers of the Company per the regulations adopted by the Board.

*The Board Charter regulates board operations. On an annual basis, the Board sets an Annual Work Plan with a progressive agenda to guide its objectives.*

He/She also shall report to the Board on the appointment and dismissal of officers, which exercise should give paramount importance to securing the highest standards of efficiency, technical competence, and integrity and recruit them, among nationals of Member countries, ensuring as wide a geographical basis as possible.

### **Director Independence**

The Board continuously ensures that every director can act independently. On an annual basis, Directors are assessed against set guidelines to ensure that they always remain independent. The Board Charter requires that an annual assessment of the directors' independence be conducted and this was done by all directors who filled in and signed the Annual Independence Assurance.

### **Conflicts of Interest and Related Matters**

Board members and Management are prohibited from entering into related party transactions, which by nature raise conflicts of interest or potential conflicts of interest that have a direct or indirect financial benefit. Any conflicts of interest must be disclosed to the Board of Directors and the Board Charter sets out clear guidelines for dealing with this at the Board level. Board members do not participate in any discussion or decision-making regarding a matter in which he/she has a conflict of interest.

### **Directors' Remuneration**

The aggregate emoluments paid to Directors for services

NO.	MEETING	NUMBER OF MEETINGS	SCOPE OF BUSINESS CONDUCTED
1.	Full Board	6	Strategy, Policies, Finance, Investor Relations, Risk Appetite, Audit & Control Environment, corporate governance, People and Culture
2.	Audit, and Risk, Committee	4	Financial performance, reporting, and integrity, Assets & Liabilities management, Internal & External Audit - (findings & recommendations), enterprise risk identification, assessment, management and compliance, and related Policy reviews.
3.	Human Resources, Governance, and Nominations Committee	7	People & Culture, procurement, administration, nominations, remuneration, compensation of both the Board and Staff, ICT Governance, Succession Planning, and related Policy reviews.
4.	Finance, Credit & Investment Committee	6	Credit policy & strategy recommendations, new credit approvals, restructuring, and loan workout strategies as proposed by Management.
5.	Strategy, Business Conduct, and Ethics Committee	4	Strategy development, implementation of the strategy, monitoring of the status of Strategy implementation, review of the continued relevance of SHAF vision, mission and values and monitor the annual progress of the organization's turnaround.

**Table 4:** Number of Board Meetings Conducted in 2025

rendered during the financial year are disclosed in the financial statements for the year ended 31 December 2023. The Directors' Remuneration was reduced as per the resolution of the 37th AGM held on 20th July 2018 as further endorsed by the resolution of the 43rd AGM held on 13th June 2024 in Kigali, Rwanda, and this was implemented.

#### **Induction Program, Training, and Education**

Upon his/her election, each Board Member participates in an induction programme covering the Board's duties and responsibilities and the individual directors' role on the

Board. The induction also covers the Company's strategy, financial and legal affairs, policies, and operations as well as general and specific aspects of the Company's business. The Board of Directors also annually reviews and identifies areas where Board Members require further training or continuous education. The Board approved the Director Development Plan for 2025, and the same was implemented. Directors also attended a Board Retreat and team-building program. The presentations at the retreat centered around Strategies for generating New Business and Resource Mobilization, discussions on Non-Performing Loans and case studies including one on Affordable housing in Kenya.

### Performance Evaluation for the Board

On an annual basis, the Board carries out a performance evaluation to assess its performance against set targets. It also carries out assessments for its committees, individual directors, the Managing Director, and the Company Secretary. The results of the evaluations are collated and transformed into an action plan to guide Board improvement initiatives. The Board Evaluation for 2024 was concluded as conducted by the Institute of Directors in South Africa.

### Board Retreat

The Board of Directors Retreat, held from 1–5 December in Abidjan, focused on strengthening governance, financial oversight, and strategic positioning of the institution. Key highlights included capacity building on financial management, the signing of a strategic MoU with the Global Green Growth Institute, and high-level engagements with the African Development Bank (AfDB) on funding models, capital markets, and institutional reforms.

Discussions emphasized the urgency of scaling affordable and climate-resilient housing across Africa, improving governance clarity between Board and management, and mobilizing long-term, low-cost capital through innovative instruments and partnerships.

The Board also reviewed progress toward large-scale housing delivery, endorsed a pilot multi-country housing initiative, and highlighted the importance of strengthening local capacity, land systems, and regulatory frameworks to unlock the housing value chain.

### 44th Annual General Meeting

The 44th Annual General Meeting of Shelter Afrique and attendant events were held in a hybrid format, both virtual and physical. This meeting was hosted by the People's Democratic Republic of Algeria, from 15th to 17th July 2025 in Algiers, Algeria.

The 44th Annual General Meeting was officiated by Honourable Dr. Jimmy Gasore Minister of Infrastructure, Republic of Rwanda – outgoing Chairperson of the 43rd AGM Bureau. Subsequently, there was a change of guard in the AGM Bureau following the election of Honourable Mohamed Tarek Belaribi. Other elected members were the 1st Vice President of the Bureau, H.E. Nadia Fethah Alaoui, Minister of Economy and Finance, Kingdom of Morocco, and the 2nd Vice President of the Bureau, Honourable Charles Milupi Minister of Infrastructure, Housing and Urban Development, Republic of Zambia.

The general nature of the business transacted included:

- Election of the Chairman and two Vice-Chairmen of the 44th Annual General Meeting.
- Presentation by the Board Chairman.
- Presentation and adoption of the Annual Report, Audited Accounts for the year 2024.
- Presentation of the Directors' Annual Remuneration.
- Report and approval of the Remuneration Policy for 2024/2025.
- Election of Directors
- Presentation of Special Business relating to the Waiver of Article 8b (i) and (ii) of the Statutes to allow share allocation on a first-come, first-served basis.

The meeting was quorate with 28 members attending,

namely: African Development Bank, Africa-Re, Algeria , Benin , Burkina Faso , Djibouti, DR Congo, Eswatini , Gabon, The Gambia, Ghana, Kenya, Lesotho, Malawi, Mauritania, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

AGENDA ITEM	PROPOSED RESOLUTION	*C/L
1. Adoption of the Agenda.	<b>Ordinary Resolution:</b> To consider and approve the agenda for the 44th Annual General Meeting.	C
2. Election of the 44th AGM Bureau.	<b>Ordinary Resolution:</b> To appoint the Chairman and two (2) Vice Chairmen of the 44th Annual General Meeting.	C
3. Review of Minutes.	<b>Ordinary Resolution</b> To review and adopt the Minutes of the 43rd AGM held in Kigali, Rwanda on 13th June 2024.	C
4. Reports and Accounts for the Financial Year Ended 31st December 2024.	<b>Ordinary Resolution</b> To consider and adopt the Annual Report and Audited Financial Statements for the period ended 31st December 2024.	C
5. Remuneration of Directors	<b>Ordinary Resolution</b> To consider the Annual Board Remuneration Report and Policy 2025/2026.	C
6. Appointment of Directors	<b>Ordinary Resolution</b> To consider and approve the appointment/reappointment of the following Directors: 1. Appointment of the Director and Alternate Director representing the African Reinsurance Corporation.	C
7. Appointment and remuneration of External Auditors.	<b>Ordinary Resolution</b> To consider and approve: 1. The Appointment of External Auditors. 2. The remuneration of the External Auditors.	C
8. Waiver of the provisions of article 8(b) (i) and (ii) requiring that the allocation of shares to the shareholders should be done on First-come, First-served basis	<b>Special Resolution</b> To consider and approve: 1. The waiver of the sixty (60) days' notice requirement for proposing a special resolution, on the basis that the matter had already been circulated to shareholders. 2. The resolution to waive the provisions of Article 8(b)(i) and (ii) and permit the allocation of unsubscribed shares on a first-come, first-served basis.	C

AGENDA ITEM	PROPOSED RESOLUTION	*C/L
	<b>Ordinary Resolution</b>	
9. Date and Venue for the 45th and 46th Annual General Meetings.	<ol style="list-style-type: none"> <li>To confirm the Kingdom of Morocco as the host for the 45th Annual General Meeting (AGM)</li> <li>To confirm the Republic of Zambia as the host for the 46th Annual General Meeting (AGM).</li> <li>The exact dates of the meetings will be communicated to Shareholders later.</li> </ol>	C

**Key legend**

\*C/L- Carried/Lost

**PICTURES OF THE BOARD RETREAT - DECEMBER 2025 IN ABIDJAN, COTE D'IVOIRE**





CHAPTER 3

*Operating Environment*

## CHAPTER 3

### Operating Environment

Shelter Afrique operates in an evolving operating environment shaped by global macroeconomic adjustments, regional transformation dynamics, and country-specific development trajectories. As a pan-African institution owned by its member states, the Bank's mandate is intrinsically linked to these environments, which collectively influence housing demand, financing conditions, and the pace at which inclusive and sustainable urban development can be delivered.

#### Global Economic Context

The global economy has continued to witness a phase of adjustment following the inflationary shocks of recent years. According to the International Monetary Fund (IMF), global growth stabilized at moderate levels in 2024 and remained broadly steady in 2025. While inflation has gradually declined, its persistence - particularly in services - has led major central banks to maintain relatively tight monetary conditions for longer than initially anticipated.

This global policy stance has had important implications for long-term financing. Elevated interest rates have increased the cost of capital, moderated investment appetite in interest-sensitive sectors such as housing and reinforced the need for carefully sequenced policy responses. For development finance institutions, this environment has underscored the importance of prudent balance sheet management, innovative financing structures, and stronger partnerships to sustain lending momentum.

Shelter Afrique has continued to operate within this context of tighter global liquidity, adapting its financing approach while remaining committed to supporting mem-

*As a pan-African institution owned by its member states, the Bank's mandate is intrinsically linked to these environments, which collectively influence housing demand, financing conditions and the pace at which inclusive and sustainable urban development can be delivered.*

ber states' housing and urban development priorities. The persistence of these global conditions highlights the importance of periodically reassessing macroeconomic assumptions used in strategic planning to ensure continued alignment with prevailing realities.

#### African and Regional Economic Environment

Across Africa, economic performance has remained resilient, supported by demographic growth, urban expansion, and domestic demand. At the same time, the African Development Bank (AfDB) and the World Bank note that many countries are navigating a period of fiscal recalibration, as governments balance development priorities with debt sustainability and macroeconomic stability objectives.

Overall, Africa's GDP is estimated to have expanded by 4.1% in 2025, slightly up from 4.0% in the previous year, supported by improved commodity prices and enhanced domestic resource mobilization. However, the recovery remains uneven, with vulnerabilities persist-

ing in conflict-affected regions and countries with high debt-service ratios.

Despite positive momentum, structural risks remain - particularly linked to climate shocks, energy insecurity, and external debt vulnerabilities. However, expanding intra-African trade through the AfCFTA framework is expected to cushion against external volatility and support industrial diversification.

Looking ahead, Africa's growth momentum is projected to strengthen modestly in 2026, with GDP expected to reach 4.2%. Fiscal prudence, improved debt management, and diversification efforts will underpin resilience. Continued focus on regional infrastructure, energy access, and affordable housing will be key growth enablers. Policy emphasis on green transition and digital transformation is expected to deepen integration between housing, infrastructure, and climate finance.

Within this environment, housing continues to emerge as a strategic sector. Rapid urbanization and population growth have sustained strong demand for affordable housing across the continent, positioning housing as both a social imperative and an economic opportunity. Several member states have embedded housing prominently within national development frameworks, urban policies, and industrial strategies, recognizing its role in job creation, SME development, and local value addition. Delivery capacity, however, varies across countries and regions, reflecting differences in market depth, institutional maturity, and access to long-term finance. These variations underscore the importance of tailored approaches that reflect national contexts while leveraging regional cooperation and shared learning.

#### **Institutional Context and Regional Specificities: West, North, and Central Africa**

In West, North, and Central Africa, the operating environment reflects a diversity of development paths and

institutional settings. In parts of the Sahel and neighboring regions - including Burkina Faso, Mali, and Niger, members of the Alliance of Sahel States (AES) - public authorities are managing complex transitions while maintaining a strong focus on sovereignty, institutional consolidation, and social stability. These efforts inevitably shape public investment priorities and the sequencing of long-term development programs.

In these contexts, housing demand remains significant, driven by demographic growth, urban concentration, and evolving settlement patterns. Urban centers continue to absorb populations at a rapid pace, reinforcing the need for affordable, resilient, and well-planned housing solutions. At the same time, the operating environment calls for approaches that are adaptable, risk-aware, and closely aligned with national strategies and implementation capacities.

Guinea-Bissau presents a different but equally important context. The country continues to pursue institutional strengthening and economic diversification, while addressing structural constraints typical of small and emerging economies. Housing needs remain substantial, particularly in urban and peri-urban areas, highlighting the importance of incremental, well-structured interventions supported by strong partnerships and capacity-building efforts.

*Across these regions, the common thread is not one of limitation, but of transition. Governments are navigating complex economic, social, and institutional adjustments, creating both challenges and opportunities for housing finance institutions to innovate, support policy coherence, and crowd in private sector participation.*

### Implications for Shelter Afrique

This operating environment reinforces the relevance of Shelter Afrique's role as a long-term, patient, and partnership-oriented development finance institution. The diversity of country contexts calls for flexible instruments, phased implementation models, and a strong emphasis on dialogue with shareholders to ensure alignment with national priorities.

Rather than constraining action, current conditions highlight areas for continued strengthening, enhancing data-driven decision-making, deepening collaboration with public authorities, structuring risk-sharing mechanisms to attract private capital, and anchoring housing interventions within broader economic and urban development agendas.

In doing so, Shelter Afrique remains well positioned to

support its shareholder countries in translating housing demand into inclusive growth, employment creation, and more resilient cities - while adapting its operations to an evolving global and regional landscape.

### Selected Country Focus: Housing and Urban Development as a Strategic Economic Lever (2025)

Across Shelter Afrique's member countries, housing and urban development are increasingly recognized as **structuring pillars of economic transformation**, social inclusion, and territorial planning. Beyond addressing shelter needs, the sector is now widely understood as a catalyst for employment, local industry, and urban resilience. Recent experiences across North, West, and Central Africa illustrate how sustained policy commitment, ecosystem development, and strategic investment are translating into tangible outcomes for economies and populations.

**Algeria** continues to stand out as one of Africa's most consistent large-scale housing developments. In 2024–2025, national authorities reported the delivery of close to 95,000 housing units in a single year, reflecting the sustained execution capacity of public housing programs. Housing production in Algeria is supported by a relatively coherent ecosystem combining public developers, domestic construction firms, and locally sourced building materials. The construction sector represents a significant share of national economic activity and employment, and large-scale housing delivery has contributed to stabilizing urban markets while anchoring jobs and value chains locally. Algeria's experience demonstrates how policy continuity, institutional capacity, and domestic production can sustain mass housing delivery over time.

In **Côte d'Ivoire**, housing has been firmly positioned over the past decade as a strategic response to rapid urbanization and metropolitan expansion. In 2025, the government mobilized approximately FCFA 113 billion (around USD 190 million) to accelerate housing delivery, supporting the construction of 25,000 units under revised national programs, while complementary partnerships with international investors aim to add tens of thousands of additional units in major urban zones. With an urbanization rate exceeding 50 percent and a housing deficit estimated at several hundred thousand units, Côte d'Ivoire has adopted an integrated approach that links housing delivery with large-scale urban development, infrastructure provision, and job creation. These programs have reinforced the role of housing as a multiplier for urban economies, particularly in Abidjan and its surrounding growth corridors.

**Guinea** has entered a new strategic phase with the adoption of Simandou 2040, which explicitly places housing and urban development among national priorities alongside industrialization and infrastructure. Urbanization has accelerated markedly over recent decades, with the urban population now approaching 40 percent, driving sustained demand for housing in Conakry and secondary cities. While consolidated national production figures are still being structured, the strategic orientation is clear: housing is increasingly viewed as a prerequisite for accommodating a growing workforce, supporting territorial balance, and ensuring that major economic investments translate into improved living conditions for populations. The prominence of housing in Guinea's long-term vision signals a shift toward more coordinated and forward-looking urban development.

In **Gabon**, recent political and institutional transitions have been accompanied by a renewed emphasis on housing and urban planning as tools for economic diversification and social cohesion. Authorities have announced programs targeting the delivery of several thousand social and affordable

housing units through public-private partnerships, supported by investments estimated at over 100 FCFA billion. At the same time, initiatives to develop a new urban center and modernize land administration frameworks are laying the foundations for more structured housing delivery on a scale. This repositioning reflects a growing recognition of housing as both a social priority and an economic sector capable of generating employment and supporting the emergence of more resilient cities.

**Togo** has similarly placed urban development at the heart of its forward planning. With an urbanization rate now exceeding 40 percent, the country is proactively preparing for continued demographic concentration around Lomé and surrounding agglomerations. National strategies emphasize anticipatory urban planning, housing development, and infrastructure integration to manage future conurbation dynamics. By positioning housing within a broader urban development framework, Togo aims to absorb population growth more effectively while creating opportunities for economic activity and improved living standards.



CHAPTER 4

*Products and  
Portfolio Management*

## CHAPTER 4

### Products and Portfolio Management

#### 4.1 Our Products

In line with its 2023–2027 Strategic Plan, Shelter Afrique has accelerated the implementation of scalable financing models and institutional transformation to enhance operational efficiency and market impact. The business division was reorganized under the Chief Business Officer (CBO) to reinforce accountability, optimize capital allocation, and strengthen responsiveness across four strategic lines: Financial Institutions Group (FIG), Project Finance Group (PFG), Sovereign and Public-Private Partnerships (PPP), and Fund Management Group (FMG).

1. **Financial Institutions Group (FIG):** Focused on the demand side of the housing value chain, FIG provides financial intermediation through Mortgage Finance, Housing Microfinance, Trade Finance, and targeted support for SMEs operating within the housing sector. The group also facilitates the establishment of Mortgage Refinancing Companies, Housing Funds, and Rent-to-Own schemes, while delivering specialized advisory services to enhance market access and sector efficiency.
2. **Project Finance Group (PFG):** Focused on the supply side of the housing value chain, PFG supports private sector-led initiatives by providing project finance and corporate lending for developments in student accommodation, urban regeneration, last-mile infrastructure, social housing, and alternative building technologies. The group also provides advisory services to strengthen project structuring, execution, and overall sector impact.
3. **Sovereign and Public-Private Partnerships (PPP):** Focused on partnerships with governments

and national housing corporations, PPP structures and delivers public or blended financing solutions for social housing, rent-to-own programs, and urban regeneration initiatives. The group also engages in equity investments, joint ventures, and structured advisory services to support effective project delivery and long-term impact.

4. **Fund Management Group (FMG):** Focused on mobilizing and managing thematic investment funds, FMG addresses strategic priorities such as green finance, gender equity, Islamic finance, SMEs, infrastructure, diaspora engagement, and refugee-related housing solutions. The group leverages these funds to catalyze sector growth, enhance financial inclusion, and deliver measurable social and economic outcomes.

*The business division was reorganized under the Chief Business Officer (CBO) to reinforce accountability, optimize capital allocation, and strengthen responsiveness across four strategic lines.*

## Our Products



### Financial Institutions Group (FIG)

We finance FIs

- Mortgage Finance
- Housing Microfinance.
- Trade Finance
- SMEs - Housing Value Chain
- Housing Funds
- Mortgage Refinancing Companies
- Rent and Rent-to-Own
- Advisory Services



### Project Finance Group (PFG)

We finance private projects

- Developer Finance.
- Corporate Loans.
- Last Mile Infrastructure.
- Students Accommodation.
- Alternative Building Technologies.
- Social Housing Programs.
- Advisory Services.



### Sovereign and Public-Private Partnerships (PPP)

We structure and finance PPPs

- State Housing Corporations
- Public/Private Partnerships.
- Social Housing Programs.
- Rent and Rent-to-Own.
- Urban Regeneration.
- Equity Joint Ventures
- Advisory Services



### Fund Management Group (FMG)

We focus on impact areas

- Green Climate Resilience
- Gender
- SMEs & Trade Finance.
- Bulk Infrastructure
- Islamic Finance
- Refugees and Migrants
- Diaspora
- PPF - Project Preparation Fund

## 4.2 Operating Strategic Model

As part of its 2023–2027 Strategic Plan, Shelter Afrique has continued to build on and enhance the VIRAL Model to upscale housing delivery across its markets. The VIRAL Model is a comprehensive housing market diagnostic framework designed to assess housing finance ecosystems systematically. It evaluates five critical dimensions: Vision, Institutions, Regulations, Actors, and Local Initiatives.

The model maps the roles of financial institutions, regulatory frameworks, government subsidies, and housing market enablers such as mortgage refinancing companies and microfinance institutions. By applying this systemic approach, Shelter Afrique identifies investment and advisory opportunities across the housing value chain that are aligned with the specific housing development priorities of each country.

## 4.3 Activities in 2025

Building on the momentum achieved in 2024, Shelter Afrique has continued to reinforce its leadership in af-

fordable housing finance in 2025 through disciplined capital deployment, strengthened credit execution, and enhanced impact orientation. In 2025, Shelter Afrique sustained strong execution momentum, with disbursement volumes exceeding approvals, reflecting improved pipeline conversion and enhanced capital deployment efficiency.

- Loan Approvals: USD 56.5 million
- Disbursements: USD 63.0 million

The higher level of disbursements relative to approvals reflects accelerated drawdowns on previously approved facilities and strengthened transaction execution.

Disbursements were diversified across regions and instruments, supporting affordable housing delivery while maintaining disciplined credit standards and portfolio quality. This performance demonstrates continued alignment with shareholder expectations and reinforces Shelter Afrique’s commitment to delivering high-impact social and affordable housing solutions across diverse markets.

Our Strategy

### The ShafDB VIRAL Model

*Making Access to Housing "VIRAL"*



## 4.4 Advisory and Technical Services

### 4.4.1. Executive Overview

In 2025, the Advisory Services Department focused on expanding its footprint across Africa, with strategic emphasis on PPP (Public–Private Partnership), VIRAL (Vision, Institution, Regulation, Actors and Local Initiatives), Project Finance Advisory, and FIG (Financial Institutions Group) advisory products.

The portfolio demonstrated strong engagement across multiple regions, supported by a well-developed active pipeline and increasing demand for structured advisory services.

Importantly, 2025 marked a significant institutional milestone:

- Advisory service templates, operational tools, and standardized procedures are now in full implementation.
- An approved governance framework has been formalized and operationalized.

- This framework establishes a strong foundation for holistic project implementation, integrating both Investment and Advisory services in support of clients.

This institutional strengthening positions the Department for scalable, structured growth in 2026 and beyond.

Additionally, the Bank is engaging with the National Housing Corporations (NHCs) across its member countries and providing project preparation facilities (PPF). This helps develop a pipeline of bankable housing projects to help attract local and foreign investment into the sector.

### 4.5 Financial & Portfolio Performance Overview

The 2025 portfolio reflects:

- Active revenue-generating engagements
- A growing pipeline transitioning toward signed mandates
- Strengthened non-funded income performance
- Improved project management and execution strategy

## *The Advisory Department continues to support member countries in mobilizing private sector financing through structuring bankable projects.*

Collections and invoicing performance improved steadily throughout the year, reflecting enhanced financial controls and strengthened client follow-up mechanisms.

### 4.5.1 Portfolio Composition & Project Status

The portfolio is structured across:

- Active projects
- Signed agreements transitioning from pipeline to execution
- Capacity-building and training initiatives

#### Product Distribution

- **PPP Advisory** – The leading product line, with multiple major engagements focused on structuring public-private partnerships and providing institutional advisory support.
- **VIRAL Advisory** – A growing portfolio centered on VIRAL, a rapid assessment tool used to assess market readiness for housing and urbanization while identifying and unlocking targeted investment opportunities for member countries.
- **FIG Advisory** – Engagements with financial institutions aimed at strengthening operational frameworks, governance structures, deepening mortgage products, and enhancing investment readiness.

#### 4.5.1.1 Regional Footprint

Activities are concentrated across North, West, and Cen-

tral Africa, with additional engagements expanding into East and Southern Africa.

#### 4.5.1.2 Flagship PPP Engagements

1. ShafDB signed an advisory agreement with Société Nationale Immobilière (SNI) to support the structure of a PPP model that will facilitate the development of 1,980 housing units upon project completion.
2. ShafDB also signed a second advisory service agreement with the Ministère de la Construction, de l'Urbanisme et de l'Habitat (MCUH) (Ministry of Construction, Urban Planning and Housing) of the Republic of Congo to support the development of a housing program, beginning with a pilot phase of 500 units.

The Advisory Department continues to support member countries in mobilizing private sector financing through structuring bankable projects, while paving the way for increased ShafDB financing in the housing and urbanization sector.

### 4.6 Capacity Building & Training

Through its thought leadership mandate, the Research and Policy Department, in collaboration with institutions such as Altair and the Affordable Housing Institute (AHI), designed and implemented several training programs.

These trainings targeted:

- Developers
- Government representatives from Ministries of Housing and Urbanization
- National Housing Banks
- National Housing Corporations

Capacity building will remain a major strategic focus going forward, supporting clients with technical expertise in the built environment while strengthening institutional partnerships.

#### 4.7. Operational Metrics & Risk Management

- Multiple projects have reached the approval stage, contributing to growth across all advisory product lines.
- A robust pipeline of signed mandates is positioned for activation across the continent.
- Financial tools (including pricing tools, invoicing controls, and project budget management systems), governance frameworks, legal documentation standards, and monitoring systems have been implemented and strengthened.

The implementation of standardized templates, advisory tools, and approved governance procedures has significantly improved execution consistency and oversight quality.

#### 4.8. Strategic Outlook for 2026

The Department enters 2026 with strong institutional foundations and enhanced operational discipline. Key priorities include:

- Converting signed pipeline engagements into active, revenue-generating projects
- Expanding FIG Advisory services to additional regional financial institutions, alongside scaling the Project Finance Advisory product
- Accelerating revenue collection cycles
- Scaling integrated Investment & Advisory implementation under the operational governance framework

With governance systems fully implemented and advisory procedures standardized, the Department is positioned to transition from structured growth to full-scale holistic project delivery in 2026.

## 4.9 Portfolio Management

### Overview

Portfolio Management is a core pillar of the bank's credit lifecycle and a direct contributor to Strategic Goal 2: Financial Sustainability. Once a facility is disbursed, the Bank assumes an active stewardship role over the exposure - protecting asset quality, safeguarding collateral, enforcing covenant discipline, and maximizing recoveries throughout the life of the loan.

In 2025, the Bank significantly stepped up the depth, discipline, and consistency of its portfolio management activities, supported by parallel investments in institutional capacity and technology, and by the formal establishment of a dedicated Special Purpose Vehicle (SPV) for the orderly resolution of the legacy non-performing loan (NPL) book.

### 4.9.1. Portfolio Management Framework

#### 1.1. Scope and Approach

The Bank's portfolio management framework provides a disciplined and proactive approach to credit risk oversight across the full life of each facility. Core activities include:

- Covenant compliance monitoring - financial, operational, and ESG-related;
- Periodic financial and ESG reporting reviews;
- Conditions Precedent and Conditions Subsequent tracking;
- Security perfection and collateral administration;
- Escrow and Debt Service Reserve Account (DSRA) administration; and
- Restructuring and workout strategies where required.

#### 1.2 Cross-Functional Collaboration

Effective portfolio management is enabled by strong coordination across Credit, Legal, Treasury, Finance, Enter-

prise Risk Management, and Strategy and Technical Services. This integrated model ensures that technical, financial, legal, environmental, and social considerations are consistently embedded in monitoring, escalation, and remedial decision-making.

### 1.3. Portfolio Segmentation and Enhanced Monitoring

Exposures are segmented between performing and underperforming categories, and further classified under IFRS 9 staging (Stages 1-3). Higher-risk exposures are subject to intensified oversight, comprising:

- More frequent borrower engagement and site visits;
- Targeted financial and operational deep-dives;
- Early-warning indicator (EWI) tracking; and
- Elevated reporting to Management and the Board.

Through this disciplined approach, ShafDB continues to strengthen the quality and resilience of its loan book, improve recoveries, and ensure that its financing interventions deliver sustainable developmental and financial outcomes across Africa.

### 4.9.2. NPL Resolution: Special Purpose Vehicle (SPV) Arrangement

In 2025, the Bank achieved a major milestone in its NPL resolution strategy with the formal establishment of a dedicated SPV structure for the carve-out and orderly resolution of legacy impaired exposures.

#### 4.9.2.1 SPV Structure and Legal Constitution

- Mauritius-based Purpose Trust. The Bank successfully registered a Mauritius-based Purpose Trust as the foundational legal vehicle for the SPV arrangement, providing a creditor-remote, ring-fenced structure governed under Mauritius law.
- Africa Special Real Assets - Protected Cell Company (PCC). The SPV was incorporated as a Protected Cell Company under the name Africa Special Real Assets, delivering an additional layer of asset segregation and ensuring that each cell is legally insulated from cross-con-

tamination with other liabilities.

- 13 NPL files acquired via Sale and Purchase Agreement (SPA). The SPV acquired 13 selected NPL files from Shelter Afrique under a formal Sale and Purchase Agreement executed on a true-sale basis.

#### **4.9.2.2 Regulatory and Accounting Objectives**

The SPV arrangement is specifically structured to deliver two key outcomes:

- Balance sheet de-recognition. The true-sale basis of the SPA is designed to ensure that the 13 NPL files are cleanly removed from Shelter Afrique's balance sheet, releasing the associated provisions and capital charges tied to the legacy impaired book.
- Group-level insulation. The PCC structure, combined with the Mauritius-based Purpose Trust, ensures that the SPV remains legally and financially distinct from the Parent, preventing the legacy NPL book from continuing to burden the Group's consolidated financial position.

A loan sale and Purchase agreement was entered into as of 31 Dec 2025 to sell a selected legacy nonperforming loans (NPLs) Portfolio of 13 accounts to the SPV. The Company still retains the credit risk on these financial instruments.

For reporting purposes, the thirteen (13) selected loan-and advances are reported as part of SHAF loans and advances in compliance with IFRS Accounting Standards 9 and 10.

The background features a blurred image of a hand pointing at a laptop screen. The screen displays a data table with various colored cells (blue, green, red, yellow) and text, suggesting a business or analytical context. Overlaid on this are several large, semi-transparent circular shapes in shades of blue and purple, creating a modern, layered design.

CHAPTER 5

*Organizational Performance*

## CHAPTER 5

### Organizational Performance

#### 5.1 Financial Performance

The year 2025 performance resulted in achievement of financial sustainability through profitability of US\$ 2,144,728 (2024: US\$ 1,790,265 Profit). Consequently, the revenue streams continued to be stable year on year; this was driven by moderate disbursements of US\$ 63M (2024; US\$ 24.06 M) leading to a sustained growth of the loan book.

However, the Company recorded an operating profit of US\$ 0.49 Million, a 9 per cent decrease from the operating profit of US\$ 0.54 million in 2024. The comprehensive profit was US\$ 2,144,728, a 20 per cent increase from the previous year's profit of US\$ 1,790,265. There was also a fair value gain of US\$ 1.18 Million from the equity fair valuation and post-employment benefit gain of US\$ 0.16 Million contributing to the other comprehensive income profit of US\$ 1.50 Million for the period. Interest income remained stable at US\$ 18.62 Million from US\$ 18.65 Million. This is on the back of the 29 per cent increase in the net loan book from US\$ 134.78 Million in 2024 to US\$ 174.08 Million in 2025.

The Company also recorded a 16 percent decrease in interest expense from US\$ 4.72 Million in 2024 to US\$ 3.95 Million, mainly due to the repayment of the naira bond during the year and despite drawdown of Afrexim (US\$ 25M) & FSDH Facility( US\$ 1.3M).

It is also important to note that in absolute terms, the Company's operating expenses had an 11 per cent increase from US\$ 9.98 Million in 2024 to US\$ 11.05 Million in 2025.

#### 5.2 Financial Position

The Banks's balance sheet size increased by 12% Year on Year to US\$235 Million from US\$208 Million at year

*The revenue streams continued to be stable year on year; this was driven by moderate disbursements of US\$ 63M (2024; US\$ 24.06 M) leading to a sustained growth of the loan book.*

end. The main effect was the impact from the receipt of Afrexim & FSDH facilities and the appreciation of foreign currencies against the USD.

Liquidity decreased by 32% per cent from US\$ 45.21 Million in 2024 to US\$ 30.86 Million in 2025, attributed to Equity capital subscriptions receipts of \$664K, and loan collections of US\$ 38.44 Million for the period. Project Loan disbursements; US\$ 63 Million. Also, the impact of appreciation of all the currencies against the US\$ during the year (Euro;13%, GBP;7.25%, Kshs;0.22%, NGN; 6.52%, CFA;11.51%, ZAR;11.64%) significantly affecting the US\$ equivalent of the currency Cash & cash equivalents. Other outflows relate to payments of operating expenses during the year. The Liquidity Ratio (LR) closed at 14%, 1% points below the 15% minimum policy threshold.

Shareholder Funds increased by 2 per cent from US\$ US\$ 173.29 Million in 2024 to US\$ 176.09 Million in 2025 due to the Profit for the period of US\$ 2.14 Million and capital

receipts of US\$ 0.66 Million.

Debt increased by 76 per cent from US\$ 28.16 Million in 2024 to US\$ 49.44 Million in 2025. The increase is explained by the receipt of the Afrexim US\$ 25 M facility, the net movement of the accrual of interest expense of US\$ 3.92M and tranche bond repayments during the period were US\$ 10.30M (Principal, US\$ 6.85 & Interest, US\$ 3.45 M). The AfreximBank facility of US\$50m was signed in June 2025 and US\$15M drawn at the end of August and US\$ 10M in December to support disbursements. Total borrowings repayment done during the year amounted to US\$ 10.30M (Principal, US\$ 6.85 & Interest, US\$ 3.45 M).

### 5.3 Changes in Equity

Total equity increased by increased by 2 per cent from US\$ US\$ 173.29 Million in 2024 to US\$ 176.09 Million in 2025 due to the Profit for the period of US\$ 2.14 Million and capital receipts of US\$ 0.66 Million.

### 5.4 Cash Flows

Cash and cash equivalents decreased by 32% per cent from US\$ 45.21 Million in 2024 to US\$ 30.86 Million in 2025, attributed to; key cash inflows :- US\$ 65.40 Million which included (i) Project loan receipts (US\$ 38.44 Million), (ii) Shareholders capital payment of US\$0.66 Million, (iii) Afrexim Facility of US\$ 25 Million and FSDH Facility of US\$ 1.3 Million. Key Cash outflows US\$ 84.35 Million included (i) Naira bond coupon repayment US\$ 10.30 Million (Principal repayment, US\$ 6.85 Million and Interest repayment, US\$ 3.45 Million) (ii) disbursement US\$ 63 Million, (iii) payments of operating expenses of US\$ 11.05 Million. Also, due to the positive the impact of appreciation of all the currencies against the US\$ during the year (Euro;13%, GBP;7.25%, Kshs;0.22%, NGN; 6.52%, CFA;11.51%, ZAR;11.64%) significantly impacting the US\$ equivalent of the currency Cash & cash equivalents. The Liquidity Ratio (LR) closed at 14%, 1% points below the 15% minimum policy threshold.

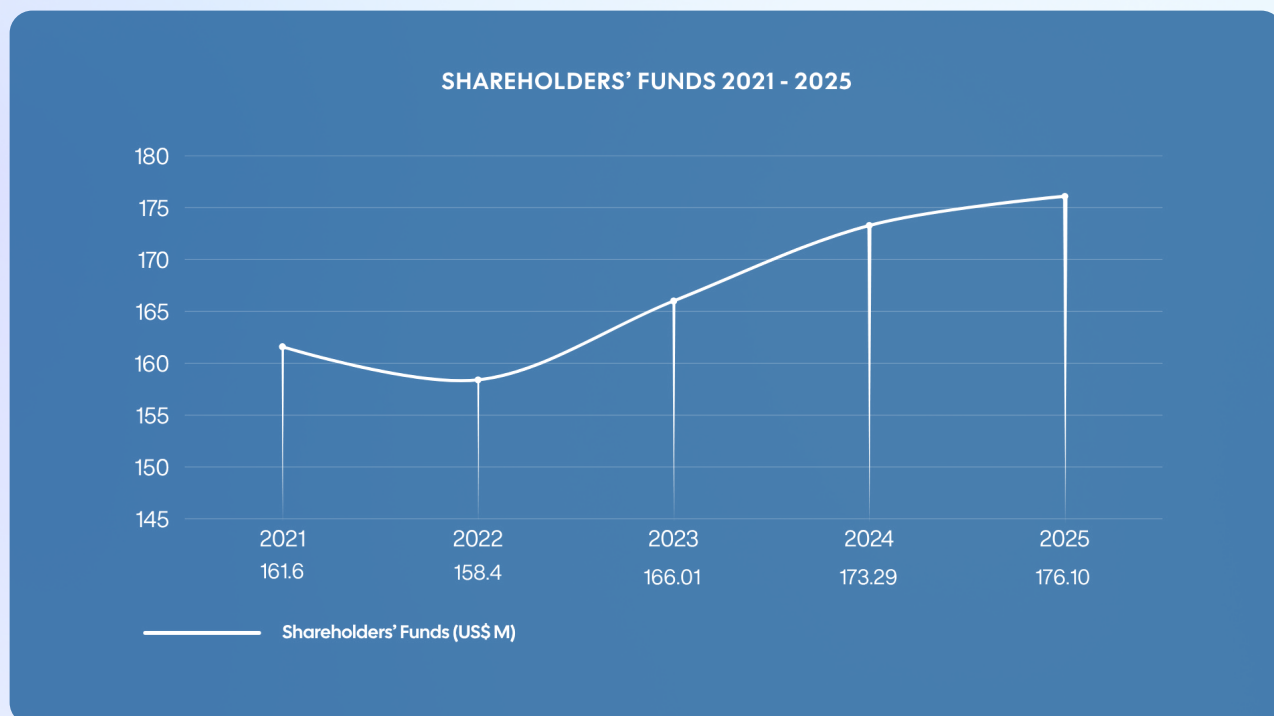


Figure 5: Shareholders Funds

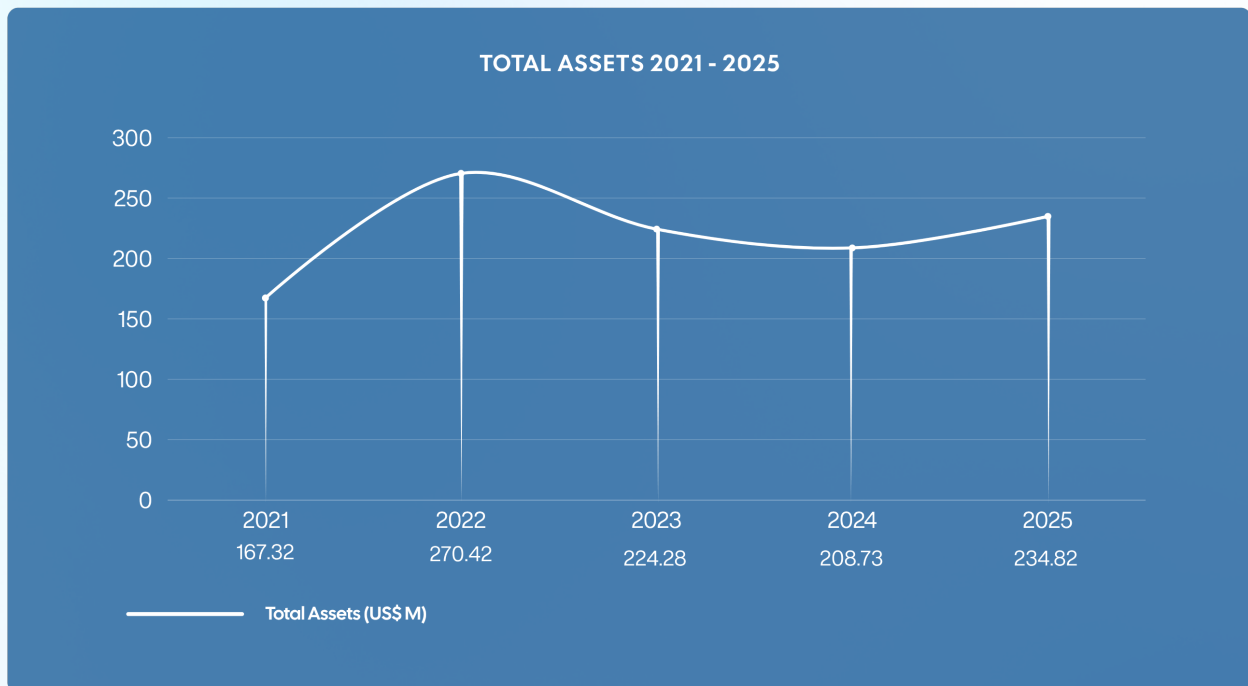


Figure 6: Cross-section of Total Assets in a Five-year period

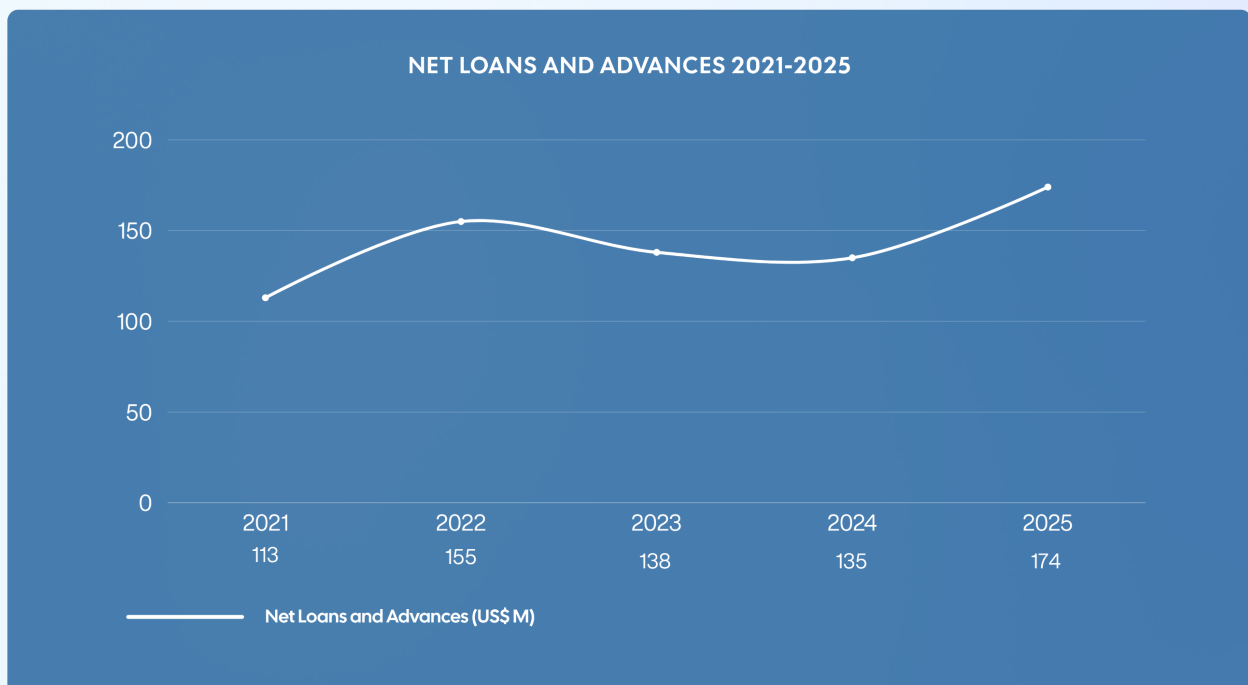


Figure 7: Net Loans and Advances in a Five-year period



CHAPTER 6

*Capital Mobilization and  
Membership Growth*

## CHAPTER 6

### Capital Mobilization And Membership Growth

#### 6.1 Positioning the balance sheet to support development impact

In 2025, Treasury continued to strengthen ShafDB's capacity to mobilize fit-for-purpose funding solutions — in the right currency, at the right tenor and with the right structure — in support of affordable housing and urban development across Africa.

#### 6.2 Treasury Developments

In 2025, the Treasury function of Shelter Afrique Development Bank (ShafDB) continued to play a central role in supporting the Bank's transformation into a more resilient, market-responsive and impact-driven development finance institution.

Treasury's role extends beyond liquidity and funding management. It is instrumental in ensuring that the Bank mobilizes and deploys resources in a manner that is aligned with the currency, tenor and structural needs of the projects and programmes it finances.

This remains particularly important in the housing and urban development sectors, where project cash flows are often generated in local currency, while a significant share of available funding is sourced in hard currency. Managing this structural mismatch is essential to preserving affordability for clients, strengthening repayment capacity and safeguarding portfolio quality over the long term.

Against this backdrop, ShafDB continued to advance a Treasury strategy focused on mobilizing fit-for-purpose funding solutions, combining both direct local currency resources and synthetic local currency structures de-

signed to mitigate foreign exchange and interest rate risks.

A key milestone during the year was the successful establishment of the Bank's capability to structure and deploy such synthetic local currency solutions. This capability was subsequently utilized for a Kwacha disbursement in 2026, representing an important step forward in aligning financing structures more closely with the underlying economics of client projects.

#### 6.2.1 Advancing the Capital Markets Agenda

ShafDB also made meaningful progress in implementing its capital markets strategy, which is intended to position African local currency capital markets as a core source of funding for the Bank's development mandate.

In West Africa, the Bank advanced preparations for its inaugural FCFA 60 billion Sustainable Bond programme, intended to support operations across the West African

*A key milestone during the year was the successful establishment of the Bank's capability to structure and deploy such synthetic local currency solutions.*

Economic and Monetary Union (UEMOA).

In parallel, ShafDB initiated preparatory work for its future East Africa Sustainable Bond Programme, envisaged as a multi-currency, multi-tranche platform with an aggregate target of USD 500 million over the next five years.

These initiatives form part of the Bank's broader commitment to accessing the market through sustainable thematic instruments, including social, green and sustainable bonds.

Beyond supporting the Bank's own funding needs, ShafDB's participation in African debt capital markets is also intended to contribute to the deepening, diversification and strengthening of regional capital market ecosystems.

### **6.2.2 Strategic Partnerships and Funding Diversification**

To support the execution of its inaugural sustainable issuance in West Africa, ShafDB entered into a strategic partnership with the Global Green Growth Institute (GGGI), which is providing technical assistance for the preparation of the transaction.

This support includes the development of the Bank's Sustainable Finance Framework, the procurement of the Second Party Opinion, support for future impact reporting, and assistance on transaction positioning and investor marketing.

At the same time, Treasury continued to broaden the Bank's access to hard currency funding sources, with a growing focus on engagement with green and climate-focused funds, impact-oriented investors, and Islamic finance institutions and funds.

### **6.2.3 Modernizing Treasury Operations**

Operationally, 2025 also represented a foundational year in the modernization of Treasury.

Work commenced on establishing ShafDB's future Treasury Dealing Room, including the operationalization of SWIFT-based deal confirmation and settlement capabilities and the initiation of RMA exchanges with correspondent banks.

These efforts are expected to strengthen Treasury's market connectivity, operational efficiency and ability to engage more broadly with international financial counterparties over time.

### **6.2.4 Strong Financial Performance**

Treasury delivered strong financial performance during the year. The Foreign Exchange portfolio recorded a positive result of USD 0,83 million, compared to a budgeted loss of USD 1.036 million.

Similarly, Money Market income reached USD 2.5 million, significantly above the approved budget of USD 1.5 million.

Liquidity remained prudently managed throughout the year, with the Bank closing 2025 with a Liquidity Ratio of 14.4%, broadly aligned with its internal target of 15%.

### **6.2.5 Looking Ahead**

Looking ahead, Treasury will remain central to ShafDB's efforts to expand its funding base, strengthen its local currency financing capabilities, deepen its capital markets presence, and enhance overall balance sheet efficiency.

These priorities will remain critical to ensuring that the Bank continues to mobilize the right resources, on the right terms, in support of its mission to deliver decent and affordable housing for all in Africa.



### 6.3 Equity Mobilization

Shelter Afrique Development Bank advanced its equity mobilization efforts in 2025 with strategic focus and notable progress, building on approvals from the 43rd and 44th Annual General Meetings (AGMs). These initiatives strengthened the Institution's capital base, fostering sustainable housing and urban development across Africa amid macroeconomic challenges.

#### 6.3.1 Capital Restructuring

Following the approval of the capital increase programme at the 43rd Annual General Meeting (AGM) held in Kigali, Rwanda in June 2024, and subsequent Board approval of the share capital restructuring in November 2024—communicated to shareholders in December 2024—the Institution continued with implementation of the approved framework in 2025. The programme was further endorsed at the 44th AGM held in Algiers, Algeria in July 2025.

The transformational restructuring framework aimed to reinforce Shelter Afrique Development Bank's equity

base remains anchored on:

- An offer of additional shares equivalent to USD 200,001,492 (112,804 shares), allotted pari passu to existing shareholders;
- Flexible three-year installment payment terms;
- Reallocation of unsubscribed shares to willing member states on a first-come, first-served basis; and
- Regularization of arrears US\$236,207,225 representing (133,224.54 shares) through the forfeiture and reallocation mechanism in line with Article 12(d), which provides that members can only exercise their right or privilege where there are no outstandings obligations

In 2025, efforts were primarily directed towards operationalizing the framework, deepening shareholder engagement, and securing commitments under the approved structure.

#### 6.3.2 Capital Mobilization in 2025

The capital increase programme recorded significant traction in 2025, with total capital commitments reaching USD 293.3 million, representing 67.2% of the overall target of USD 436 million.

The commitments are comprised of shareholders paying from their own national budget or the BADEA Equity Financing Facility.

### 6.3.3 Equity Financing Facility

At the 43rd Annual General Meeting, further approval was granted under resolution 15, which:

- i. Approved and supported the proposal for a capital increase under an innovative financing model between Shelter Afrique Development Bank (ShafDB), the **Arab Bank for Economic Development in Africa (BADEA)**, and Member States.
- ii. Encouraged eligible Member States to sign the Declaration of Interest to participate in the program.
- iii. Acknowledged the significant role this initiative will play in enhancing ShafDB's capacity to deliver on its mandate and strategic objectives, which included promoting affordable housing and sustainable urban development in Africa.

In June 26th, 2025, The Board of Directors of BADEA approved an initial allocation of USD 120 million to support the capitalization program of Shelter Afrique Development Bank.

The milestone was marked by a landmark Framework Agreement signing ceremony held on Tuesday, 29th July 2025 formalizing the partnership between BADEA and Shelter Afrique Development Bank.

**Six member countries** have requested a total of **USD 86 million**, reinforcing the role of strategic partnerships in accelerating capital uptake.

A significant portion of this support has already been requested by several shareholder states. An estimated balance of approximately USD 34 million within the aforementioned envelope remains available for subscription. There are ongoing discussions between various member states for the uptake of the balance.

These developments reflect strong shareholder confidence and sustained momentum despite prevailing macroeconomic pressures.

### 6.3.4 New Membership

Efforts to expand the Institution's membership base continued in 2025, building on prior approvals and ongoing engagements with prospective member states.

**South Sudan (Class A)**, already approved by the Annual General Meeting, was re-engaged through the Ministry of Housing. The authorities expressed interest in being supported to effect their capital subscription, including through financing mechanisms with partner institutions such as AfDB or BADEA.

Engagements with the **Union of the Comoros (Class A)** progressed during the year, with formal communication submitted to the Institution confirming interest in membership. Discussions are ongoing to finalize the level of share subscription, following which the proposal will be submitted for Board consideration and subsequent recommendation to the AGM.

In the **Republic of Angola (Class A)**, progress was recorded with the submission of the Institution's constitutive documents to the Ministry of Finance for review, marking an important step towards potential accession.

These developments reflect sustained momentum in broadening the shareholder base and deepening continental participation. They also position the Institution to further strengthen its capital base and enhance its capacity to deliver on its mandate.

The background features a globe with a blue and green color scheme, overlaid with a blue circular graphic. The globe shows continents and oceans, with a blue circular graphic partially covering it. The overall theme is sustainability and global development.

CHAPTER 7

*Sustainability, Inclusive  
Development And Partnerships*

## CHAPTER 7

### Sustainability, Inclusive Development And Partnerships

#### Strategic Partnerships and Development Impact – 2025

##### 7.1 Engagement with National Housing and Urban Development Institutions

In 2025, as part of its commitment to promoting sustainable development in the housing and urban development sector in Africa, the Bank strengthened its engagement with Member States by focusing its strategy on high-impact strategic partnerships generating significant economic and social returns.

Within this framework, the Bank has positioned itself as a strategic partner of choice for National Housing Institutions and National Housing Corporations (NHIs/NHCs) across its member countries. The new partnership framework aims to enhance the credibility and institutional positioning of these entities vis-vis strategic and financial partners. This support focuses on improving institutional effectiveness, governance standards, and the quality of housing programs and projects developed.

To launch this strategic repositioning, the Bank organized two capacity-building training series for NHIs, aimed at strengthening their ability to prepare, structure, and manage large-scale, high-impact real estate development projects. In addition, the Bank introduced a new partnership model through which NHCs benefit from ShafDB's advisory and technical assistance throughout the entire affordable housing project cycle — from project identification, feasibility studies, financial structuring, and implementation strategy development to resource mobilization and efficient project execution.

In this regard, a two-year advisory services agreement

*The new partnership framework aims to enhance the credibility and institutional positioning of these entities vis-vis strategic and financial partners.*

was signed with the Société Nationale Immobilière du Gabon (SNI) and is currently under implementation. A similar advisory agreement was also concluded with the Ministry of Construction and Housing of the Republic of the Congo to support the Société de Promotion Immobilière (SOPRIM) and the Banque de l'Habitat du Congo (BHC).

Advanced discussions are ongoing with the Democratic Republic of the Congo, the Republic of Guinea, the Central African Republic, and Niger to establish similar partnership frameworks. To date, the Bank has built, in collaboration with NHCs, a project pipeline exceeding 5,000 housing units.

##### 7.2 Direct Partnerships with Governments

Through its Public-Private Partnerships and Sovereign Lending Department, ShafDB provided advisory services and technical assistance to accelerate the pre-develop-

ment and structuring phase of a 3,000 affordable housing units project with the Government of the Republic of Côte d'Ivoire. Technical feasibility studies were completed in 2025, and the project has now entered the investment phase.

Furthermore, the Bank is finalizing due diligence processes to co-create, with the Government of Togo, a special purpose vehicle (SPV) through a catalytic equity participation. The SPV will be responsible for designing and implementing a 3,000 affordable housing development located approximately 45 kilometers from Lomé. The operational launch of the SPV is expected before the end of the first half of 2026.

The bank has developed NHC /Governments engagements implementation strategy targeting all the member countries with different level of priority such as capital increase participation, ratification of ShafDB new statutes ratification or active participation into the Bank's activities.

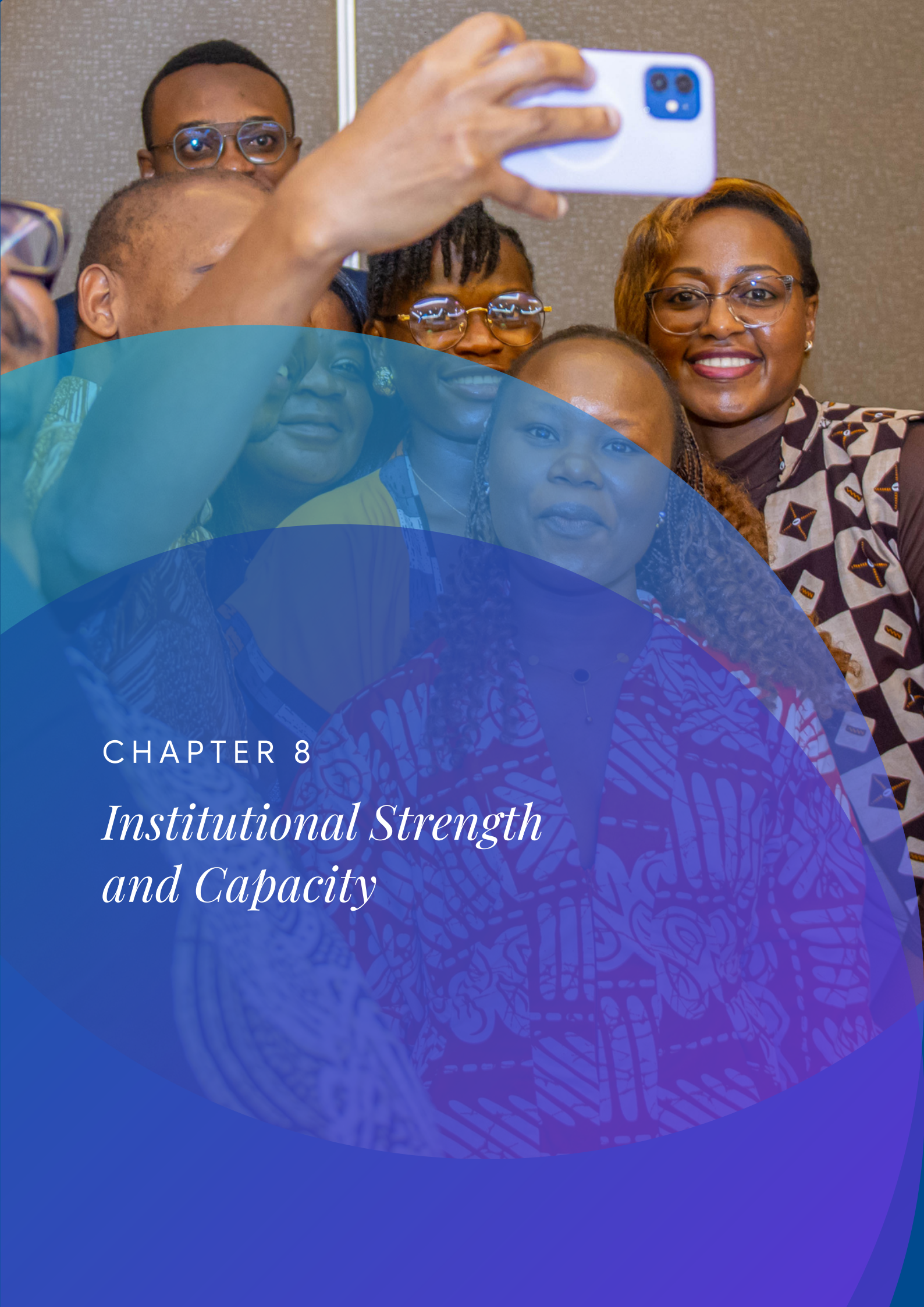
### **7.3 Partnerships with Development Finance Institutions**

Africa's housing deficit is estimated at more than 52 million new housing units. Based on an estimated average selling price of USD 350,000 per unit, total financing needs exceed USD 12.46 trillion. Given the magnitude of this challenge, ShafDB alone cannot provide sufficient financing solutions. Accordingly, the Bank has strengthened its co-financing and resource mobilization strategy. In 2025, ShafDB signed a partnership agreement with Afreximbank to co-finance the project preparation phase of real estate developments — a critical stage to enhance bankability and investment readiness.

Moreover, the African Development Bank (AfDB), through the New African Financial Architecture (NAFA), provides a unique platform enabling African development finance institutions (DFIs) to syndicate and mobilize large-scale

funding for transformative projects. ShafDB is an active participant in the NAFA platform and intends to develop strategic partnerships with its members to mobilize substantial resources for the housing and urban development sector.

The Bank is also engaged in advanced discussions with non-regional partners, including the Banque arabe pour le développement économique en Afrique (BADEA) and the Arab Coordination Group (ACG), to further expand its financing capacity and enhance the leverage effect of its interventions.



CHAPTER 8

*Institutional Strength  
and Capacity*

## CHAPTER 8

### Institutional Strength and Capacity

#### 8.1 People And Organizational Development

At Shelter Afrique, our people remain central to the successful delivery of our pan-African housing and urban development mandate. During the reporting year, we continued to strengthen our human capital foundation by enhancing workforce capability, driving performance excellence, and reinforcing a culture of accountability, diversity, and inclusion.

As of 31 December 2025, the organization maintained a workforce of Fifty-Five (55) employees, reflecting stable and strategic staffing aligned with institutional priorities. Recruitment efforts focused on strengthening core competencies in project finance, risk management, ESG, sustainability, and digital transformation. Gender and regional diversity remain key priorities, with continued efforts to enhance female representation in leadership and technical roles.

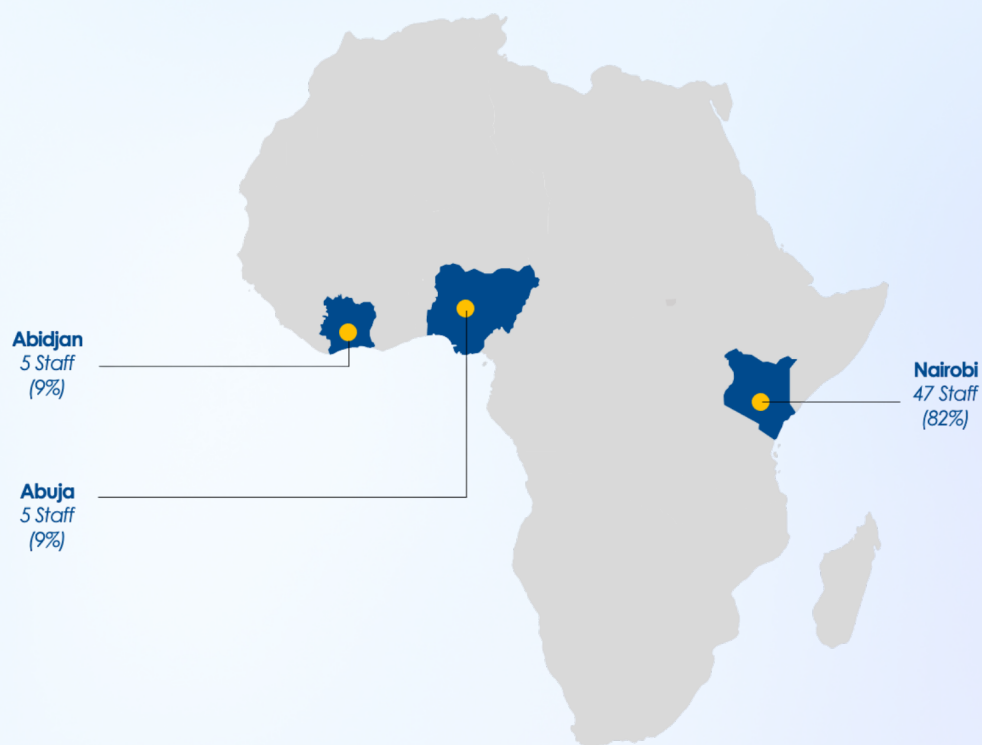


Figure 3: ShafDB Employee Distribution

### 8.1.1 Learning and Development

Investment in learning and development remained a strategic priority. During the year, employees participated in structured training programs aligned with corporate objectives, including leadership development, financial and credit analysis, ESG and climate finance, compliance, and governance.

The average training hours per employee increased compared to the previous year, reflecting our commitment to continuous professional development. Digital learning platforms and hybrid delivery models were further leveraged to improve access to training across teams and locations.

### 8.1.2 Performance Management

Shelter Afrique operates a results-driven performance management framework aligned to its strategic pillars and corporate scorecard. Annual goal setting, mid-year reviews, and year-end evaluations ensure accountability and clarity of expectations across all levels.

Performance outcomes during the year reflected a strong culture of delivery, with the majority of employees meeting or exceeding performance expectations.

### 8.1.3 Employee Engagement and Wellbeing

Employee engagement remains a core focus area. Targeted initiatives were introduced to enhance collaboration, streamline processes, and clarify career progression pathways.

Employee wellbeing programs, including comprehensive medical coverage, flexible work arrangements, wellness initiatives, and access to employee support services, contributed to a supportive and productive work environment.

### Other activities

- **Team Building Activities**

Team-building initiatives were organized to strengthen collaboration, improve communication, and enhance working relationships among employees across departments in the Headquarters and Regional Offices. The team building events increased employee engagement and motivation by creating a positive and supportive work environment. The activities also reinforced ShafDB values, organizational goals, and a sense of belonging among staff.

- **End-of-Year Staff Party**

As part of its continued commitment to employee engagement, staff welfare, and institutional culture, Shelter Afrique Development Bank held its End-of-Year Staff Party to bring together employees in celebration of the year's achievements and shared milestones.

The event provided an opportunity for staff and management to reflect on the progress made during the year, appreciate individual and team contributions, and strengthen workplace relationships in a relaxed and informal setting. It also served as an important platform for promoting teamwork, collaboration, and a sense of belonging across the institution.

The End-of-Year Party contributed positively to staff morale and motivation, while reaffirming the Bank's appreciation of its employees as key drivers of institutional performance. The event closed the year on a positive note and encouraged staff to enter the new year with renewed energy, commitment, and alignment to the Bank's strategic objectives.

## 8.2 Risk And Compliance Management

### 8.2.1 ERM overview and risk posture in 2025

In 2025, the Bank continued to strengthen its Enterprise Risk Management (ERM) capability as a core enabler of strategy execution, financial resilience and stakeholder confidence. Building on the foundations established in 2024—particularly the automation of key risk processes through the Bank’s GRC platform and enhanced risk governance—the Bank maintained a disciplined risk posture focused on:

- **Protecting the balance sheet and safeguarding capital and liquidity buffers**, consistent with the Board-approved risk appetite and rating agency expectations.
- **Sustaining robust credit risk oversight** across approvals, monitoring and recoveries, supported by clear committee governance and risk reporting.
- **Strengthening operational resilience**, including business continuity readiness and technology/ cybersecurity risk management as a top enterprise priority.
- **Deepening conduct, ethics and integrity controls** under a zero-tolerance approach to fraud, corruption and unethical behavior, aligned to global anti-corruption conventions and FATF principles.
- **Embedding sustainability/ ESG and climate risk considerations** in decision-making, including alignment to leading climate disclosure and risk frameworks (e.g., TCFD).

Overall, the Bank’s 2025 risk profile reflected a deliberate balance between:

- supporting growth and mandate delivery in affordable housing across Africa; and
- preserving financial strength through prudent risk limits, strong governance and proactive monitoring.

*The Bank continued to strengthen its Enterprise Risk Management (ERM) capability as a core enabler of strategy execution*

### 8.2.2. Risk governance and ERM operating model

The primary objective of ERM is to protect the Bank’s assets and support shareholder value by ensuring risks are identified, measured, managed, monitored and reported in a clear and consistent manner. In line with international best practice, the ERM programme is underpinned by risk governance, risk architecture, approval mechanisms, policies and procedures, and a strong internal control environment.

### 8.2.3 Governance structure (Combined Assurance Model):

The Bank applies a Combined Assurance Model to coordinate assurance across the Bank and provide the Board and Management with a single, consolidated view of risk coverage, control effectiveness, gaps and remediation progress.

- **Management assurance (Business & Support Units):** Own risks and controls; implement daily controls; provide control/KRI performance updates and action closure evidence.
- **Risk oversight (ERM & Compliance):** Set risk frameworks and standards; monitor risk appetite, KRIs and incidents; conduct thematic reviews; coordinate stress testing; track and report remediation across top risks.
- **Independent assurance (Internal Audit):** Provides independent assurance on the effectiveness of governance, risk management and internal controls, and verifies closure of high-risk actions.
- **External/ specialist assurance:** External audit, ISO 9001:2015 audits, ICT/cyber reviews and other independent assessments provide additional assurance inputs.
- **Coordination & reporting:** Assurance activities are aligned through an annual Combined Assurance Plan,

and consolidated reporting is escalated through management committees and the Board Audit & Risk Committee.

#### 8.2.4 Committee oversight:

- **Credit origination and approvals:** Credit proposals are reviewed through the Management Credit Committee (MCC), which ensures compliance with credit guidelines and policies and recommends loan approvals, restructurings, and NPL recoveries to the Board for decision-making.
- **Portfolio monitoring and recoveries:** Asset quality, arrears trends, impaired exposures, and recovery/workout strategies are overseen through the Loan Monitoring and Recoveries Committee (LMRC), including review of delinquency reports, adequacy of provisions for NPLs, and consideration of restructuring/workout actions within delegated authority.
- **Liquidity, funding and market risk oversight:** The Assets and Liabilities Committee (ALCO) oversees balance sheet structure and key financial risks, including liquidity, funding, capital, interest rate and FX risks, and provides direction on liquid asset buffers and related policies.

*In FY2025, the Bank maintained a strong capital buffer, supporting resilience, growth capacity and stakeholder confidence.*

- **Operational risk and enterprise-wide risk monitoring:** The Management Operations Committee (MOC) provides cross-functional oversight of operational matters (including ICT and enterprise risk), monitors enterprise-wide risks/heatmaps, and escalates key operational risk issues and actions to EXCO for noting/approval.
- **Combined assurance coordination:** The Combined Assurance Supervisory Committee (CASC) strengthens assurance coordination in line with King IV by overseeing material risks, assessing the adequacy of the internal control environment, and providing assurance on the reliability and integrity of risk reporting and other internal/external stakeholder reporting.

#### 8.2.5 Key risks and how the Bank managed them in 2025

Consistent with the Bank's risk taxonomy, the principal risks include credit risk, capital risk, investment risk, liquidity and funding risk, market risk, operational risk, and residual risks such as strategic, governance, reputational, macroeconomic, country/ transfer and concentration risks. A few of these risks are described below.

##### 8.2.5.1 Capital adequacy and balance sheet resilience

In FY2025, the Bank maintained a strong capital buffer, supporting resilience, growth capacity and stakeholder confidence. Capital management remained firmly aligned to the Board-approved risk appetite and market expectations, underpinned by disciplined capital planning, risk-weighted asset optimisation, and forward-looking stress testing to validate adequacy under adverse conditions. The Bank closed the year with a CAR of 57.64% (policy minimum  $\geq 25\%$ ), demonstrating solid headroom to absorb shocks while continuing to deliver on its development mandate.

##### 8.2.5.2 Credit risk (portfolio quality, concentration and recoveries)

Credit risk management remained a core strength in FY2025, supported by robust governance, disciplined underwriting,

active portfolio monitoring and focused recoveries. The Bank maintained a balanced portfolio across Project Finance and Lines of Credit, with concentrations proactively monitored through approved limits and enhanced oversight of large exposures. Asset quality trends improved materially year-on-year, with the Net NPL at 17.7%, reflecting significant progress on legacy remediation, restructuring discipline and recoveries.

#### **8.2.5.3 Liquidity and funding risk**

The Bank sustained a resilient liquidity and funding position in FY2025, reflecting prudent balance sheet management and a conservative liquidity risk posture. The Bank maintained quality liquidity buffers and strong structural funding metrics alongside active cashflow matching and contingency readiness. Funding was diversified across capital markets, bilateral lines and DFI sources, with refinancing risk managed through maturity profiling supported by an operational Contingency Funding Plan with defined triggers, stress testing and pre-identified funding actions.

#### **8.2.5.4 Market risk (FX, interest rate and valuation/MTM risk)**

Market risk oversight in FY2025 remained structured and governance-led, with clear Board-defined limits, regular monitoring and management actions to safeguard earnings and capital. The Bank applied standard DFI tools including FX exposure monitoring, repricing gap and sensitivity analysis for interest rate risk, and rigorous valuation governance for mark-to-market positions. For the investment book, valuation practices were supported by independent pricing sources, monthly verification and strong governance through ALCO/EXCO, reinforcing transparency and discipline in risk measurement and reporting.

#### **8.2.5.5 Operational risk and resilience (including business continuity)**

*The Bank sustained a resilient liquidity and funding position in FY2025, reflecting prudent balance sheet management and a conservative liquidity risk posture.*

Operational resilience strengthened further in FY2025 through embedded risk ownership across the Bank, supported by ERM oversight and increased process discipline enabled by the E-Accelerate GRC platform. The Bank maintained structured routines for RCSA updates, KRI monitoring and incident/loss event management, ensuring risks are identified early, escalated appropriately, and addressed through root-cause remediation and tracked corrective actions. Business continuity capability remained aligned to international standards, covering crisis response, people continuity, business recovery and IT disaster recovery, supporting sustained service delivery across operations.

#### **8.2.5.6 Technology and cybersecurity risk**

Technology and cybersecurity resilience remained a priority in FY2025, supported by clear governance controls and a strong staff awareness culture. The Bank recorded zero cyber security incidents during the year, while attempted phishing activity was promptly identified and escalated, enabling timely mitigation. System reliability remained high with ~97% availability and minimal downtime events, and third-party technology dependencies were managed to ensure continuity of critical outsourced services.

### 8.2.5.7 Governance, ethics, conduct and integrity risk

In FY2025, the Bank continued to reinforce a strong integrity and conduct culture aligned to global standards, supported by its Anti-Corruption and Integrity Framework. The Bank maintained a zero-tolerance posture on bribery, fraud and unethical conduct, anchored on preventative controls and disciplined response mechanisms such as third-party due diligence (KYC), whistleblowing arrangements, ABAC training and ongoing risk assessments—strengthening institutional trust and safeguarding stakeholder interests.

### 8.2.5.8 ESG and climate risk

The Bank continued integrating ESG considerations, strengthening internal processes, oversight and capability across relevant teams. The Bank also advanced its climate risk approach in line with TCFD-style principles, supporting improved identification, measurement and management of climate-related risks and opportunities—consistent with evolving stakeholder expectations for DFIs/MDBs and the Bank's affordable housing mandate.

### 8.2.5.9 Stress testing and forward-looking risk analysis

Stress testing remained a core element of the Bank's forward-looking risk governance in FY2025, supporting early warning, strategic decision-making and buffer management. The Bank applied a structured suite of sensitivity and scenario analyses across credit, market, liquidity and operational risks, including severe but plausible shocks (FX, rates, portfolio migration, funding stress and operational loss escalation). Results were used to validate capital and liquidity resilience, inform risk appetite calibration, and guide targeted management actions—supported by strong governance through ALCO and es-

calation to BARC where required.

### 8.2.6 ERM priorities and plans for 2026

In 2026, the Bank will continue advancing ERM maturity, with priorities aligned to protecting financial resilience while enabling strategic growth and transformation:

#### i. Credit risk and asset quality transformation

- Strengthen early warning/ watchlist governance, covenant monitoring and proactive restructuring discipline.
- Enhance recoveries and legacy asset remediation (where applicable) with clearer performance reporting and accountability.

#### ii. Capital and liquidity resilience under growth and market volatility

- Deepen forward-looking capital planning and RWA optimization linked to the risk appetite and funding strategy.
- Strengthen liquidity risk measurement (including multi-tenor liquidity analytics), contingency funding readiness and stress testing integration into ALCO decisions.

#### iii. Operational excellence, controls and turnaround time (TAT) discipline

- Expand RCSA and control testing coverage to critical end-to-end processes; formalize control assurance reporting and remediation SLAs.
- Use GRC analytics to target root causes of operational losses and recurring incidents.

#### iv. Cybersecurity and technology risk

- Expand cyber resilience programme: privileged access controls, third-party tech risk governance, incident response drills, and user awareness maturity.

#### v. Integrity, conduct and third-party risk management

- Strengthen KYC/third-party risk segmentation and monitoring; reinforce ABAC training, conflict-of-interest controls and whistleblowing responsiveness.

*In 2025, the institution significantly intensified its efforts to advance operational excellence in support of its core mandate and strategic objectives.*

**vi. ESG, climate risk and impact integrity**

- Operationalize climate risk analytics aligned to TCFD-style metrics and integrate ESG controls deeper into origination/monitoring processes.

**vii. Risk culture and capability building**

- Expand targeted risk training (credit analytics, market risk, operational risk, ESG) and strengthen “risk champions” network across departments to reinforce first-line ownership.

### 8.3 Institutional management

The Bank significantly intensified its operational excellence agenda in 2025, with the deliberate objective of improving efficiency, strengthening internal controls, enhancing service delivery, and mitigating operational risk across key business functions. In parallel, new initiatives were launched to reinforce critical points along the value chain - ensuring quality at entry, strengthening fundraising capacity, and supporting effective implementation of thematic projects.

#### 8.3.1 Operational Excellence and Process Re-engineering

Operational efficiency remained a key priority as the Bank advanced the comprehensive revamping of its core business processes under its broader operational excellence and transformation agenda. Particular emphasis was placed on:

- The end-to-end lending lifecycle, where key processes were formally documented, mapped, and reviewed to enhance clarity, strengthen accountability, and improve turnaround times.
- The procurement function, which was significantly strengthened to promote transparency, reinforce governance, and ensure value for money - through streamlined approval workflows, improved documentation standards, tighter compliance controls, and stronger alignment with internal policies and regulatory requirements.

#### 8.3.2 Strengthening Underwriting Capacity

The Underwriting Unit was reinforced through the onboarding of a dedicated Credit Manager to oversee underwriting activity and entrench quality at entry.

### 8.4 Information communication, technology and automation

#### 4.1 Continuous Automation

The Bank deepened its commitment to robust records and information management through the implementation of an Electronic Document and Records Management System (EDRMS). In parallel, it accelerated its automation agenda by optimizing the existing Enterprise Resource Planning (ERP) platform to drive greater efficiency and process integration. Several manual and semi-automated workflows were re-engineered and automated, delivering measurable improvements in turnaround times, data accuracy, consistency, and reporting reliability - and materially reducing operational error rates.

#### 4.2 Information Security

The Bank executed a strategic upgrade of its security infrastructure to enhance resilience and safeguard critical digital assets. These enhancements reinforced the Bank’s defen-

sive posture against evolving cyber threats - including ransomware, phishing, insider risks, and unauthorized access. Endpoint asset management capabilities were significantly enhanced, providing improved visibility, control, and governance over all devices connected to the network and reinforcing overall security oversight.

#### **4.3 Business Continuity**

The Bank developed and formally approved a comprehensive Business Continuity Management (BCM) Policy to bolster organizational resilience and preparedness. The policy establishes a structured framework to ensure continuity of critical operations in the event of disruptions such as cyber incidents, system failures, natural disasters, or other unforeseen events. In addition, robust incident management processes and procedures were formalized to ensure timely detection, reporting, escalation, and resolution of operational and technology-related incidents, thereby minimizing potential business impact..

A close-up photograph of a person wearing a dark blue and white vertically striped shirt. They are holding a large, ornate gold award. The award features a central circular medallion surrounded by a sunburst pattern of pointed rays. A gold ribbon is draped across the award. The person's hands are visible, gripping the base of the award. The background is dark, and the overall lighting is dramatic, highlighting the metallic sheen of the award.

CHAPTER 9

*Recognition And Achievements*

## CHAPTER 9

### Recognition And Achievements

This chapter details the primary external accolades, institutional milestones, and strategic benchmarks attained by Shelter Afrique Development Bank (ShafDB) during the 2025 fiscal year. These achievements serve as a testament to the Bank's operational momentum under the 2023–2027 Strategic Plan and its ascending profile within the global development finance architecture.

#### 9.1 External Recognition

##### **Pan-African Development Bank Leadership Award**

At the 40th Anniversary Gala of the African Union for Housing Finance (AUHF) in Zanzibar, Tanzania, ShafDB was honored with the “Pan-African Development Bank Leadership Award :A Pioneer in Housing Finance.” Presented by AUHF founder Ambassador Sharon Trail, the award recognizes the Bank's four-decade legacy of advancing sustainable housing solutions across its 44 Member States.

##### **Anchor Resource Mobilization Partner: African Union**

In a significant diplomatic milestone, the Bank was formally designated as the Anchor Resource Mobilization Partner for housing and urban development within the Addis Ababa Declaration. This mandate, stemming from the Inaugural Africa Urban Forum, positions ShafDB as the lead coordinator for financing the continent's urban agenda, directly supporting AU Agenda 2063.

##### **Financial Afrik Awards**

The Bank received high-level recognition at the Financial Afrik Awards, acknowledging its institutional transformation and innovative approach to partnership-driven development. This award underscores the market's positive reception of the Bank's renewed strategic direction.

*In a significant diplomatic milestone, the Bank was formally designated as the Anchor Resource Mobilization Partner for housing and urban development within the Addis Ababa Declaration.*

#### 9.2 Institutional and Financing Milestones

##### **BADEA Concessional Financing Agreement**

In July 2025, the Bank executed a USD 120 million concessional facility with the Arab Bank for Economic Development in Africa (BADEA). This landmark transaction is the engine of the Bank's Capital Increase Programme, allowing Member States to normalize and expand their shareholding. Strengthening our capital adequacy is a prerequisite for achieving the investment-grade credit ratings required to access global markets.

##### **East African Bond Issuance Programme**

The Board's approval of the East African Bond Issuance Programme marks a strategic pivot toward local currency sustainability. By accessing domestic institutional capital—including pension and insurance funds—the Bank reduces foreign exchange risk while deepening regional capital markets, a strategy aligned with World Bank housing finance frameworks.

### Regional Credit Approvals

The 2025 fiscal year saw a robust expansion of the Bank's Financial Institutions Group (FIG) portfolio, with key approvals including:

- **CRRH-UEMOA:** A Money Market Line to bolster housing liquidity in West Africa.
- **ZB Bank (Zimbabwe) & Afriland First Bank (Côte d'Ivoire):** Targeted facilities for mortgage and construction lending.
- **Zambia National Building Society (ZNBS):** A dedicated Line of Credit to scale affordable housing in Zambia.

### Afreximbank Co-Financing Partnership

Recognizing that a lack of "bankable" projects is a systemic bottleneck, the Bank formalized a partnership with Afreximbank to co-finance project preparation. This initiative ensures that large-scale real estate developments receive the necessary technical and financial structuring to attract institutional investment.

### 9.3 Operational Outcomes and Impact Summary

The following table encapsulates the Bank's performance metrics and milestone deliveries for the 2025 reporting period:

PERFORMANCE AREA	INDICATOR / OUTCOME
Loan Disbursements	USD 63.0 million
Loan Approvals	USD 56.5 million
Advisory Project Pipeline (NHC Partnerships)	Over 5,000 housing units
BADEA Capital Support Facility	USD 120 million
Afreximbank Financing	USD 50 million
Sovereign Housing (Côte d'Ivoire)	3,000 units (Transitioned to investment phase)
Sovereign Housing (Togo)	3,000 units (SPV formation underway)
Advisory Agreements Signed	SNI Gabon (1,980 units); MCUH Congo (500 units)
New Credit Facilities	ZB Bank, Afriland, ZNBS, CRRH-UEMOA
Strategic Programmes	East African Bond Issuance Programme Launched
Human Capital	55 Employees (as at 31 December 2025)

**Table 8:** Bank's performance metrics and milestone deliveries for the 2025 reporting period

### 9.4 Global and Continental Engagement

Throughout 2025, the Bank amplified its advocacy for African urban resilience across several high-level forums:

- **UN-Habitat:** Contributed to the Open-Ended Working Group on Adequate Housing for All, aligning our

lending models with SDG 11.

- **IMF/World Bank Spring Meetings:** Engaged in dialogue regarding macroeconomic headwinds and the mobilization of private capital for African DFIs.
- **World Habitat Day:** Observed under the theme "Urban Crisis Response," highlighting the Bank's role in cli-

mate-resilient housing.

- 41st AUHF Conference (Nairobi): Led discussions on Blended Finance for Affordable Housing, advocating for the integration of concessional and commercial capital.



THE COMPANY FOR HABITAT AND HOUSING IN AFRICA  
(SHELTER – AFRIQUE)  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

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

NCBA Bank Kenya Limited  
P O Box 30437- 00100  
Upper hill, Nairobi  
Kenya

BNP Paribas  
Paris International Business Center  
10, boulevard Malesherbes  
75 008 Paris  
France

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

SOLICITORS

MMC ASAFO  
MMC Arches, Spring Valley Crescent  
Off Peponi Road, Westlands  
P.O Box 75362 – 00200  
Nairobi, Kenya

Iseme Kamau & Maema Advocates  
IKM Place, Tower A, 1st Floor, 5th Ngong Avenue  
Off Bishops Road  
P.O. Box 11866-00400  
Nairobi, Kenya

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP  
Certified Public Accountants  
PwC Tower, Waiyaki Way/Chiromo Road,  
P.O. Box 43963 - 00100,  
Nairobi, Kenya

Class "A" Shareholders (Countries)			
Directors	Alternate Directors	Countries /Institutions represented	% Shareholding
Mr. Said Athman Mtwana (Kenya) serving first term from 24th June 2024	Ms. Selina Kubuta (Kenya) from 24th June 2024	Kenya, Somalia, Swaziland, Zimbabwe	17.63%
Ms. Eucharia Onimisi Alozie (Nigeria) from 11th May 2023	Mr. Omotayo Adeoya Akinola (Nigeria) from 11th May 2023	Gambia, Liberia, Nigeria, Sierra Leone	17.76%
Mr. Issa Seydou Sissoko (Mali) from 11th May 2023	Mr. Dibi Kokora Alexandre (Cote d'Ivoire) from 11th May 2023	Burkina Faso, Burundi, Central African Republic, Chad, Djibouti, Equatorial Guinea, Guinea Bissau, Ivory Coast, Mali, Senegal	13.10%
Mr. Jack Ngarambe (Rwanda) from 13th June 2024	Mr. Michael Mugabi (Uganda) – from 11th May 2023	Botswana, Lesotho, Malawi, Namibia, Rwanda, Tanzania, Uganda, Zambia	12.75%
Mr. Tchelu Mwenyimali Laurent (DRC) from 11th May 2023	Mr. Joel Moambos (Cameroon) from 11th May 2023	Benin, Congo, Democratic Republic of Congo, Cameroon, Gabon, Madagascar, Mauritius, Niger, Seychelles, Sao Tome & Principe	11.06%
Mr. Ahmed Belayat (Algeria) from 11th May 2023	Ms. Salima Guellab (Algeria) from 11th May 2023	Algeria, Mauritania, Morocco, Tunisia	6.68%
Mr. Chris Pobee Abbey (Ghana) from 24th June 2024	Mr. Ibrahima Sory Diallo (Guinea) from 24th June 2024	Ghana, Guinea, Cape Verde, Togo	6.22%
Class "B" Shareholders (Institutions)			
Dr. Patience Chika Akporji (AfDB) serving second term from 11th May 2023.	Abayomi Ayodabo (AfDB) From 11th May 2023	African Development Bank (AfDB)	11.41%
Mr. Phocas Nyandwi (Africa-Re)– from 28 July 2025	Mr. Guy Blaise Fokou (Africa -Re) – from 28 July 2025	African Reinsurance Corporation	3.39%
Total			100,00%

## INDEPENDENT DIRECTORS :

Mr. Lionel Zinsou – from 11 May 2023  
 Mr. Babatunde Adebisi Sanda - from 24 June 2021

## BOARD CHAIRPERSON :

Mr. Lionel Zinsou

SENIOR MANAGEMENT

Mr. Thierno Habib Hann	- Managing Director
Mr. Ibrahim Diop	- Advisor to MD
Ms. Beatrice Mburu	- Chief Finance Officer
Mrs. Sandie Paho Handou	- Company Secretary (from 12.01.2026)
Ms. Natasha Koli	- Director, Legal ag. Company Secretary (up to 11.01.2026)
Mr. Christopher Chege	- Director of Credit & Operations
Mr. Bernard Oketch	- Director of Enterprise Risk Management
Mr. Gibson Mapfidza	- Chief Business Officer
Mr. Charles Kazuka	- Director of Human Capital
Mr. Nabil Mahfoudh	- Director of Treasury
Mr. Nisan Abdulkader	- Director, Communications & External Affairs

INTERNAL AUDITOR

Ms. Marianne Koly	- Director of Internal Audit
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## Report of the Directors

The Directors are pleased to submit their annual report together with the audited financial statements of The Company for Habitat and Housing in Africa (Shelter – Afrique) (the “Company”) for the year ended 31 December 2025, which disclose the state of affairs of Shelter Afrique.

## LEGAL CAPACITY

The Company is a Pan-African housing finance and development institution, established by African Governments, the African Development Bank (AfDB), and the African Reinsurance Corporation (Africa-Re) 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.

## PRINCIPAL ACTIVITY

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

## RESULTS

The results for the year are set out on page 85 of the financial statements. The Company recorded a profit of US\$ 643,256 for the year ended 31 December 2025 (2024: profit of US\$ 566,145). The total comprehensive income for the year ended 31 December 2025 was US\$ 2,144,728 (2024: total comprehensive income of US\$ 1,760,265).

## DIVIDENDS

The Directors do not recommend the payment of a dividend for the current financial year (2024: US\$ Nil).

## SHELTER AFRIQUE FOUNDATION

The Directors do not recommend the appropriation of any funds to Shelter Afrique Foundation. (2024: US\$ nil)).

## RESERVES

The reserves of the Company are set out on page 87 of the financial statements.

## DIRECTORS

The Directors who served during the year and to the date of this report are as listed on page 71. 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.

## Report of the Directors

### STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- a. there is, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- b. each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### AUDITOR

PricewaterhouseCoopers LLP will retire from office as per statutes. Their five-year term has come to an end. The directors will engage a new auditor for a maximum term of five years. The directors monitor the effectiveness, objectivity, and independence of the auditor. The directors also approve the annual engagement contract which sets out the terms of the auditor's appointment and the related fees.

### BY ORDER OF THE BOARD



Company Secretary  
Nairobi

07 May 2025

## Statement of Corporate Governance

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.

### 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 71.

The Board is responsible for formulating the Company's 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 African 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 four times annually. During the year, the Board convened and held four ordinary meetings to implement its corporate strategy. 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.

### Directors' Remuneration

The aggregate emoluments paid to Directors for services rendered during the financial year is disclosed in note 34 of the financial statements.

### Related Party Transactions

There have been no significant related party transactions or relationships between the Company and its Directors or management except for those disclosed in note 34 of the financial statements.

### BOARD COMMITTEES

The Board has in place four main committees, namely the Audit & Risk Committee, the Finance, Credit & Investments Commit-

## Statement of Corporate Governance

tee, Strategy Committee, and the Human Resource & Governance Committee. To discharge its mandate effectively, matters are discussed in detail in the four 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. For the period of implementation of the turnaround strategy, the Board is operating an elevated level of oversight of delegated authorities.

### 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 and Risk Committee.

As part of the independence required by Shelter-Afrique corporate governance, the Internal Audit annual work program is separately approved by the Audit and Risk Committee, which also reviews and approves audit reports and internal audit annual report. The budget is approved by the Finance, Credit and Investment Committee. 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. In implementing its turnaround strategy, the Board has taken steps to significantly enhance the operating independence of the internal audit unit. Enhancement of the enterprise risk management system is a continuous process to improve the detection and mitigation of foreseeable risks and to eliminate silo management of risks. The Board requirement for the certification of the financial statements by the Chief Financial Officer and the Chief Executive Officer is an example of the robust measures put in place to improve enterprise risk management.

### 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. The Board has continued to adopt improved policies and procedures including, but not limited to, the adoption of a new Board Charter in 2025 which provides for more robust approach to the operation of the board.

### 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

## Statement of Corporate Governance

incentive systems.

### STRATEGIC PLANNING & IMPLEMENTATION

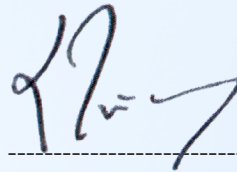
The Board meets quarterly for scheduled meetings to review the Company's performance against business plans as well as to formulate and oversee management's implementation of strategy and on other occasions to deal with any issue that require attention between the quarterly meetings. The Board has continued to implement improved systems for meeting and/or holding management to account. During the year, the Board held four ordinary meetings in keeping with its elevated level of vigilance during a period of corporate recovery and turnaround. These meetings have included a significant element of Board time devoted to review of the business strategy that should significantly enhance the value of the company's activities to the identified needs of stakeholders.

### 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. The Company prepares its financial statements in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board.



Director



Director

**Statement of Corporate Governance**

The Company's Statutes (Article 30) require the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company maintains proper accounting records that: (a) show and explain the transactions of the Company;(b) disclose with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Company's Statutes. The Directors are also responsible for safeguarding the assets of the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards and the Company's Statutes. They also accept responsibility for:

- i. designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting suitable accounting policies and applying them consistently; and
- iii. making accounting estimates and judgements that are reasonable in the circumstances.

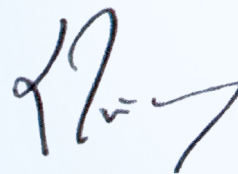
Having assessed the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 07 May 2026 and signed on its behalf by:



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**Director**



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**Director**

**Certification des états financiers**

We certify that :

1. We have reviewed the annual report and financial statements for The Company for Habitat and Housing in Africa (Shelter Afrique) for the year ended 31 December 2025.
2. Based on our knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact which would affect the financial statements.
3. Based on our knowledge, the audited financial statements, and other financial information included in this Annual report, fairly present in all material respects the financial condition, results of operations and cash flows of Shelter Afrique as of, and for, the periods presented in this annual report;
4. We are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting (as defined in the latest IFRS Accounting Standards) for Shelter Afrique and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is known during the period in which this annual report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the Company's controls on disclosures and presented in this report our conclusions about the effectiveness of those controls, as of the end of the period covered by this report; and
  - d. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.
5. We have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the Audit and Risk Committee of the Board of Directors:
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves Management or other employees who have a significant role in the Company's internal controls over financial reporting.



**Beatrice Mburu**  
**Chief Finance Officer**



**Thierno-Habib Hann**  
**Managing Director**



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AFRICA**

### **Report on the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of The Company for Habitat and Housing in Africa (the “Company”) set out on pages 85 to 172 which comprise the statement of financial position at 31 December 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of The Company for Habitat and Housing in Africa at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

#### **Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Company’s financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AF- RICA (CONTINUED)

### Key audit matter

### How our audit addressed the key audit matter

#### Expected credit losses on loans and advances

Loans and advances to customers comprise a significant portion of the Company's total assets. The estimation of expected credit losses (ECL) on loans and advances requires management judgment in the assumptions that are applied in the models used to calculate ECL.

Details of the loans and advances and ECL balances, and the policies for estimating ECL are disclosed in notes 2(l), 16 and 35 (b) of the financial statements.

- the assumptions applied in deriving the probabilities of default (PDs), loss given default (LGD) and exposures at default (EAD);
- the judgments made to determine the staging of facilities in line with IFRS 9. In particular, the identification of Significant Increase in Credit Risk ("SICR") and Default requires consideration of quantitative and qualitative criteria. This is a key area of judgement whose outcome determines whether a 12-month or lifetime PD is used; and
- the determination of forward-looking information used in the models;

Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.

- We reviewed the Company's methodology for determining ECL and evaluated it against the requirements of IFRS 9;
- We tested how the Company extracts 'days past due (DPD)' applied in classifying the loan book into the three stages required by IFRS 9. For a sample of loans, we recalculated the DPD applied in the model;
- We reviewed judgments applied in the staging of loans and advances;
- We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of PDs and LGDs, and on a sample basis, re-calculated the PDs;
- For LGD, we tested the assumptions used in estimating the timing of the recovery cash flows based on empirical evidence. In addition, for secured facilities, we agreed the collateral values used in the ECL model to external valuation reports;
- We tested, on a sample basis, the reasonableness of EAD;
- For forward-looking assumptions used in the ECL calculations, we corroborated the assumptions using publicly available information; and assessed the reasonableness of the weightings applied to different scenarios.
- We assessed the adequacy of disclosures in the financial statements.



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (CONTINUED)**

### **Other information**

The other information comprises the corporate information, statement on corporate governance, report of the directors, statement of directors' responsibilities, certification of financial statements by the Chief Finance Officer and the Managing Director and the shareholding information schedule which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which is expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (CONTINUED)

### Auditor's responsibilities for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (CONTINUED)**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Bernice Kimacia*

**CPA Bernice Kimacia, Practicing Certificate Number 1457**  
**Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP**  
**Certified Public Accountants**  
**Nairobi**

**19 May 2026**

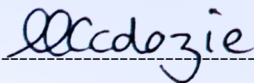


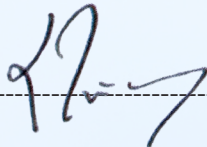
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<b>Statement Of Profit Or Loss And Other Comprehensive Income</b>			
	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>(US\$)</b>	<b>(US\$)</b>
Interest income calculated using the effective interest method	4	18,624,749	18,647,295
Interest expense calculated using the effective interest method	5	(3,953,443)	(4,719,557)
<b>Net interest income</b>		<b>14,671,306</b>	<b>13,927,738</b>
Fees and commission income	6	1,212,450	689,036
Other (expenses)/income	7	(147,226)	115,209
Grant income	29	3,879	3,879
Operating expenses	8	(11,052,163)	(9,983,814)
Provision for expected credit losses on loans and advances	16	(5,020,621)	(4,408,830)
Impairment charge on joint ventures	18	(53,154)	(266,037)
Other impairment charge		(62,182)	(2,670,838)
Net foreign exchange gains	10	816,250	3,135,574
<b>Operating profit</b>		<b>492,903</b>	<b>541,917</b>
Share of profit of joint ventures	18	150,353	24,228
<b>Profit for the year</b>		<b>643,256</b>	<b>566,145</b>
<b>Other comprehensive income for the year</b>			
<b>Items that may not be reclassified subsequently to profit or loss</b>			
Changes in the fair value of equity investments at FVOCI	19	1,184,710	912,570
Exchange differences on equity investments at FVOCI	19	201,290	20,372
Remeasurement of post-employment benefit obligation	27	115,472	291,178
Other comprehensive income for the year		<b>1,501,472</b>	<b>1,224,120</b>
<b>Total comprehensive income for the year</b>		<b>2,144,728</b>	<b>1,790,265</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	11	4.84	4.31

<b>Statement Of Financial Position</b>			
	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		<b>(US\$)</b>	<b>(US\$)</b>
Cash and bank balances	12	2,804,371	6,334,741
Bank deposits	13	28,055,829	38,871,876
Otherreceivables and prepayments	17	1,018,083	727,636
Derivative financial assets	14		122,861
Loans and advances to customers	16	174,079,760	134,781,441
Investment in bonds at fair value through profit or loss	13	3,066,653	2,544,852
Repossessed collateral	15	10,849,335	11,351,480
Investment properties	23	3,542,139	3,745,378
Intangible assets	21	121,463	226,593
Property and equipment	20	957,102	1,023,485
Equity investments at fair value through OCI	19	7,819,000	6,433,000
Investments in joint ventures	18	2,425,432	2,483,647
Leasehold land	22	81,469	85,349
<b>TOTAL ASSETS</b>		<b>234,820,636</b>	<b>208,732,339</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	24	133,202,000	132,828,000
Share premium	24	70,934,414	70,645,312
Revaluation reserve		435,844	467,529
Accumulated losses		(30,267,504)	(30,942,445)
Credit loss reserve		1,000,000	1,000,000
Fair value reserve		28,088	(1,473,384)
Other Reserve		765,695	765,695
<b>Total equity</b>	<b>11</b>	<b>176,098,537</b>	<b>173,290,707</b>
<b>LIABILITIES</b>			
Other payables	26	4,655,153	2,910,773
Post-employment benefit obligations	27	2,085,336	2,212,559
Dividends payable	28	1,369,118	1,369,118
Deferred income	29	1,169,990	786,006
Medium term notes	30(a)	22,750,655	28,163,176
Lines of Credit	30(b)	26,691,847	
<b>Total liabilities</b>		<b>58,722,099</b>	<b>35,441,632</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>234,820,636</b>	<b>208,732,339</b>

The financial statements on pages 85 to 172 were approved and authorised for issue by the Board of Directors on **07 May 2025** and signed on its behalf by:

  
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 Director

  
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 Director

**Statement of Changes in Equity**

	Share capital	Share premium	Revaluation reserve	Accumulated losses	Credit loss reserve	Fair value reserve	Other Reserve	Total Equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2025	129,780,000	68,289,208	406,519	(31,540,275)	1,000,000	(2,697,504)	774,870	166,012,818
Profit for the year	-	-	-	566,145	-	-	-	566,145
Other comprehensive income	-	-	-	-	-	1,224,120	-	1,224,120
Payments on behalf of Shelter Afrique Foundation	-	-	-	-	-	-	(9,175)	(9,175)
Transfer of excess depreciation	-	-	(31,685)	31,685	-	-	-	-
Revaluation surplus on PPE	-	-	92,695	-	-	-	-	92,695
<b>Transactions with owners:</b>								
Issue of share capital	3,048,000	2,356,104	-	-	-	-	-	5,404,104
<b>At 31 December 2025</b>	<b>132,828,000</b>	<b>70,645,312</b>	<b>467,529</b>	<b>(30,942,445)</b>	<b>1,000,000</b>	<b>(1,473,384)</b>	<b>765,695</b>	<b>173,290,707</b>
At 1 January 2024	132,828,000	70,645,312	467,529	(30,942,445)	1,000,000	(1,473,384)	765,695	173,290,707
Profit for the year	-	-	-	643,256	-	-	-	643,256
Other comprehensive income	-	-	-	-	-	1,501,472	-	1,501,472
Payments on behalf of Shelter Afrique Foundation	-	-	-	-	-	-	-	-
Transfer of excess depreciation	-	-	(31,685)	31,685	-	-	-	-
Revaluation surplus on PPE	-	-	-	-	-	-	-	-
<b>Transactions with owners:</b>								
Issue of share capital	374,000	289,102	-	-	-	-	-	663,102
<b>At 31 December 2024</b>	<b>133,202,000</b>	<b>70,934,414</b>	<b>435,844</b>	<b>(30,267,504)</b>	<b>1,000,000</b>	<b>28,088</b>	<b>765,695</b>	<b>176,098,537</b>

<b>Statement Of Cash Flows</b>			
	<b>Note</b>	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		<b>(US\$)</b>	<b>(US\$)</b>
Net cash used in operations	32	(50,796,985)	(28,045,278)
Interest paid on medium term notes	30	(3,446,948)	(4,164,799)
Interest received		19,763,951	27,849,409
Payments on behalf of Shelter Afrique Foundation	25	-	(9,175)
Post-employment benefits paid		(336,002)	(65,000)
<b>Net cash flows used in operating activities</b>		<b>(34,815,984)</b>	<b>(4,434,843)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends received from equity investments	19	97,174	56,942
Purchase of equity investments	19	-	-
Purchase of property and equipment	20	(67,094)	(107,510)
Purchase of intangible assets	21	(139,277)	(237,509)
<b>Net cash flows used in investing activities</b>		<b>(109,197)</b>	<b>(288,077)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	24	663,102	5,400,558
Proceeds from line of credit	30(b)	26,300,000	-
Repayment of medium-term note	30(a)	(6,853,462)	(2,366,689)
<b>Net cash flows from financing activities</b>		<b>20,109,640</b>	<b>3,033,869</b>
Decrease in cash and cash equivalents		(14,815,541)	(1,689,051)
At start of year		45,206,617	53,937,628
Effect of exchange rate changes		469,124	(7,041,960)
<b>At end of year</b>	<b>32</b>	<b>30,860,200</b>	<b>45,206,617</b>

## NOTES

### 1. GENERAL INFORMATION

The Company for Habitat and Housing in Africa (Shelter -Afrique) is a Pan-African housing finance and development institution, established by African Governments, the African Development Bank, the African Reinsurance Corporation, and the CDC Company Plc in 1982 to address the need for innovative and sustainable housing delivery systems in Africa. It is an international body with a 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 exempt from all forms of taxation as provided for in the Shelter -Afrique Act, 1985

The address of its registered office is as indicated on page 70.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

#### a. Basis of preparation

The financial statements are prepared in accordance with IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS accounting standards. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The Company's functional and presentation currency is the United States Dollars (US\$).

#### i. Basis of measurement

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would ordinarily take into account in an arms-length transaction.

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)***ii. Going concern*

The Company reported a total comprehensive profit of US\$ 2,144,728 during the year ended 31 December 2025 (2024: total comprehensive profit of US \$ 1,790,265) and had an accumulated deficit of US\$ 30,267,504 as of that date (2024: US\$ 30,942,445). The Company was in a net asset position of US\$ 176,098,537 (2024: US\$ 173,290,707). The Company's legacy loan and advances portfolio has been the main contributor to the poor asset quality with non-performing loans ratio at 38% (2024: 48%). However, the increased rigor in recovery and disbursement continues to try and address the quality of the loan book and is expected to significantly contribute to the increase the Company's profitability in the future. Additionally, the NPL management has been organized through an NPLs management strategy 2023-2027 that was presented and approved by the Board. It was premised on pushing for cash collections, legal foreclosure processes, Alternative Dispute Resolution (ADR) mechanisms and creating of a special purpose vehicle.

Continued existence of the Company as a going concern is dependent upon its future profitability and/or injection of additional funds into the business by the shareholders. In the year 2025, disbursements to loans and advances were US\$ 64,199,701 (2024: US\$ 24,806,986). The disbursements expand the base for future revenue generation. In addition, the shareholders remain committed to support the business through annual injection of capital, the budget capital to be mobilized from shareholders in financial year ending 31 December 2026 amounts to US \$ 50million. In the year 2025 capital injections amounted to US\$ 663,102. Disbursements in the year 2026 are planned at USD 200 Million which is expected to increase interest income

On the basis of the above, the directors have prepared the financial statements on a going concern basis.

*iii. use of estimates*

The preparation of financial statements in conformity with IFRS Accounting standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statement are disclosed in Note 3

**b. Changes in accounting policies and disclosures***i. New and amended standards effective and adopted by the Company.*

The following standards and interpretations are applicable from 1 January 2025 but do not have a material effect on the Company.

## NOTES (CONTINUED)

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Title	Effective date	Executive summary
Amendments to IAS 21 -Lack of Exchangeability	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (early adoption is available) (Published May 2024)	<p>These amendments:</p> <ul style="list-style-type: none"> <li>• clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>• clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>• add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and</li> </ul> <p>make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</p>

## NOTES (CONTINUED)

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Title	Effective date	Executive summary
Amendment to IAS 21 - Translation to a Hyper-inflationary Presentation Currency	Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required. (Published November 2025)	<p>These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyper-inflationary economy. The entity applies the amendments if:</p> <ul style="list-style-type: none"> <li>its functional currency is that of a non-hyper-inflationary economy and it is translating its results and financial position into the currency of a hyper-inflationary economy; or</li> <li>it is translating into the currency of a hyper-inflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyper-inflationary economy.</li> </ul> <p>The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyper-inflationary currency.</p>
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	Annual periods beginning on or after 1 January 2026, but can be early adopted subject to local endorsement where required. (Published December 2024)	<p>These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.</p>

## NOTES (CONTINUED)

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

## b. Changes in accounting policies and disclosures

ii) *Standards, interpretations and amendments issued but not effective and have not been early adopted by the Company.*

Title	Effective date	Executive summary
Amendment to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	Annual periods beginning on or after 1 January 2027. Earlier application is permitted. (Published May 2024 and amended in August 2025)	<p>This new standard and amendment works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:</p> <ul style="list-style-type: none"> <li>• it does not have public accountability; and</li> <li>• it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.</li> </ul> <p>These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:</p> <ul style="list-style-type: none"> <li>• IFRS 18 Presentation and Disclosure in Financial Statements;</li> <li>• Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);</li> <li>• International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);</li> <li>• Lack of Exchangeability (Amendments to IAS 21); and</li> <li>• Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).The only subsidiary of the Group is the Bancassurance. The standards above do not have material impact on the Group's financial statements.</li> </ul>

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****b. Changes in accounting policies and disclosures (continued)**

Title	Effective date	Executive summary
FRS 18, 'Presentation and Disclosure in Financial Statements	Annual periods beginning or after 1 January 2027 with early adoption possible subject to local endorsement where required. (Published April 2024)	<p>This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> <li>the structure of the statement of profit or loss;</li> <li>required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and</li> <li>enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</li> </ul> <p>The Bank is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements with the main impact expected on the statement of profit or loss categorisation of income and expenses, statement of cash flow presentation, and new disclosures on management-defined performance measures.</p>

The standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**c. Recognition of income and expenses**

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. The following specific criteria must be met before revenue is recognised:

**(i) Interest and similar income and expenses**

Interest income and expense are recognized in profit or loss for all interest-bearing instruments measured at amortized cost using the effective interest method

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****c. Recognition of income and expenses (continued)***Effective interest rate*

Income from Government securities at fair value through profit or loss (FVTPL), deposits and loans and advances to customers is recognized in profit or loss using the effective interest rate method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortized cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not the expected credit loss (ECL). For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

*Amortized cost and gross carrying amount.*

The 'amortized cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL.

The 'gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

*Calculation of interest income*

The effective interest rate of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****c. Recognition of income and expenses (continued)**

movements in market rates of interest.

For financial assets that were credit-impaired on initial recognition, purchased originated credit impaired (POCI) assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis

*(ii) Fees and other income*

In the normal course of business, the Company earns fees and commission income from a diverse range of services to its customers.

Fees relating to loan origination, including commitment, and front-end fees, are considered an integral part of the yield earned on the loan and are accounted for using the effective interest rate method. Fees received for commitments that are not expected to result in a loan are included in non-interest income over the commitment period.

Any other fees and commission income, including account servicing fees, investment management fees, placement fees and syndication fees, are recognised as the related services are performed

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

The company also owns the premises where the headquarters seat is located. Due to its moderate current operations, the company has not been able to occupy all the space in its headquarters' building. The extra space is let out to tenants who pay rent and parking fees. Additionally, housing units in repossessed assets from defaulting customers are rented out for rental income as the company tries to sell the assets to the market. Rental income is recognised on accrual basis where rent income is recognised when it's earned.

*(iii) Interest expense*

Interest expenses consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These costs are recognised in profit or loss using the effective interest rate method.

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(d) Investments in joint ventures**

The Company has interest in joint ventures, 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 other comprehensive income of the joint venture is presented as part of the Company's other comprehensive income. 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 interest in the joint venture.

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. The joint ventures have been disclosed under Note 18.

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. Where indicators of impairment are noted, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying amount and recognises the impairment charge in the statement of profit or loss.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

**(e) Foreign currencies**

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

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(e) Foreign currencies (continued)**

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).

**(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) Capital grant**

This relates to a grant from Government of Kenya in form of leasehold land. The asset is depreciated over the lease term of 99 years. The company holds only one capital grant from the government of Kenya.

**(h) Property and equipment**

Buildings is initially measured at cost and then are subsequently measured at the fair value on the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses.

Other categories of property and equipment are included in the financial statements at their historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

## NOTES (CONTINUED)

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (h) Property and equipment (continued)

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognised in profit or loss.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds of disposal with the carrying amount of the item of property and equipment and are recognised in profit or loss in the year in which they arise.

#### **Revaluation surplus**

Buildings are revalued every year. The carrying amounts are adjusted to the revaluations and the resulting increase recognised in other comprehensive income and presented in the revaluation reserve within equity.

Revaluation decreases that offset previous increases of the same asset are charged or recognised in other comprehensive income. Any decrease that does not offset a prior increase is charged to profit or loss. Revaluation surpluses are not distributable.

Depreciation on revalued land and buildings is recognised in profit or loss. 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**

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. Depreciation is recognised in profit or loss.

The annual depreciation rates in use are:

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(h) Property and equipment (continued)**

Buildings	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.

The residual values, useful lives and methods of depreciation of property 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 fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset. When the carrying amount of an asset 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 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. The Company's contributions to the above scheme are charged to profit or loss in the year to which they relate. The Company also operates a closed gratuity scheme for its employees. A defined benefit plan is a post-employment benefit plan other than defined

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(j) Retirement benefit costs (continued)**

contribution plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Remeasurement gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

**(k) Employee entitlements**

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.

**(l) Financial instruments*****Measurement methods******Amortised cost and effective interest rate***

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired financial assets — assets that are credit-impaired at initial recognition — Shelter Afrique calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Financial instruments (continued)**

future cash flows.

When Shelter Afrique revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

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

Financial assets that are not impaired at initial recognition but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

***Initial recognition and measurement***

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognized on trade date, the date on which Shelter Afrique commits to purchase or sell the asset.

At initial recognition, Shelter Afrique measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in expected credit loss measurement note, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss; and

## NOTES (CONTINUED)

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (I) Financial instruments (continued)

##### *Measurement methods (continued)*

In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

##### *Classification and subsequent measurement*

The Company classifies its financial assets in the following measurement categories:

- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL) ; or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

##### *Debt instruments*

These are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds, cash and bank balances, bank deposits.

Classification and measurement of debt instruments depend on:

- The Company's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest on these financial assets is included in the income statement as part of interest income using the effective interest rate method.

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Financial instruments (continued)*****Measurement methods (continued)******Classification and subsequent measurement (continued)***

- **Fair value through other comprehensive income (FVOCI):** Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through profit or loss:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A business model in which an entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets, would result in an FVTPL business model.

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the profit or loss statement within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in the interest income.

**Business model assessment**

The business model reflects how Shelter Afrique manages the assets in order to generate cash flows. That is, whether Shelter Afrique's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by Shelter Afrique in determining the business model for assets include past experience on how the cash flows of these assets were collected, how the performance of the assets is evaluated and reported to key management personnel, the risks that affect the performance of the business model (and the financial assets within) and in particular, the way that those risks are managed; and how assets managers are compensated.

**Cash flow characteristic of the asset**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, Shelter Afrique assesses whether the financial instruments' cash flows represent solely payments of principal and interest

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Financial instruments (continued)*****Measurement methods (continued)******Classification and subsequent measurement (continued)***

(the SPPI test).

In making this assessment, Shelter Afrique considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Shelter Afrique reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

***Equity instruments***

These are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Shelter Afrique subsequently measures all equity investments at fair value. Where Shelter Afrique's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Shelter Afrique has designated at FVOCI investments in equity securities that are unquoted and not for trading. The entity chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term. When Shelter Afrique derecognizes investments in equity instruments measured at FVOCI, it shall disclose:

- The reason for disposing the investments,

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(i) Financial instruments (continued)**

- The fair value of investments at the date of derecognition; and
- The cumulative gain or loss on disposal.

**(ii) Impairment of financial assets**

Shelter Afrique assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from project finance loan and corporate loans. Shelter Afrique recognizes a loss allowance for such losses at each reporting date determined as detailed in Note 35(b). The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**(iii) Modification of loans**

Shelter Afrique sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, Shelter Afrique assesses whether or not the new terms are substantially different to the original terms. Shelter Afrique does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, Shelter Afrique derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, Shelter Afrique also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(I) Financial instruments (continued)**

was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and Shelter Afrique recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

**Financial liabilities*****(i) Classification and subsequent measurement***

Financial liabilities are classified as subsequently measured at amortised cost, except for.

- Financial liabilities at fair value through profit or loss; this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies; and
- Financial guarantee contracts and loan commitments

***(ii) Derecognition***

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The exchange between Shelter Afrique and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(l) Financial instruments (continued)**

value of the remaining cash flows of the original financial liability

In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

**Offsetting financial assets and financial liabilities**

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) Investment properties**

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment property comprises land and buildings held to earn rentals and/or for capital appreciation. It is carried at fair value, representing market value determined by external independent valuers. Valuation is performed every year to ensure an asset's fair value to reflect the current market price of the property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(n) 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.

**(o) Dividends**

Dividends payables are recognised as a liability in the period in which they are approved and declared.

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.

**(p) Shelter Afrique Foundation**

The Company has set up a Foundation 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 15% of the profits in a given year provided that the Company has made profits in excess of United States dollar (US\$) of one million.

**(q) Deferred income**

Lump sum fees received upfront in relation to loans and advances disbursed to customers from which the Company expects derive benefits over a period beyond the year in which the fees are received, are recognised as liability and recognised in profit or loss over the life of the facility. Other deferred income relates to government grants, based on land donated by the Kenya government for the Headquarters building. The grant is recognised in profit or loss over the useful life of the building disclosed in note 2(h).

**(r) Leases**

*The Company as a lessor*

The Company enters into lease agreements as a lessor with respect to some of its properties.

**NOTES (CONTINUED)****2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****(r) Leases (continued)**

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**(s) Repossessed collateral**

Repossessed collateral relates to property swapped for debt as part of debt recovery process and is held as assets held for sale.

**(t) Segment reporting**

The Company's business is offering loan products for housing development. As such, for segmental reporting, the Company is organised into a single operating segment. In view of this the Company does not report on separate business segments.

**(u) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

**(v) Share capital**

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction.

## NOTES (CONTINUED)

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### (w) Taxation

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

#### (x) Derivative financial assets and liabilities

The Company enters into derivatives (currency forwards and swaps) for trading purposes. At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. The Company may take positions with the expectation of profiting from favourable movement in prices, rates or indices. The Company's exposure under derivative contracts is closely monitored as part of the overall management of its market risk. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income.

The company uses the following derivative instrument:

#### Currency swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as a foreign currency rate. In a currency swap, the Company pays a specified amount in one currency and receives a specified amount in another currency.

#### (y) Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

#### (z) Functional and presentation currency

The financial statements are presented in United States Dollars (\$) which is the Company's functional currency. Transactions in other currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### 3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Company's accounting policies, the directors are required to make judgements (other than those involving

**NOTES (CONTINUED)****3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION (CONTINUED)**

estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty****a) Measurement of the expected credit loss allowance**

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

Note 35 (b) provides the detailed analysis of the assumptions applied in the Company's expected credit losses model.

**b) Investment property**

The Company obtains independent valuations for its investment properties and buildings every year. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations and desktop reviews to confirm that the fair value hasn't changed materially since the last formal valuation.

The directors apply judgement on the reasonableness of assumptions applied to determine the property's/building's fair value. The Company commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment

## NOTES (CONTINUED)

## 3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION (CONTINUED)

## b) Investment property (continued)

properties valued to determine the fair value of the investment properties at 31 December 2024 and 31 December 2023 on the basis of open market value.

The valuation of the investment properties is derived by making reference to recent comparable sales transactions in the relevant property market, on the assumption that the property had already been completed at the valuation date. The fair value gains/(losses) have been credited/debited to 'income' in the income statement.

The Company's investment properties are valued by reference to a level 3 fair value measurement. In 2025 and 2024, there were no transfers between different levels within the fair value hierarchy. Level 3 measurement uses one or more significant inputs not based on observable data.

## c) Fair value measurement of unquoted equity investments

The Company holds unquoted investments, comprising investments in unlisted entities, measured at fair value. The methods used in determining the fair value of the unquoted investments involves significant estimates and assumptions of unobservable inputs such as net assets and discounts and control premiums.

The Company applies adjusted Net Asset Value method, which is a method within the cost approach that provides an indication of the value of a business based on the individual revaluation of all the assets and liabilities of the business (including off-balance sheet, intangible, and contingent assets and liabilities) as at the valuation date.

	2025	2024
4 INTEREST INCOME	(US\$)	(US\$)
<i>Interest income calculated using the effective interest method</i>		
Interest on:		
Project finance loans	4,465,298	5,804,786
Lines of credit advances	11,496,602	9,338,336
Staff loans	90,816	103,982
	16,052,716	15,247,104
Placements with financial institutions	2,572,033	3,400,191
	<b>18,624,749</b>	<b>18,647,295</b>

## NOTES (CONTINUED)

	2025	2024
<b>4 INTEREST INCOME</b>	<b>(US\$)</b>	<b>(US\$)</b>
<b>Geographical concentration analysis:</b>		
Eastern Africa	3,185,716	3,478,285
Southern Africa	4,903,955	2,549,175
Francophone West/Central Africa	6,598,842	7,090,477
Anglophone West Africa	3,845,420	5,425,376
Staff loans	90,816	103,982
	<b>18,624,749</b>	<b>18,647,295</b>

The interest income accrued on impaired financial assets is US\$ 2,958,078 (2024: 4,000,100)

The main types of loan products to customers are:

Lines of credit – These are 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 – These are medium term construction/development loans to developers for development of new housing estates, infrastructure provision through site and services schemes, commercial projects.

	2025	2024
<b>5 INTEREST EXPENSE AND SIMILAR CHARGES</b>	<b>(US\$)</b>	<b>(US\$)</b>
Interest expense calculated using the effective interest method		
Medium term notes (note 30) (a)	3,291,849	4,179,366
Lines of credits (Note 30) (b)	391,847	-
	<b>3,683,696</b>	<b>4,179,366</b>
Other similar charges	269,747	540,191
Other financial charges	<b>3,953,443</b>	<b>4,719,557</b>

	2025	2024
<b>6 FEES AND COMMISSION INCOME</b>	<b>(US\$)</b>	<b>(US\$)</b>
Commitment fees	-	16,748
Appraisal fees	387,500	179,502
Front end fees	211,921	216,404
Penalty fees	-	-
Management fees	198,603	266,382
Cancellation fees	264,426	10,000
Advisory fees	150,000	-
	<b>1,212,450</b>	<b>689,036</b>

**NOTES (CONTINUED)***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 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% 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% 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.

*Cancellation fees*

These include restructuring fees and termination fees payable by the borrower upon cancellation of the loan agreement.

	2025	2024
<b>7 OTHER INCOME</b>	<b>(US\$)</b>	<b>(US\$)</b>
Rental income (Note 23)	430,127	329,625
Net gain/(loss) on disposal of repossessed collaterals	(82)	3,945
Fair value loss on repossessed properties	(674,443)	(312,916)
Dividend income from equity investments	97,172	94,555
	<b>(147,226)</b>	<b>115,209</b>

## NOTES (CONTINUED)

	2025	2024
<b>8 OPERATING EXPENSES</b>	<b>(US\$)</b>	<b>(US\$)</b>
Staff costs (note 9)	5,730,956	5,536,116
Consultancy fees and legal fees	621,312	357,954
Depreciation on property and equipment (Note 20)	133,477	148,895
Amortisation of intangible assets (Note 21)	244,407	338,903
Amortisation of leasehold land (Note 22)	3,879	3,879
Auditor's remuneration	53,000	53,000
Directors' costs	488,244	422,558
Official missions	779,255	481,236
Business promotion	126,426	64,374
Translation services	59,169	45,004
Legal fees	467,789	475,096
Medical insurance	472,509	461,854
Business meetings	262,152	128,918
Software license renewal	268,077	217,251
Office expenses	1,341,511	1,248,776
	<b>11,052,163</b>	<b>9,983,814</b>
<b>The Company did not have any regulatory fines or penalties during the year (2023: Nil).</b>		
	<b>2025</b>	<b>2024</b>
<b>9 STAFF COSTS</b>	<b>(US\$)</b>	<b>(US\$)</b>
Salaries and wages	4,991,579	4,768,798
Retirement benefits cost:		
Defined contribution scheme	581,350	527,294
Current service cost (Note 27)	275,153	299,039
Interest cost (Note 27)	49,098	47,772
Leave accrual	(166,224)	(106,787)
	<b>5,730,956</b>	<b>5,536,116</b>
The average number of employees in the year was 55 (2024: 53)		
	<b>2025</b>	<b>2024</b>
<b>10 NET FOREIGN EXCHANGE GAINS</b>	<b>(US\$)</b>	<b>(US\$)</b>
Foreign exchange differences arising from:		
Medium-term note	1,596,040	21,948,575
Loans and advances	2,816,687	(9,091,610)

## NOTES (CONTINUED)

	2025	2024
<b>10 NET FOREIGN EXCHANGE GAINS (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Expected credit losses	-	(2,943,032)
Investments in FGN bonds	218,773	(2,949,788)
Other instruments	(3,815,250)	(3,828,571)
	<b>816,250</b>	<b>3,135,574</b>

The Company operates internationally and is exposed to foreign exchange risk, note 35(c) details the primary foreign currencies the Company is exposed to.

	2025	2024
<b>11 EARNINGS PER SHARE</b>	<b>(US\$)</b>	<b>(US\$)</b>
Earnings per share is calculated by dividing the profit/(loss) 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 on 31 December 2025 and 31 December 2024		
Profit attributable to shareholders	643,256	566,145
Weighted average number of ordinary shares	133,015	131,304
Basic and diluted earnings per share	<b>4.84</b>	<b>4.31</b>

	2025	2024
<b>12 CASH AND BANK BALANCES</b>	<b>(US\$)</b>	<b>(US\$)</b>
Cash and bank balances	<b>2,804,371</b>	<b>6,334,741</b>
Cash and bank balances analysis based on denominated currencies:		
United States Dollars (US\$)	744,467	4,208,856
Kenya Shillings	570,566	702,624
Central African franc	141,282	37,180
Euro	19,684	97,565
South African Rand	379,938	7,222
Naira	948,434	1,281,294
	<b>2,804,371</b>	<b>6,334,741</b>

	2025	2024
<b>13 BANK DEPOSITS AND INVESTMENTS IN BONDS</b>	<b>(US\$)</b>	<b>(US\$)</b>
(a) Call and term deposits with banks	29,644,170	40,725,638
Less: Expected credit losses	(1,588,341)	(1,853,762)
	<b>28,055,829</b>	<b>38,871,876</b>

## NOTES (CONTINUED)

	2025	2024
<b>13 BANK DEPOSITS AND INVESTMENTS IN BONDS (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Amounts per currency		
United States Dollars (US\$)	24,943,558	33,185,456
Kenya Shillings	2,683,221	2,028,271
South African Rand	-	313,038
Central African Franc	429,050	-
Naira	-	3,345,111
	<b>28,055,829</b>	<b>38,871,876</b>

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

(b) Investment in bonds carried at fair value through profit or loss - Federal Government of Nigeria Bonds

At start of year	2,544,852	5,494,640
Fair value gain/(loss)	(241,580)	(392,413)
Foreign exchange loss	763,381	(2,557,375)
<b>At end of year</b>	<b>3,066,653</b>	<b>2,544,852</b>

The bonds maturity tenor is over 10 years. The weighted average effective interest rate for the FGN Bonds is 15.70% (2024: 15.70%).

The movement in provision for expected credit losses on short term bank deposits is as follows

At start of year	1,853,762	1,781,543
(Decrease)/increase in provision in the year	(265,421)	72,219
<b>At end of year</b>	<b>1,588,341</b>	<b>1,853,762</b>

Included in the provision for impaired short-term deposits is USD 1,031,766 relating to a deposit held in Chase Bank Limited, a bank in Kenya that was placed under statutory administration on 7 April 2019 by the Central Bank of Kenya. The deposit is fully provided for.

The effective interest rates on bank deposits were as follows:

	2025	2024
United States Dollars (US\$)	3.56%	5.65%
Kenya Shillings	5.40%	14.99%
Rand	6.50%	6.42%
Naira	18.31%	14.89%

	2025	2024
<b>14 DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(US\$)</b>	<b>(US\$)</b>

As part of its asset and liability management, the Company uses derivatives for hedging purposes to reduce its exposure to foreign currency risks. This is done by engaging in currency swaps where the Company pays a specified amount in one currency and receives a specified amount in another currency.

## NOTES (CONTINUED)

	2025	2024
<b>14 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.		
<b>Foreign currency contracts</b>		
Derivative financial instruments	-	122,861
The notional amounts are the respective gross amounts underlying the contract at the reporting date.		

	Notional amount	Assets	Liabilities
	(US\$)	(US\$)	(US\$)
<b>2025</b>			
Currency swap contracts	-	-	-
<b>2024</b>			
Currency swap contracts	960,784	122,861	-

	2025	2024
<b>15 REPOSSESSED COLLATERAL</b>	<b>(US\$)</b>	<b>(US\$)</b>
Land	1,154,948	1,152,424
Buildings	10,541,219	10,521,967
Net fair value gains/(losses)	(846,832)	(322,911)
	<b>10,849,335</b>	<b>11,351,480</b>
The movement in the value of buildings in the year is as follows:		
At start of year	10,521,967	8,231,159
Additions	-	746,785
Disposals	(3,095)	(185,072)
Exchange differences on translation	22,347	1,729,095
<b>At end of year</b>	<b>10,541,219</b>	<b>10,521,967</b>

## NOTES (CONTINUED)

	2025	2024
<b>15 REPOSSESSED COLLATERAL (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
<p>The Company's repossessed collaterals comprise 7 houses from Cervinho Alimentaire in Mozambique (2024: 7), 11 apartments (2024: 11) in Eden Beach Resort &amp; Spa in Mombasa, Kenya, and 12 houses (2024: 12) and vacant land in Athi River, 27 houses (2024: 27) in Kenya Medical Association, in Mombasa, 72 houses (2024: 72) in Translakes in Kisumu, Kenya and 15 houses in Serene Valley 2024:15).</p> <p>Repossessed collateral relates to property swapped for debt as part of debt recovery process and is held as assets held for sale and are measured at the lower of the carrying amounts and fair value less costs to sell.</p> <p>The movement in the value of land in the year is as follows:</p>		
At start of year	1,152,424	1,063,163
Additions	-	337,473
Disposals	-	-
Exchange differences on translation	2,524	(248,212)
<b>At end of year</b>	<b>1,154,948</b>	<b>1,152,424</b>
	<b>2025</b>	<b>2024</b>
<b>16 LOANS AND ADVANCES TO CUSTOMERS</b>	<b>(US\$)</b>	<b>(US\$)</b>
Principal loans and advances to customers	195,518,354	153,531,085
Staff loans and advances	4,341,500	4,204,963
	<b>199,859,854</b>	<b>157,736,048</b>
Interest and fees receivable	38,480,056	35,070,878
	<b>238,339,910</b>	<b>192,806,926</b>
Provision for expected credit losses	(64,260,150)	(58,025,485)
<b>Net loans and advances</b>	<b>174,079,760</b>	<b>134,781,441</b>
Profile of the net loans and advances		
Current portion	69,679,610	52,710,882
Non-Current portion	104,400,150	82,070,559
Product analysis	<b>174,079,760</b>	<b>134,781,441</b>
Project finance	47,270,392	37,654,286
Lines of credit	123,140,510	93,589,682
Staff loans	3,668,858	3,537,473
	<b>174,079,760</b>	<b>134,781,441</b>

The average effective interest rate on loans and advances to customers at 31 December 2025 was 11.61% (2024:12.22%). For project finance portfolio, the rate was 12.15% (2024:12.50.%) and for lines of credits at 11.41% (2024:12.01%.) per annum.

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 4% (2024: 4%) per annum. The staff car loans and staff mortgage loans at the year-end are secured, and settlement occurs in cash. Other staff advances are secured by terminal dues, and settlement occurs in cash. Expected credit losses on staff loans at 31 December 2025 was US\$ 672,642 (2024: 667,490).

## NOTES (CONTINUED)

	2025	2024
<b>16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
The movement in the principal loans and advances including staff loans is as follows:		
At start of year	157,736,048	171,896,778
Disbursements in the year	64,199,701	24,806,986
Repayment in the year	(25,789,643)	(15,208,607)
Amounts written off during the year	-	(14,349,898)
Amounts of interest and fees capitalized	588,338	-
Settled through repossession	-	(317,601)
Exchange difference	3,125,410	(9,091,610)
<b>At end of year</b>	<b>199,859,854</b>	<b>157,736,048</b>

	2025	2024
Movements in the gross loans and advances balance have been disclosed under note 35(b)		
The movement in the provision for expected credit losses is as follows:		
At end of year	58,025,485	84,860,081
Charge for the year	5,020,621	4,869,635
Recoveries on impaired loans and advances	-	(460,805)
Write off during the year	-	(34,186,459)
Exchange difference	1,214,044	2,943,032
<b>At end of year</b>	<b>58,025,485</b>	<b>58,025,485</b>
<b>Maturity analysis of gross loans</b>		
Within one year	133,939,759	110,736,366
One year to five years	96,248,895	69,758,119
Over five years	8,151,256	12,312,441
	<b>238,339,910</b>	<b>192,806,926</b>
The expected credit losses charge to the statement of profit or loss is as follows		
Expected credit losses – Loans & Advances	5,015,469	4,883,041
Expected credit losses - Staff Loans	5,152	(13,406)
	5,020,621	5,491,150
Recoveries	-	(460,805)
	<b>5,020,621</b>	<b>4,408,830</b>

## NOTES (CONTINUED)

**16 LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)**

As at year end the Shelter Afrique as settlor of the trust has established a Mauritius-based Purpose Trust under the Trusts Act 2001, whose main purpose and objective is to acquire and realize value from designated nonperforming loans (NPLs) through a wholly owned special purpose vehicle (SPV).

The appointed Trustee, identified as Axis Fiduciary Limited, is an independent, licensed fiduciary entity in Mauritius, ensuring the trust operates as intended. The SPV will be held through a dedicated purpose trust arrangement under Mauritius Trust Act 2001, where the Trust owns the SPV 100%. The SPV will acquire the selected NPLs from Shelter Afrique via the trust under a Sale and Purchase Agreement (SPA).

A loan sale and Purchase agreement was entered into as of 31 Dec 2025 to sell a selected legacy nonperforming loans (NPLs) Portfolio of 13 accounts to the SPV (Net loans of US\$ 18,031,922, with a gross value of US\$ 65,165,813). The Company still retains the credit risk on these financial instruments.

For reporting purposes, the thirteen (13) selected loans and advances are reported as part of SHAF loans and advances in compliance with IFRS Accounting Standards 9 and 10.

	Gross Loan	ECL Provision	Net Loan
	(US\$)	(US\$)	(US\$)
13 counterparties	65,165,813	47,133,891	18,031,922

The net loans split between the NPLs designated to the SPV and other loans and advances is as follows:

	Net Other loans and advances	Designated legacy NPLs	Net Loan
	(US\$)	(US\$)	(US\$)
Product analysis	29,238,470	18,031,922	47,270,392
Project finance	123,140,510	-	123,140,510
Staff loans	3,668,858	-	3,668,858
	<b>156,047,838</b>	<b>18,031,922</b>	<b>174,079,760</b>
Net NPL ratio	<b>8.0%</b>		<b>17.45%</b>

The Gross loans split between the NPLs designated to the SPV and other loans and advances is as follows:

	Gross Other loans and advances	Designated legacy NPLs	Gross Loan
	(US\$)	(US\$)	(US\$)
Product analysis	37,590,515	65,165,813	102,756,328
Project finance	131,242,082	-	131,242,082
Staff loans	4,341,500	-	4,341,500
	<b>173,174,098</b>	<b>65,165,813</b>	<b>238,339,910</b>

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>17 OTHER RECEIVABLES AND PREPAYMENTS</b>		
Other debtors	2,552,677	2,432,724
Less: expected credit losses	(1,866,725)	(1,865,664)
	685,952	567,060
Prepayments	332,131	160,576
	<b>1,018,083</b>	<b>727,636</b>
Current portion	215,316	157,890
Non-Current portion	802,767	569,746
	<b>1,018,083</b>	<b>727,636</b>

The movement on the expected credit losses for other receivables is as follows:

At start of year	(1,865,664)	(1,096,037)
Increase	-	(704,026)
Exchange difference	(1,061)	(65,601)
At end of year	<b>1,866,725</b>	<b>1,865,664</b>

	2025	2024
	(US\$)	(US\$)

**18 INVESTMENTS IN JOINT VENTURES**

Set out below are the joint ventures of the Company as at 31 December 2025 which in the opinion of the directors are material to the company. The proportion of ownership interest is the same as the proportion of the voting rights held except for Kew Gardens.

Everest Park Project	966,466	968,864
Rugarama Park Estates Project	948,712	1,003,963
Kew Gardens Project	510,254	510,820
	<b>2,425,432</b>	<b>2,483,647</b>

Movement in the joint ventures is as follows:

At start of year	2,483,647	2,505,135
Share of profit/(loss)	150,353	24,228
Capital reduction	(158,344)	(37,686)
Impairment	(53,154)	(266,037)
Exchange difference	2,930	258,007
<b>At end of year</b>	<b>2,425,432</b>	<b>2,483,647</b>

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)

**18 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

\*In 2018, the Glenwood Garden Project was fully impaired.

At 31 December 2025, the carrying value of the investment in joint ventures was written down to its recoverable amount of USD 2,425,432 which was determined by reference to the joint ventures net assets values.

The impairment losses include administrative expenses in the statement of profit or loss.

The subsequent tables provide summarised financial information for the joint ventures that are material to the company. The information disclosed reflects the amount presented in the financial statements and not Shelter Afrique's share of those amounts

**(a) Everest Park Project**

Everest Park Project Joint Venture is a joint venture arrangement between Shelter Afrique and Everest Limited with effect from 1 February 2011. The objective of the joint venture is to own, develop and sell the subject property and improvements to generate investment 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 is up to 31 October 2023. As of 31 December 2025, the directors have assessed the investment to be recoverable despite the impact of various challenges on the real-estate market.

Draft statement of financial position:

Property held for sale	-	2,414,878
Trade and other receivables	2,353,518	41,516
Cash and cash equivalents	115,406	140,029
<b>Current assets</b>	<b>2,468,924</b>	<b>2,596,423</b>
Current liabilities	210,982	492,157
Net assets	2,257,942	2,104,266
<b>Total equity and liabilities</b>	<b>2,468,924</b>	<b>2,596,423</b>

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>18 INVESTMENTS IN JOINT VENTURES (CONTINUED)</b>		
<b>(a) Everest Park Project (continued)</b>		
<b>Draft statement of profit &amp; loss and other comprehensive income:</b>		
Revenue	2,579,488	-
Other income	47,400	78,099
Less: Direct costs	<b>(2,298,536)</b>	<b>(5,409)</b>
Gross profit	328,352	72,690
Administration expenses	<b>(20,085)</b>	<b>(15,601)</b>
Profit before income tax	308,267	57,089
Income tax expense	-	-
Profit for the year	308,267	57,089
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>308,267</b>	<b>57,089</b>
<b>Share of joint venture's profit (50%)</b>	<b>154,134</b>	<b>28,545</b>
Reconciliation of investment in joint venture		
1 January	968,864	808,993
Share of profit	154,134	28,545
Exchange difference	1,812	169,012
Capital reduction	(158,344)	(37,686)
	<b>966,466</b>	<b>968,864</b>

**(b) Glenwood Gardens Project**

Glenwood Gardens Project is a joint venture between Shelter Afrique and Glenwood Gardens Limited with effect from 20 May 2015. The project is situated in Ndenderu, Ruaka, Kiambu County, Kenya. The purpose of the joint venture is to acquire, own, develop, construct, operate and sell the subject property and improvements as an investment for production of income. 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 Glenwood Gardens Limited -50%. The term of the joint venture is up to 1 January 2022. In 2018 the joint venture was fully impaired because the project stalled and the subsequent annual losses arising from the joint venture were recognised in the statement of profit or loss.

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>18 INVESTMENTS IN JOINT VENTURES (CONTINUED)</b>		
<b>(b) Glenwood Gardens Project (continued)</b>		
<b>Draft statement of financial position:</b>		
Inventory	11,532,212	10,620,709
Cash and bank balances	2,795	2,822
Trade and other receivables	777,029	775,332
<b>Current assets</b>	<b>12,312,036</b>	<b>11,398,863</b>
Current liabilities	10,596,013	9,682,887
Total liabilities	10,596,013	9,682,887
Net assets	1,716,023	1,715,976
<b>Total equity and liabilities</b>	<b>12,312,036</b>	<b>11,398,863</b>
<b>Draft statement of profit &amp; loss and other comprehensive income:</b>		
Administration expenses	(3,712)	(3,336)
<b>Loss before income tax</b>	<b>(3,712)</b>	<b>(3,336)</b>
Income tax expense	-	-
Loss for the year	(3,712)	(3,336)
Other comprehensive income	-	-
Total comprehensive income	(3,712)	(3,336)
Share of joint venture's loss (50%)	<b>(1,856)</b>	<b>(1,668)</b>
Reconciliation of investment in joint venture		
1 January	-	-
Share of loss (not recognised)	(1,856)	(1,668)
Impairment loss (not recognised)	1,856	1,668
	-	-

**(c) Kew Gardens Project**

Kew Gardens Project is a joint venture between Shelter Afrique and Itoga Investments Holdings Limited from 8 October 2013. The purpose is to develop, construct and sell property of the project located in Kilimani, Nairobi, 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 –19.8% and Itoga Investments Holdings Limited –80.2%. While the Company holds less than 50% interest in the venture, the directors have considered the terms of the project's operation and concluded there is joint control with the Itoga Investments Holdings Limited. The term of the joint venture was up to 31 December 2021, but stalled, and is under a loan workout arrangement by the Special operations unit. As of 31 December 2025, the directors have assessed the investment to be recoverable despite the challenges of the real-estate market. The directors continue to assess the evolving challenges in the macro-economic environment on the industry.

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>18 INVESTMENTS IN JOINT VENTURES (CONTINUED)</b>		
<b>(c) Kew Gardens Project (continued)</b>		
Draft statement of financial position:		
Inventory	31,294,505	29,590,649
Cash and bank balances	3,437	3,540
Trade and other receivables	145,992	145,673
<b>Current assets</b>	<b>31,443,934</b>	<b>29,739,862</b>
Current liabilities	28,866,892	27,159,965
Net assets	2,577,042	2,579,897
<b>Draft statement of profit &amp; loss and other comprehensive income:</b>		
Administration expenses	(8,506)	(8,488)
Loss before income tax	(8,506)	(8,488)
Income tax expense	-	-
Loss for the year	(8,506)	(8,488)
Other comprehensive income	-	-
Total comprehensive income	(8,506)	(8,488)
Share of joint venture's profit (19.8%)	<b>(1,684)</b>	<b>(1,681)</b>
Reconciliation of investment in joint venture		
1 January	510,820	423,506
Share of profit	(1,684)	(1,681)
Exchange difference	1,118	88,995
Impairment	-	-
	<b>510,254</b>	<b>510,820</b>

**(d) Rugarama Park Estates Project**

Rugarama Park Estates Limited is a joint venture between Shelter Afrique and Banque Rwandaise de Development (BRD) to undertake the development and subsequent implementation of an affordable housing project. The project is situated in Rugarama, Nyarugenge district within the City of Kigali, partnered with BRD to co-finance the development of about 2,700 housing units and infrastructure services in Nyarugenge district, Kigali. The project is in collaboration with the City of Kigali.

The principal place of business in Nyarugenge, Kigali, Rwanda. The joint venture is governed by the laws of the Republic of Rwanda and is not listed.

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>18 INVESTMENTS IN JOINT VENTURES (CONTINUED)</b>		
<b>(d) Rugarama Park Estates Project (continued)</b>		
The venturers have the following undivided interest in the Joint Venture: Shelter Afrique –50% and Banque Rwandaise de Development (BRD) –50%. The joint venture will terminate upon the completion and sale of all of the Houses and the payment of all Venture debts and distribution of all net sale proceeds. The project is currently under construction.		
As of 31 December 2025, the directors have assessed the investment to be recoverable despite challenges on the real-estate market.		
<b>Draft statement of financial position:</b>		
Cash and bank balances	24,737	26,408
Work in progress	2,716,118	2,843,947
Trade and other receivables	535,508	560,710
<b>Current assets</b>	<b>3,276,363</b>	<b>3,431,065</b>
Other payables	1,365,835	1,424,877
Current liabilities	1,365,835	1,424,877
Net assets	1,910,528	2,006,188
<b>Total equity and liabilities</b>	<b>3,276,363</b>	<b>3,431,065</b>
<b>Draft statement of profit &amp; loss and other comprehensive income:</b>		
Other operating income	-	29,460
Administration expenses	(6,260)	(31,396)
Loss before income tax	<b>(6,260)</b>	<b>(1,936)</b>
Income tax expense	-	-
Loss for the year	(6,260)	(1,936)
Other comprehensive income	5,777	-
Total comprehensive loss for the year	(483)	(1,936)
<b>Share of joint venture's profit (50%)</b>	<b>(242)</b>	<b>(968)</b>
<b>Reconciliation of investment in joint venture</b>		
1 January	1,003,963	1,272,636
Share of loss	(242)	(968)
Impairment	(55,009)	(267,705)
	<b>948,712</b>	<b>1,003,963</b>

## NOTES (CONTINUED)

## 19. EQUITY INVESTMENTS

	Currency	At 1 January	Additions at cost	Capital refund	Changes in fair value	Exchange difference	At 31 December	Dividends
31 December 2025		US\$	US\$	US\$	US\$	US\$	US\$	
At fair value through other comprehensive income								
Pan African Housing Fund LLC (Mauritius)	USD	277,000	-	-	(1,000)	-	276,000	-
Caisse Régionale de Refinancement Hypothécaire (CRRH), Togo	FCFA	1,236,000	-	-	48,231	160,769	1,445,000	-
Tanzania Mortgage Refinance Company Limited	USD	1,126,000	-	-	73,000	-	1,199,000	14,400
Kenya Mortgage Refinance Company Limited	KES	3,317,000	-	-	1,049,734	7,266	4,374,000	-
FundCo Capital Managers Limited	NGN	477,000	-	-	14,745	33,255	525,000	82,774
		<b>6,433,000</b>	<b>-</b>	<b>-</b>	<b>1,184,710</b>	<b>201,290</b>	<b>7,819,000</b>	<b>97,174</b>
<b>31 December 2024</b>								
At fair value through other comprehensive income								
Pan African Housing Fund LLC (Mauritius)	USD	287,000	-	(56,942)	46,942	-	277,000	-
Caisse Régionale de Refinancement Hypothécaire (CRRH), Togo	FCFA	1,306,000	-	-	6,708	(76,708)	1,236,000	-
Tanzania Mortgage Refinance Company Limited	USD	1,140,000	-	-	(14,000)	-	1,126,000	28,011
Kenya Mortgage Refinance Company Limited	KES	2,029,000	-	-	861,633	426,367	3,317,000	-
FundCo Capital Managers Limited	NGN	795,000	-	-	11,287	(329,287)	477,000	66,544
		<b>5,557,000</b>	<b>-</b>	<b>(56,942)</b>	<b>912,570</b>	<b>20,372</b>	<b>6,433,000</b>	<b>94,555</b>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run. The fair value of these financial instruments that are not traded in an active market is determined using fair value techniques. The Company uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details on key assumptions used and the impact of changes to these assumptions refer to Note 31. Changes in fair value and exchange differences are recognised in the statement of comprehensive income.

**NOTES (CONTINUED)****19 EQUITY INVESTMENTS (CONTINUED)****Investment in Caisse Régionale de Refinancement Hypothécaire (CRRH)**

CRRH is a regional mortgage-refinancing fund, created on 17 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 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 (representing 3.19% ownership).

**Pan African Housing Fund LLC (PAHF)**

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 are Shelter Afrique, CDC Company Plc, Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), African Development Bank, African Reinsurance Corporation, Eastern and Southern African Trade and Development Bank (TDB Bank) and Phatisa. 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. Shelter Afrique owns 11.86%

**Tanzania Mortgage Refinance Company Limited (TMRC)**

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 fair value. SHAF owns 5.36%

**Kenya Mortgage Refinance Company Limited (KMRC)**

KMRC was established as a key institution to support the Affordable Housing Pillar of the Government of Kenya's Big 4 Agenda. It was incorporated on 19 April 2018 as a non-deposit taking financial institution under the supervision of the Central Bank of Kenya with the single purpose of providing long-term funds to primary mortgage lenders (Banks, Micro Finance Banks and SACCOs) in order to increase the availability and affordability of mortgage loans to Kenyans. The Government of Kenya through the National Treasury owns 20% while the remaining 80% is divided among 8 Commercial Banks, 1 Microfinance Bank, 11 SACCOs and 2 Development Finance Institutions (International Finance Corporation (IFC) and Shelter Afrique (11.1%))

## NOTES (CONTINUED)

**Fundco Capital Managers Limited (FundCo) - Housing Solution Fund (HSF)**

HSF is designed to operate as a close-ended real estate investment trust (REIT), domiciled in Nigeria and registered with the Nigerian Securities and Exchange Commission (SEC). The Fund began operations on 28 September 2023.

Shelter Afrique owns 37.7% shareholding of HSF having invested NGN 816m.

HSF is managed by an alternative investment management firm, FundCo Capital Managers, and co-sponsored by Shelter Afrique, alongside pioneer investments from 4 domestic pension funds and one insurance company.

FundCo is a private sector institution specialised at alternative asset management; mobilizing and investing local capital in real assets that will lead the transition to a low-carbon economy.

**20 PROPERTY AND EQUIPMENT**

	Buildings	Office equipment, furniture, and fitting	Computers	Motor vehicles	Residential equipment, furniture and fittings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2024	872,867	766,758	566,876	296,290	201,737	2,704,528
Additions	-	71,367	36,140	-	-	107,507
Revaluation surplus	92,695	-	-	-	-	92,695
At 31 December 2024	965,562	838,125	603,016	296,290	201,737	2,904,730
At 1 January 2025	965,562	838,125	603,016	296,290	201,737	2,904,730
Additions	-	20,754	46,340	-	-	67,094
Revaluation surplus	-	-	-	-	-	-
At 31 December 2025	965,562	858,879	649,356	296,290	201,737	2,971,824
<b>Depreciation</b>						
At 1 January 2024	158,134	695,571	484,969	256,708	198,940	1,794,322
Charge for the year	51,486	23,221	46,389	24,999	2,797	148,892
Eliminated on transfer*	(61,969)	-	-	-	-	(61,969)
At 31 December 2024	<b>147,651</b>	<b>718,792</b>	<b>531,358</b>	<b>281,707</b>	<b>201,737</b>	<b>1,881,245</b>
At 1 January 2025	147,651	718,792	531,358	281,707	201,737	1,881,245
Charge for the year	54,014	23,175	41,705	14,583	-	133,477
Revaluation surplus	-	-	-	-	-	-
At 31 December 2025	<b>201,665</b>	<b>741,967</b>	<b>573,063</b>	<b>296,290</b>	<b>201,737</b>	<b>2,014,722</b>

## NOTES (CONTINUED)

## 20 PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings	Office equipment, furniture, and fitting	Computers	Motor vehicles	Residential equipment, furniture and fittings	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Net book value</b>						
<b>At 31 December 2025</b>	<b>763,897</b>	<b>116,912</b>	<b>76,293</b>	<b>-</b>	<b>-</b>	<b>957,102</b>
At 31 December 2024	817,911	119,333	71,658	14,583	-	1,023,485

\* This relates to transfer of property and equipment to investment property in the prior year where elimination of accumulated depreciation was erroneously omitted.

	2025	2024
	(US\$)	(US\$)

## 20 PROPERTY AND EQUIPMENT (CONTINUED)

Included in property and equipment are assets with a cost of US\$ 1,655,161(2024: US\$ 1,479,811) which have been fully depreciated. The normal annual depreciation charge on these assets would have been US\$ 309,688(2024: US\$ 266,468). No property or equipment was pledged as security by the Company as of 31 December 2025

**Fair value measurement of the buildings**

Buildings are revalued at the end of each reporting period. Buildings are carried at valuation less accumulated depreciation. The building was revalued as at 31 December 2024 by an independent valuer, CMT Realtors Ltd, not related to the Company. CMT Realtors Ltd are members of the Institute of Valuers of Kenya, and they have appropriate qualifications and recent experience in the fair value measurements of properties in the relevant locations. The valuation conforms to International Valuation Standards (IVS), Institution of Surveyors of Kenya (ISK) guidelines and was based on open market value on arm's length terms. The fair value for the buildings was determined using the contractors method/cost approach that reflects the cost to a market participant to construct or purchase assets of comparable utility adjusted for depreciation. Details of the fair value hierarchy for the Company's property carried at fair value as at 31 December 2025 and 31 December 2024 as presented in note 31.

If buildings were stated on historical cost basis, the amounts would be as follows:

Cost	487,458	487,458
Accumulated depreciation	(487,458)	(487,458)
<b>Net book amount</b>	<b>-</b>	<b>-</b>

## 21 INTANGIBLE ASSETS

**Cost**

At start of year	2,394,294	2,156,785
Additions	139,277	237,509
<b>At end of year</b>	<b>2,533,571</b>	<b>2,394,294</b>

## NOTES (CONTINUED)

	2025	2024
<b>21 INTANGIBLE ASSETS (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>
<b>Amortization</b>		
At start of year	2,167,701	1,828,798
Charge for the year	244,407	338,903
<b>At end of year</b>	<b>2,412,108</b>	<b>2,167,701</b>
<b>Net carrying amount</b>	<b>121,463</b>	<b>226,593</b>
The Company's intangible assets relate to the computer software Oracle ERP and other operating and applications Software.		
	<b>2025</b>	<b>2024</b>
<b>22 LEASEHOLD LAND</b>	<b>(US\$)</b>	<b>(US\$)</b>
At start of year	85,349	89,228
Amortisation	(3,879)	(3,879)
<b>At end of year</b>	<b>81,469</b>	<b>85,349</b>
Current	3,879	3,879
Non-current	77,590	81,470
	81,469	85,349
<b>Accumulated amortization to date:</b>	<b>118,530</b>	<b>114,651</b>
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 initial fair value of USD 200,000 capitalised on acquisition. Amortisation is recognised in profit and loss over the duration of the remaining lease period. The related deferred income has been set out in note 29 to these financial statements. There are no unfulfilled conditions or contingencies attaching to the related grant. The amortised cost to date is US\$ 118,530.		
	<b>2025</b>	<b>2024</b>
<b>23 INVESTMENT IN PROPERTIES</b>	<b>(US\$)</b>	<b>(US\$)</b>
Shelter Afrique Centre	922,326	922,326
Othaya Road work in progress	209,149	541,407
Othaya Road land	2,410,664	2,281,645
	<b>3,542,139</b>	<b>3,745,378</b>
Investment properties comprise of the following:		
<ul style="list-style-type: none"> <li>i. 53% (2024: 53%) portion of Shelter Afrique Centre office building that is rented out and is not occupied by the Company.</li> <li>ii. Othaya road land and work in progress capitalized expenditure relating to a residential rental development project. Project valuation has been done by Broll Valuation Kenya Ltd and value of work done by Buildnett Consultants Ltd.</li> </ul>		
<b>Leasing arrangements</b>		
The investment properties (Shelter Afrique centre) are leased to tenants under leases of a minimum of two years with rentals payable quarterly. Minimum lease payments receivable on leases of investment properties are disclosed in Note 33 (c).		

## NOTES (CONTINUED)

	2025	2024		
<b>23 INVESTMENT IN PROPERTIES (CONTINUED)</b>	<b>(US\$)</b>	<b>(US\$)</b>		
The movement of investment in properties in the year is as follows:				
At start of the year	3,745,378	5,691,946		
Impairment	(203,239)	(1,946,568)		
<b>At 31 December</b>	<b>3,542,139</b>	<b>3,745,378</b>		
The impairment of Othaya Road work in progress is based on valuation outcome as at year end Amount recognised in profit or loss in relation to investment properties are as follows:				
Rental income	430,127	329,625		
Direct operating expenses from property that generated rental.	(150,829)	(110,577)		
	<b>2025</b>	<b>2024</b>		
<b>24 SHARE CAPITAL AND SHARE PREMIUM</b>	<b>(US\$)</b>	<b>(US\$)</b>		
<b>Authorised:</b>				
1,000,000 ordinary shares of US\$ 1,000 each	<b>1,000,000,000</b>	<b>1,000,000,000</b>		
<b>Issued and called.</b>				
402,250 (2024: 289,446) ordinary shares of US\$ 1,000 each	<b>402,250,000</b>	<b>289,446,000</b>		
<b>Issued and fully paid:</b>				
<b>Class A: Issued and fully paid:</b>				
113,482(2024: 113,108) ordinary shares of US\$ 1,000 each	<b>113,482,000</b>	<b>113,108,000</b>		
<b>Class B: Issued and fully paid:</b>				
19,720 (2024: 19,720) ordinary shares of US\$ 1,000 each	<b>19,720,000</b>	<b>19,720,000</b>		
	<b>133,202,000</b>	<b>132,828,000</b>		
<b>Callable capital</b>	<b>500,000,000</b>	<b>500,000,000</b>		
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.				
The movement in share capital and share premium is as follows:				
	<b>Number of shares</b>	<b>Ordinary shares</b>	<b>Share Premium</b>	<b>Total</b>
		<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>
At 1 January 2024	129,780	129,780,000	68,289,209	198,069,209
Paid up during the year	3,046	3,046,000	2,354,558	5,400,558
Transfer to share capital	2	2,000	1,545	3,545
<b>At 31 December 2024</b>	<b>132,828</b>	<b>132,828,000</b>	<b>70,645,312</b>	<b>203,473,312</b>

## NOTES (CONTINUED)

	Number of shares	Ordinary shares	Share Premium	Total
		(US\$)	(US\$)	(US\$)
<b>24 SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)</b>				
At 1 January 2025	132,828	132,828,000	70,645,312	663,102
Paid up during the year	374	374,000	289,102	5,400,558
<b>At 31 December 2025</b>	<b>133,202</b>	<b>133,202,000</b>	<b>70,934,414</b>	<b>204,136,414</b>

The 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 of US\$ 1,000 per share and the current share price. The current share price is US\$ 1,773 (2024: US\$ 1,773) for current shareholders and US\$ 2,334 (2024: US\$ 2,334) for new shareholders.

	2025	2024
	(US\$)	(US\$)
<b>25 OTHER RESERVE</b>		
At 1 January	765,695	774,870
Payments on behalf of Shelter Afrique Foundation	-	(9,175)
<b>At 31 December</b>	<b>765,695</b>	<b>765,695</b>

This amount is reserved for the Shelter Afrique Foundation whose formation was approved by the Annual General Meeting in June 2013. The Foundation is registered in Mauritius. An initial meeting of its Governing Council, drawn from the Directors of Shelter Afrique, was held in Mauritius in 2018. The Foundation receives seed capital from Shelter Afrique through appropriation of annual profit, provided the company has made profit in excess of US\$ 1 million and the Directors approve the appropriation. The purpose of the fund is to mobilize funds for alleviating urban poverty with specific focus on providing grants and concessionary financing for housing projects targeted at very low-income. Companies support for innovation research aimed at development of new construction methods and processes, capacity building and general charitable projects. The directors have assessed the operations and financial performance of the Shelter Afrique Foundation for the year ended 31 December 2025 to not have a material impact to the Company and therefore have not consolidated.

The directors do not recommend any appropriation to the Foundation (2024: Nil)

	2025	2024
	(US\$)	(US\$)
<b>26 OTHER PAYABLES</b>		
Accrued expenses	4,328,254	2,545,453
Leave accrual (Note 26(ii))	195,278	226,492
Rent deposits	96,247	104,739
Share capital subscriptions (fractional shares)	35,374	34,089
	<b>4,655,153</b>	<b>2,910,773</b>

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>26 OTHER PAYABLES (CONTINUED)</b>		
The rent deposit balance is non-current (2024: Non-current)		
i. The movement in the share capital subscriptions (fractional shares) is as follows:		
At start of year	34,089	36,532
Increase in capital subscriptions during the year	1,285	1,103
Transfer to share capital	-	(3,546)
<b>At end of year</b>	<b>35,374</b>	<b>34,089</b>
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.		
ii. The movement in the leave accrual is as follows:		
At start of year	226,492	201,238
Decrease in accrual	(13,032)	60,123
Payments in the year	(18,182)	(34,869)
<b>At end of year</b>	<b>195,278</b>	<b>226,492</b>
Leave pay relates to employee entitlements to annual leave and home leave and are recognized when they accrue to employees.		
	<b>2025</b>	<b>2024</b>
<b>27 POST EMPLOYMENT BENEFIT OBLIGATION</b>	<b>(US\$)</b>	<b>(US\$)</b>
<b>Post-employment benefit obligation</b>	<b>2,085,336</b>	<b>2,212,559</b>

The Company operates a gratuity arrangement for its employees which pays one month's salary for each year of service as at the date of retirement or termination of an employee. The benefits on the Board approved Human Resources Policies and Procedures Manual are defined on retirement, resignation, termination, death or redundancy. The gratuity arrangement is defined as a benefit in nature with benefits linked to past service and salary at time of exit. The arrangement is unfunded with no separate assets. The Gratuity arrangement is defined benefit in nature with benefits linked to past service and salary at time of exit. The valuation of the arrangement has been done on a discount rate of 4.50% p.a. and a salary inflation rate of 3.00% p.a.

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>27 POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)</b>		
Net liability at start of period	2,212,559	2,271,597
Current service cost (Note 9)	275,153	299,039
Interest cost (Note 9)	49,098	47,772
Gain from change in demographic assumptions	-	21,601
Gain from change in financial assumptions	(115,472)	(559,483)
Gain from change in participants' movement	-	246,703
Past service cost	-	(49,670)
Benefits paid	(336,002)	(65,000)
<b>Net liability at end of period</b>	<b>2,085,336</b>	<b>2,212,559</b>

The Company has made statutory contributions to the National Social Security Fund. Contributions are determined by local statute and are shared between the employer and employee. For the year ended 31 December 2025, the Company contributed US\$ 0 (2024: US\$ 3,195) which has been charged to the profit or loss account.

*Assumptions*

The principal assumptions applied in the gratuity arrangement valuation were a discount rate of 4.50% p.a and a salary inflation rate of 3.00% p.a.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

**Year ended 31 December 2025**

	Scenario – 1	Scenario – 2	Scenario – 3	Scenario – 4	Scenario – 5
	Base	Discount rate	Salary rate	Discount rate	Salary rate
		increased by 0.25%	increased by 0.25%	decreased by 0.25%	decreased by 0.25%
Discount rate	4.50%	4.75%	4.50%	4.25%	2.25%
Salary increases	3.00%	3.00%	3.25%	3.00%	1.25%
Net liability at start of period (US\$)	2,212,559	2,212,559	2,212,559	2,212,559	2,212,559
Total net expense recognised in the income statement (US\$)	324,251	324,251	297,141	324,251	324,251
Net expense recognised in the other comprehensive income (US\$)	(115,472)	(1,325)	114,046	124,530	8,268
Benefits paid by Employer (US\$)	(336,002)	(336,002)	(336,002)	(336,002)	(336,002)
Net liability at end of period (US\$)	2,085,336	2,199,483	2,314,854	2,325,338	2,209,076

## NOTES (CONTINUED)

## 27 POST EMPLOYMENT BENEFIT OBLIGATION (CONTINUED)

## Year ended 31 December 2025

	Scenario – 1	Scenario – 2	Scenario – 3	Scenario – 4	Scenario – 5
	Base	Discount rate	Salary rate	Discount rate	Salary rate
		increased by 0.25%	increased by 0.25%	decreased by 0.25%	decreased by 0.25%

## Year ended 31 December 2024

Discount rate	2.25%	2.50%	2.25%	2.00%	2.25%
Salary increases	1.50	1.50%	1.75%	1.50%	1.25%
Net liability at start of period (US\$)	2,271,597	2,271,597	2,271,597	2,271,597	2,271,597
Total net expense recognised in the income statement (US\$)	297,141	297,141	297,141	297,141	297,141
Net expense recognised in the other comprehensive income (US\$)	(291,178)	(369,791)	(222,357)	(208,767)	(357,423)
Benefits paid by Employer (US\$)	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
Net liability at end of period (US\$)	2,212,560	2,133,947	2,281,381	2,294,971	2,146,315

The key risks associated with the Gratuity arrangement are as follows:

- The benefits are linked to salary and consequently have an associated risk to increases in salary.
- The benefits are defined as per the HR Policies and Procedures Manual.
- Revisions to the manual could change these benefits and materially change the costs of the company.
- The arrangement is unfunded with no separate assets. Investment risk would therefore not arise on the arrangement.
- Benefits in the arrangement are payable on retirement, resignation, termination, death, or redundancy. The actual cost to the Company of the benefits is therefore subject to the demographic movements of employees

The maturity profile is as follows:

	2025	2024
	(US\$)	(US\$)
Less than 1 year	-	-
More than 5 years	2,085,336	2,212,559
<b>Net liability at end of period</b>	<b>2,085,336</b>	<b>2,212,559</b>

The weighted average duration of the defined benefit obligation is 15.5 years (2024: 15.5 year)

	2025	2024
	(US\$)	(US\$)
<b>28 DIVIDENDS PAYABLE</b>		
<b>Dividends payable</b>	<b>1,369,118</b>	<b>1,369,118</b>

The Directors do not recommend the payment of dividend in the current financial period (2024: nil). The dividend liability was declared for the year ended 31 December 2016 and has remained unpaid due to the Company's low profitability and the strategic focus on growth.

## NOTES (CONTINUED)

	2025	2024
<b>29 DEFERRED INCOME</b>	<b>(US\$)</b>	<b>(US\$)</b>
Government of Kenya grant	81,469	85,349
Deferred front end fees	1,088,521	700,657
	<b>1,169,990</b>	<b>786,006</b>
The movement in the deferred income is as follows:		
At start of year	786,006	911,877
Amortization of Government of Kenya grant	(3,879)	(3,879)
Deferred front end fees	387,863	(121,992)
<b>At end of year</b>	<b>1,169,990</b>	<b>786,006</b>
Deferred front end fees relates to front end fees paid upfront for loans and advances, which has been deferred to future periods.		
	2025	2024
<b>30 MEDIUM TERM NOTES</b>	<b>(US\$)</b>	<b>(US\$)</b>
Naira Bond - Principal	22,177,676	27,455,019
Interest payable on loans	572,979	708,157
	<b>22,750,655</b>	<b>28,163,176</b>
<b>Maturity analysis: (undiscounted cashflows)</b>		
Within one year	12,151,998	-
One year to five years	10,598,657	28,163,176
	<b>22,750,655</b>	<b>28,163,176</b>
The company issued 13% and 13.25% medium-term notes of Naira 46 billion (US\$110 million) in the year 2022 through Nigeria capital market for the duration of 5 years and 7 years respectively for the floating & fixed portions respectively.		
The movement in the medium-term note is as follows:		
At start of year	28,163,176	52,463,873
Interest expense for the year	3,291,849	4,179,366
Interest paid in the year	(3,446,948)	(4,164,799)
Foreign currency exchange gain	(1,596,040)	(21,948,575)
Repayments in the year	(6,853,462)	(2,366,689)
<b>At end of year</b>	<b>22,750,655</b>	<b>28,163,176</b>

The effective interest rates per annum is 13.83% (2024: 13.83%).

## NOTES (CONTINUED)

	2025	2024
30 b) LINES OF CREDIT	(US\$)	(US\$)
<b>The movement in the line of credits as follows:</b>		
At start of year	-	-
Additions	26,300,000	-
Interest for the year	391,847	-
<b>At end of year</b>	<b>26,691,847</b>	-
<b>LINES OF CREDIT</b>		
Principal	26,300,000	-
Interest payable on loans	391,847	-
	<b>26,691,847</b>	-
<b>Maturity analysis</b>		
Within one year	1,300,180	-
One year to five years	25,391,667	-
	<b>26,691,847</b>	-
<b>31 FAIR VALUE MEASUREMENT</b>		

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

i. Fair value of non-financial assets

	Level 1	Level 2	Level 3	Total
	(US\$)	(US\$)	(US\$)	(US\$)
<b>31 December 2025</b>				
Recurring fair value measurements				
Investment properties	-	-	3,542,139	3,542,139
Buildings	-	-	763,897	763,897
Repossessed collateral	-	-	10,849,335	10,849,335
	-	-	<b>15,155,371</b>	<b>15,155,371</b>

## NOTES (CONTINUED)

31 December 2024

Investment properties	-	-	3,745,378	3,745,378
Buildings	-	-	817,912	817,912
Repossessed collateral	-	-	11,351,480	11,351,480
	-	-	<b>15,914,770</b>	<b>15,914,770</b>

The fair value of the non-financial assets is determined based on the market and cost approaches using comparable market prices for similar items when available and replacement cost where appropriate.

## ii) Fair values of financial assets and liabilities

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets at the reporting date without any deduction for transaction costs.

Gains or losses on valuation of financial assets at FVOCI are recognised in other comprehensive income.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The table below shows the various asset classes.

Category (as defined by IFRS 9)	Class (as determined by the Company)	Subclasses		
Financial Instruments	Financial assets at fair value through profit or loss (FVTPL)	Financial assets held for trading	Derivative financial assets	
			Investment in bonds	
			Derivative financial liabilities	
	Amortised cost	Bank and cash balances	Short term bank deposits	
			Loans and advances to customers	Staff loans Project finance Lines of credit
			Other receivables and prepayments	
			Other payables	
			Dividends payable	
			Medium term notes	
			FVOCI	Equity investments

## NOTES (CONTINUED)

## 31 FAIR VALUE MEASUREMENT (CONTINUED)

The table below sets out the Company's classification of financial assets and liabilities, and their fair values:

	At amortised cost	FVPL	Fair value through OCI	Total	Fair value
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
<b>31 December 2025</b>					
<b>Assets</b>					
Cash and bank balances	2,804,371	-	-	2,804,371	2,804,371
Short term bank deposits	28,055,829	-	-	28,055,829	28,055,829
Investment in bonds	-	3,066,653	-	3,066,653	3,066,653
Loans and advances to customers	174,079,760	-	-	174,079,760	174,079,760
Other receivables and prepayments	1,018,083	-	-	1,018,083	1,018,083
Equity investments	-	-	7,819,000	7,819,000	7,819,000
	<b>205,958,043</b>	<b>3,066,653</b>	<b>7,819,000</b>	<b>216,843,696</b>	<b>216,843,696</b>
<b>Liabilities</b>					
Other payables	4,655,153	-	-	4,655,153	4,655,153
Dividends payable	1,369,118	-	-	1,369,118	1,369,118
Medium term notes	22,750,655	-	-	22,750,655	22,750,655
Lines of credit	26,691,847	-	-	26,691,847	26,691,847
	<b>55,466,773</b>	<b>-</b>	<b>-</b>	<b>55,466,773</b>	<b>55,466,773</b>
<b>31 December 2024</b>					
<b>Assets</b>					
Cash and bank balances	6,334,741	-	-	6,334,741	6,334,741
Short term bank deposits	38,871,876	2,544,852	-	38,871,876	38,871,876
Investment in bonds	-	-	-	2,544,852	2,544,852
Loans and advances to customers	134,781,441	122,861	-	134,781,441	134,781,441
Derivative financial assets	-	-	-	122,861	122,861
Other receivables and prepayments	727,636	-	-	727,636	727,636
Equity investments	-	-	6,433,000	6,433,000	6,433,000
	<b>180,715,694</b>	<b>2,667,713</b>	<b>6,433,000</b>	<b>189,816,407</b>	<b>189,816,407</b>

## NOTES (CONTINUED)

## 31 FAIR VALUE MEASUREMENT (CONTINUED)

	At amortised cost	FVPL	Fair value through OCI	Total	Fair value
	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
<b>31 December 2024 (Continued)</b>					
<b>Liabilities</b>					
Other payables	2,910,773	-	-	2,910,773	2,910,773
Dividends payable	1,369,118	-	-	1,369,118	1,369,118
Medium term notes	28,163,176	-	-	28,163,176	28,163,176
	<b>32,443,067</b>	-	-	<b>32,443,067</b>	<b>32,443,067</b>

The analysis of financial assets at fair value through other comprehensive income is as summarised below:

	2025	2024	Fair value hierarchy	Valuation techniques and key inputs
	(US\$)	(US\$)		
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income—equity investments	<b>7,819,000</b>	<b>6,433,000</b>	Level 3	Net asset valuation approach

The fair value of assets measured at amortised cost approximates their carrying values.

There were no transfers between level 1 and 2 during the current or prior period.

## NOTES (CONTINUED)

## 31 FAIR VALUE MEASUREMENT (CONTINUED)

The table below shows the description of valuation techniques used and key inputs to valuation on financial assets valued through other comprehensive income:

At 31 December 2025					
	TMRC	PAHF	KMRC	CRRH	FundCo
Net asset value (US\$'000)	27,305	2,794	48,118	53,548	1,606
Discount for lack of control	18.1%	16.9%	18.1%	15.7%	13.2%
Adjusted net asset value (US\$'000)	22,363	2,323	39,408	45,141	1,394
Shareholding	5.4%	11.9%	11.1%	3.2%	37.7%
Fair value (US\$'000)	1,199	276	4,374	1,445	525
At 31 December 2024					
Net asset value (US\$'000)	16,749	2,833	36,487	40,744	1,457
Discount for lack of control	18.1%	17.5%	18.1%	15.7%	13.2%
Adjusted net asset value (US\$'000)	13,718	2,337	29,883	34,347	1,265
Shareholding	8.2%	11.9%	11.1%	3.6%	37.7%
Fair value (US\$'000)	1,126	277	3,317	1,236	477

**Valuation summary**

- The valuation range for the unquoted shares done using the adjusted net asset value method.
- It is assumed the carrying value of the assets and liabilities approximate their fair value.
- The adjusted net asset value method assumes a controlling stake as the basis of value. Considering the Company holds a minority stake in the investee companies, a minority discount is applied.
- There is a valuation range for each entity. The valuations concluded on the mid value.

When compared to the equity values as of 31 December 2024, a fair value gain was observed in CRRH, TMRC, KMRC, FUNDSCO whereas a fair value loss was observed in PAHF.

## NOTES (CONTINUED)

	Note	2025	2024
		(US\$)	(US\$)
<b>32. NOTES TO THE STATEMENT OF CASH FLOWS</b>			
<b>a. Reconciliation of profit for the year to cash from operations</b>			
<b>Profit for the year</b>		<b>643,256</b>	<b>586,517</b>
Adjustments for:			
Interest income		(19,837,199)	(18,647,295)
Interest expense	5	3,953,443	4,719,557
Share of profit/(loss) from joint ventures	18	(150,353)	(24,228)
Impairment of joint ventures		(55,011)	(266,037)
Capital refund – Everest Park		158,343	37,686
Gain on disposal of reprocessed collateral	7	82	(3,945)
Depreciation of property and equipment	20	133,477	149,483
Amortization of intangible assets	21	244,407	338,903
Amortization of leasehold land	22	3,879	3,879
Exchange difference - joint venture	18	(2,930)	(258,007)
Exchange difference - medium term notes	30	1,596,040	(21,948,575)
<b>Working capital changes:</b>			
Loans and advances to customers		(39,298,319)	3,519,921
Government securities - Bonds		(521,801)	2,949,788
Other receivables		(290,447)	1,371,045
Derivative financial instruments-Assets		122,861	55,098
Other payables		1,744,380	1,664,156
Deferred income		383,985	(125,870)
Repossessed collateral		(502,145)	(1,998,120)
Post employment benefit obligations		127,223	59,038
<b>Net cash generated used in operations</b>		<b>(50,796,985)</b>	<b>(28,045,278)</b>

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>32. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)</b>		
<b>(b) Cash and cash equivalents:</b>		
For the purposes of the statement of cash flows, cash equivalents include the following balances in the statement of financial position:		
Cash and bank balances (note 12)	2,804,371	6,334,741
Short term bank deposits (note 13)	28,055,829	38,871,876
<b>Cash and cash equivalents</b>	<b>30,860,200</b>	<b>45,206,617</b>
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. For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash, and which were within three months of maturity when acquired.		
	2025	2024
<b>33 COMMITMENTS AND CONTINGENT LIABILITIES</b>	<b>(US\$)</b>	<b>(US\$)</b>
<b>(a) Commitments</b>		
Approved and signed project loans not disbursed	-	-
Commitments to equity investments	59,314	880,685
Capital budget	1,572,123	842,900
	<b>1,631,437</b>	<b>1,723,585</b>
Commitments include approved loans and advances awaiting disbursement, commitments to the Pan African Housing Fund (PAHF), and capital expenditure commitment for the following year.		
<b>b) Contingent liabilities</b>		
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.		
<b>c) Operating lease commitments</b>		
Operating leases, in which the Company is the lessor, relate to property owned by the Company with lease terms of between 2 to 6 years, with extension options. The lessee does not have an option to purchase the property at the expiry of the lease period. The following table represents the contractual cash flows expected from the leased properties.		
Within one year	162,398	149,606
Second year	122,605	120,018
Within the third to fifth year inclusive	231,871	163,148
	<b>516,874</b>	<b>432,772</b>
During the year, the Company recognised property lease income of US\$ 430,096 (2024: US\$ 310,353) in profit or loss in respect of operating leases income.		

## NOTES (CONTINUED)

	2025	2024
	(US\$)	(US\$)
<b>34 RELATED PARTY TRANSACTIONS</b>		
The related party transactions relate to directors, key management personnel and interest in joint ventures		
<b>(a) Key management personnel</b>		
Except for staff loans and advances amounting to US\$622,197 (2024: US\$ 898,040) disclosed in note 16, there were no other related party transactions undertaken during the year between the Company and staff. The interest income received from staff loans and advances to key management staff as of 31 December 2025 amounted to US\$ 21,176 (2024: US\$ 29,305).		
Key management comprises all employee beyond middle level management. Remuneration of members of key management during the year was as follows:		
Salaries and other short-term benefits	1,803,795	1,785,093
Post-employment benefits	266,629	211,547
	<b>2,070,424</b>	<b>1,996,640</b>
Directors' fees	295,000	189,808
	<b>2,365,424</b>	<b>2,186,448</b>
	2025	2024
	(US\$)	(US\$)
<b>(b) Loans to joint venture parties</b>		
The Company has provided its Joint Ventures with loans at interest rates similar to those given to its other customers. These loans are fully secured. The loans to Glenwood Gardens Project and Kew Gardens Project have been impaired as they are non-performing loans.		
<b>Glenwood Gardens Project</b>		
At start of year	-	4,028,560
Write off	-	(4,028,560)
Exchange differences	-	-
<b>At end of year</b>	<b>-</b>	<b>-</b>
<b>Kew Gardens Project</b>		
At start of year	16,993,200	5,148,017
Interest charged on the loan	191,030	63,144
Exchange differences	58,980	1,087,478
<b>At end of year</b>	<b>17,243,210</b>	<b>16,993,199</b>

**NOTES (CONTINUED)****35 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 carrying value is not significantly different from the fair value amount.

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**

Total equity includes all capital and reserves of the Company.

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;
- To manage exposures to movement in exchange rates; and
- 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 several 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

## NOTES (CONTINUED)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Capital management (Continued)

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 ratio stood at 57.64% in 2025 (2024: 53.90%). The capital adequacy ratio has been arrived by taking the company's core capital expressed as a percentage of its risk weighted assets.

The table below summarises the composition of the capital adequacy ratio of the Company as of 31 December 2025 and 2024:

## A) RISK WEIGHTED ASSETS.

Item	2025		2024	
	(US\$)	(US\$)	(US\$)	(US\$)
	RWA	RWA Comp.	RWA	RWA Comp.
Credit Risk Exposures -Total	227,092,647	74.4%	238,659,575	74.3%
Project finances	79,849,213	26.2%	118,013,359	36.8%
LoCs	61,570,256	20.2%	30,502,612	9.5%
ST investments	16,224,271	5.3%	22,639,418	7.1%
Equity investments	40,977,730	13.4%	32,983,541	10.3%
LT Investments-Bonds & Derivatives	1,533,327	0.5%	1,563,196	0%
Other receivables	4,686,938	1.5%	1,853,047	1%
Investment on Properties	22,590,912	7.3%	31,104,402	9.7%
Market Risk	55,698,849	18.2%	59,699,786	18.6%
FX risk	33,151,234	10.9%	27,471,236	8.6%
Interest Rate Risk	22,547,615	7.4%	32,228,550	10%
Operational risk	22,509,181	7.4%	22,700,578	7.1%
<b>Sum</b>	<b>305,300,676</b>	<b>100%</b>	<b>321,059,939</b>	<b>100%</b>
(b) CAPITAL - Tier 1				
Item				
Equity Category				
Sum	175,977,074		173,064,114	
CAR	57.64%		53.90%	
<b>CAR Policy</b>	<b>≥25%</b>		<b>≥25%</b>	

**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk**

Credit risk is the risk of suffering financial loss should any of Shelter Afrique's customers, clients or market counterparties fail to fulfil their contractual obligations to Shelter Afrique. Credit risk arises mainly from customer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit.

**Management of credit risk**

Shelter Afrique is also exposed to other credit risks arising from cash and bank balances as well as short-term deposits. For risk management reporting purposes, Shelter Afrique considers and consolidates all elements of credit risk exposure.

Credit risk is the single largest risk for Shelter Afrique's business; management therefore carefully manages its exposure to credit risk. The Board of Directors has delegated responsibility for the management of credit risk to its Audit, Risk & Finance Committee. The Audit, Risk & Finance Committee is responsible for oversight of Shelter Afrique's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorization structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk. Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process;
- Limiting concentrations of exposure to counterparties and industries for loans and advances;
- Developing and maintaining Shelter Afrique's risk grading in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by Company's Audit and Risk Committee;
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to Company's Credit Committee on the credit quality of local portfolios and appropriate corrective action is taken; and
- Providing advice, guidance, and specialist skills to business units to promote best practice throughout Shelter Afrique in the management of credit risk. Each business unit is required to implement Company's credit policies and procedures, with credit approval authorities delegated from Shelter Afrique Credit Committee.

**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Management of credit risk (Continued)****i) Loans and advances**

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. Shelter Afrique measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

*Credit risk grading*

Shelter Afrique uses credit risk gradings that reflect its assessment of the probability of default and specific characteristics of individual counterparties. Various qualitative and quantitative factors such as the facility arrears status, facility restructuring as well as specific industry risk assessment are considered. In addition, the credit grading enables expert judgement from the credit risk team to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

*Expected credit loss measurement.*

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by Shelter Afrique.
- If a significant increase in credit risk ('SICR') is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3';
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is provided in this note; and
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Management of credit risk (Continued)****i) Loans and advances***Significant increase in credit risk (SICR)*

Shelter Afrique considers a financial instrument to have experienced a significant increase in credit risk (SICR) based on its assessment of both quantitative factors and qualitative factors or when the backstop criteria have been met.

Shelter Afrique has considered the following in determining the staging of facilities:

- Qualitative factors -This considers the perceived risk of the customer (i.e.,High, Medium or Low); and
- Quantitative factors -This considers the following:
  - » The facilities arrears status
  - » Number of restructures if any
  - » Reasons for restructure

*Significant increase in credit risk (SICR) (Continued)*

The assessment of SICR incorporates forward-looking information. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team. A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

*Definition of default and credit-impaired assets*

Shelter Afrique defines a financial instrument as in default when the borrower is more than 90 days past due on its contractual payments. The definition has been used consistently across all ECL inputs i.e., PD, EAD and LGD. The criteria above have been applied to all financial instruments held by Shelter Afrique and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout Shelter Afrique's expected loss calculations.

**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Management of credit risk (Continued)****i) Loans and advances (continued)***Measuring ECL —Explanation of inputs, assumptions and estimation techniques*

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts Shelter Afrique expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents Shelter Afrique’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type of claim and availability of collateral or other credit support. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the approximation of the original effective interest rate.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile. The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. Shelter Afrique management uses expert judgement, based on the entity’s historical experience, to determine the time to realization, the forced sale haircut of the collateral and the cost of recovery.

**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****i) Loans and advances (continued)***Measuring ECL —Explanation of inputs, assumptions and estimation techniques*

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the ECL calculation such as how the maturity profile of the PDs and how collateral values change etc. are monitored and on an ongoing basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Shelter Afrique reviews all inputs, assumptions and estimation techniques applied in measuring the ECL to assess any changes and appropriateness on an annual basis. Consideration is made to changes in the business, changes in the economy, changes in the factors affecting the PD, LGD, EAD and other inputs. Such changes are expected to be very infrequent. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

*Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information using macro-economic overlays. Overlays were estimated and applied for three different scenarios, base case scenario, downside scenario and optimistic scenario.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the ECL calculation such as how the maturity profile of the PDs and how collateral values change etc. are monitored and on an ongoing basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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**NOTES (CONTINUED)****35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Management of credit risk (Continued)****i) Loans and advances (continued)***Forward-looking information incorporated in the ECL models*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information using macro-economic overlays. Overlays were estimated and applied for three different scenarios, base case scenario, downside scenario and optimistic scenario. These macroeconomic overlays and the probability of each economic scenario occurring were set using management judgement based on the assessment of Shelter Afrique's portfolio performance. The number of scenarios and their attributes are reassessed at each reporting date. At 1 January 2025 and 31 December 2025, for all portfolios Shelter Afrique concluded that three scenarios appropriately captured non-linearities.

The process involved developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information may include economic data and forecasts published by governmental bodies and monetary authorities in the regions where the Company has advanced loans and advances to customers, supranational organisations such as the World Bank and the International Monetary Fund. The base case represents a most-likely outcome and be aligned with information used by the Company for other purposes, such as strategic planning and budgeting. Noting the wide range of possible scenarios and macroeconomic outcomes, and the relative uncertainty of the social and economic impacts, these scenarios represent reasonable and supportable forward-looking views as at the reporting date.

*Measuring ECL — Explanation of inputs, assumptions and estimation techniques*

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. Following this assessment, Shelter Afrique measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Shelter Afrique considers these forecasts to represent its best estimate of the possible outcomes and has established that the chosen scenarios are appropriate representative of the range of possible scenarios. The table below details the sensitivity of the expected credit losses to change in economic scenarios as of 31 December 2025.

**35 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Management of credit risk (Continued)****ii) Loans and advances (continued)**

Scenario analysis	Impact on ECL to the statement of profit or loss
	US\$
FLI based on, 40% basecase: 40% worst case: 20% optimistic	1,748
FLI based on, 30% base case: 60% worst case: 10% optimistic	5,224

The Company adjusts key credit risk parameters like PD, LGD, and EAD based on macroeconomic factors such as GDP, inflation rates, and population growth. The models create baseline, upside, and downside economic scenarios, which are probability-weighted to ensure unbiased outcomes.

**iii) Other financial assets**

These are made up of the following:

- Cash and bank balances;
- Short term deposits;
- Other receivables; and
- Derivatives.

Shelter Afrique has measured impairment for the above assets using 12-month ECL, and so did not have to assess whether a significant increase in credit risk has occurred.

**Measuring ECL —Explanation of inputs, assumptions and estimation techniques**

For these financial assets, the following steps were taken in determining the 12-month probability of default (PD):

- The counterparty's global rating was used if available and a mapping table used to look up the S&P Global equivalent;
- If no credible external rating existed as at reporting date, then the rating for a Company of a similar tier was used; and
- If the above steps failed to result in a reasonable and supportable estimate for the PD, management has used expert judgement and past experience in estimating the PD for the counterparty.

The exposure at default (EAD) is set as the amortized cost value of the respective financial asset while Loss Given Default (LGD) is assumed to be 100%.

## NOTES (CONTINUED)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

## Management of credit risk (Continued)

## iii) Other financial assets (continued)

## Maximum exposure to credit risk — Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents Shelter Afrique's maximum exposure to credit risk on these assets.

31 December 2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	US\$	US\$	US\$	US\$
Total gross carrying amount	137,372,538	11,813,557	89,153,815	238,339,910
Allowance for credit losses	(3,295,645)	(1,600,737)	(59,363,768)	(64,260,150)
Net carrying amount	<b>134,076,893</b>	<b>10,212,820</b>	<b>29,790,047</b>	<b>174,079,760</b>
<b>31 December 2024</b>				
Total gross carrying amount	96,405,140	5,239,805	91,161,981	192,806,926
Allowance for credit losses	(2,584,735)	(245,196)	(55,195,554)	(58,025,485)
Net carrying amount	<b>93,820,405</b>	<b>4,994,608</b>	<b>35,966,427</b>	<b>134,781,441</b>

The tables below analyze the movement of the loss allowance for loans and advances:

<b>31 December 2025</b>				
<b>Loss allowance as at 1 January 2025</b>	(2,584,735)	(245,196)	(55,195,554)	(58,025,485)
Remeasurement of the loss allowance	(586,519)	(1,129,580)	(3,304,522)	(5,020,621)
Recoveries on impaired loans	-	-	-	-
Changes in the loss allowance				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(101,182)	101,182	-	-
- Transfer to stage 3	-	(250,335)	250,335	-
Write-offs	-	-	-	-
Exchange difference	(23,209)	(76,809)	(1,114,026)	(1,214,044)
<b>Loss allowance as at 31 December 2025</b>	<b>(3,295,645)</b>	<b>(1,600,738)</b>	<b>(59,363,767)</b>	<b>(64,260,150)</b>

## NOTES (CONTINUED)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

31 December 2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	US\$	US\$	US\$	US\$
<b>31 December 2024</b>				
<b>Loss allowance as at 1 January 2024</b>	(2,517,964)	(187,054)	(82,155,062)	(84,860,080)
Remeasurement of the loss allowance	(480,266)	(148,579)	(4,240,790)	(4,869,635)
Recoveries on impaired loans	-	-	460,803	460,803
Changes in the loss allowance				
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	178,316	(178,316)	-	-
- Transfer to stage 3	-	200,459	(200,459)	-
Write-offs	-	-	34,186,459	34,186,459
Exchange difference	235,180	68,294	(3,246,506)	(2,943,032)
<b>Loss allowance as at 31 December 2024</b>	<b>(2,584,734)</b>	<b>(245,196)</b>	<b>(55,195,554)</b>	<b>(58,025,485)</b>

In 2025 and 2024, there were no transfers from either stages 2 or 3 to stage 1.

The tables below analyses the movement of the gross balances for loans and advances:

31 December 2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	US\$	US\$	US\$	US\$
<b>Gross loans as at 1 January 2025</b>	96,405,140	5,239,805	91,161,981	192,806,926
Disbursements	64,199,702	-	-	64,199,702
Interest income accrued	13,113,516	1,149,359	3,037,983	17,300,858
Repayments & other derecognitions, excluding write-offs	(32,084,332)	(800,425)	(7,113,543)	(39,998,300)
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(5,853,823)	5,853,823	-	-
- Transfer to stage 3	-	(60)	(60)	-
- Write offs due to repossessed collaterals	-	-	(60)	(60)
Write-offs	-	-	-	-
Exchange difference	1,592,339	371,055	2,067,391	4,030,785
<b>Gross loans at 31 December 2025</b>	<b>137,372,542</b>	<b>11,813,557</b>	<b>89,153,812</b>	<b>238,339,911</b>

## NOTES (CONTINUED)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

The tables below analyse the movement of the gross balances for loans and advances:

31 December 2025	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	US\$	US\$	US\$	US\$
<b>31 December 2024</b>				
<b>Gross loans as at 1 January 2024</b>	96,392,020	13,951,787	112,817,635	223,161,442
Disbursements	24,806,987	-	-	24,806,987
Interest income accrued	10,481,494	884,759	4,191,276	15,557,529
Repayments & other derecognitions, excluding write-offs	(19,197,173)	(1,169,984)	(8,832,678)	(29,199,835)
- Transfer to stage 1	-	-	-	-
- Transfer to stage 2	(8,809,330)	8,809,330	-	-
- Transfer to stage 3	-	(13,924,080)	13,924,080	-
- Write offs due to repossessed collaterals	-	-	(317,601)	(317,601)
Write-offs			(34,168,404)	(34,168,404)
Exchange difference	(7,268,856)	(3,312,006)	3,547,669	(7,033,193)
<b>Gross loans at 31 December 2024</b>	<b>96,405,142</b>	<b>5,239,806</b>	<b>91,161,977</b>	<b>192,806,925</b>

## Maximum exposure to credit risk — Financial instruments subject to impairment (continued)

## Other financial assets

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				US\$	US\$	US\$
<b>31 December 2025</b>						
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	2,804,371	-	2,804,371
Short term bank deposits	A, BBB, B+, B-	Performing	12-month ECL	29,644,171	(1,588,341)	28,055,830
Investment in bond				3,066,653	-	3,066,653
Other receivables				2,884,808	(1,866,725)	1,018,083
Currency Swap				-	-	-
				<b>38,400,003</b>	<b>(3,455,066)</b>	<b>34,944,937</b>

## NOTES (CONTINUED)

## 35 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Credit risk (Continued)

## Maximum exposure to credit risk –Financial instruments subject to impairment(continued)

Other financial assets

	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				US\$	US\$	US\$
<b>31 December 2024</b>						
Bank balances	A, BBB, B+, B-	Performing	12-month ECL	6,334,741	-	6,334,741
Short term bank deposits	A, BBB, B+, B-	Performing	12-month ECL	40,725,638	(1,853,762)	38,871,876
Investment in bond				2,544,852		2,544,852
Other receivables				2,968,300	(1,865,664)	1,102,636
Currency Swap				122,861	-	122,861
				<b>52,696,392</b>	<b>(3,719,426)</b>	<b>48,976,966</b>

The table below analyses the movement of the loss allowance for other financial assets:

	Short term bank deposits	Other receivables	Total
	(US\$)	(US\$)	(US\$)
<b>31 December 2025</b>			
At 1 January 2024	(1,853,762)	(1,865,664)	(3,719,426)
Increase/ (decrease) in loss allowance in the year	265,421	-	265,421
Exchange difference	-	(1,061)	(1,061)
<b>At 31 December 2025</b>	<b>(1,588,341)</b>	<b>(1,866,725)</b>	<b>(3,455,066)</b>
<b>31 December 2024</b>			
At 1 January 2024	(1,781,543)	(1,096,037)	(2,877,580)
Increase/ (decrease) in loss allowance in the year	(72,219)	(704,026)	(776,245)
Exchange difference	-	(65,601)	(65,601)
<b>At 31 December 2024</b>	<b>(1,853,762)</b>	<b>(1,865,664)</b>	<b>(3,719,426)</b>

**NOTES (CONTINUED)****35. FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Collateral and other credit enhancements**

Shelter Afrique employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. Shelter Afrique has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. Shelter Afrique prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically.

Shelter Afrique holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. Debt securities, treasury and other eligible bills are generally unsecured. Collateral is usually not held against investment securities, and no such collateral was held at 31 December 2025(2024: Nil).

Shelter Afrique's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by Shelter Afrique since the prior period. Shelter Afrique closely monitors collateral held for financial assets, as it becomes more likely that Shelter Afrique will take possession of collateral to mitigate potential credit losses.

Fair value of the collaterals held against loans and advances as of 31 December 2025 is as follows:

	2025	2024
	(US\$)	(US\$)
Lines of credit	137,709,040	84,481,723
Project finance	109,850,568	113,889,995
Staff loans	3,558,695	4,204,963
	<b>251,118,303</b>	<b>202,576,681</b>

The fair value of collateral held as security against credit impaired loans amounted to US\$ 154,823,152 (2024:US\$ 154,823,152)

**Loss allowance**

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

**NOTES (CONTINUED)****35. FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Collateral and other credit enhancements (continued)****Loss allowance (continued)**

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discounts unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Financial assets derecognized during the period and write-offs of allowances related to assets that were written off during the period.

**Write-off policy**

Shelter Afrique writes off a loan balance (and any related allowances for impairment losses) when the Company's Credit department determines that the loans are uncollectible. This is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Recoveries after a write-off has happened are treated as writebacks in the profit and loss statement.

**Modification of financial assets**

Shelter Afrique sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where Shelter Afrique has made concessions that it would not otherwise consider.

Such restructuring activities include extended payment term arrangements. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue.

**NOTES (CONTINUED)****35. FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit risk (Continued)****Modification of financial assets (continued)**

These policies are kept under continuous review. Restructuring is most commonly applied to term loans. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. Shelter Afrique monitors the subsequent performance of modified assets. Shelter Afrique may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. No project was restructured in 2025 (2024: 5,239,805)

**Concentration by Sector**

Shelter Afrique monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

<i>Net loans and advances to customers</i>	<b>2025</b>	<b>%</b>	<b>2024</b>	<b>%</b>
	<b>(US\$)</b>		<b>(US\$)</b>	
Financial institutions	123,140,508	71%	93,589,681	69%
Real Estate	47,270,394	27%	37,654,287	28%
Others (staff loans)	3,668,858	2%	3,537,473	3%
	<b>174,079,760</b>	<b>100%</b>	<b>134,781,441</b>	<b>100%</b>
<b>Geographical concentration analysis of net loans and advances:</b>				
Eastern Africa	7,271,334	4%	12,353,770	9%
Southern Africa	71,238,360	41%	27,660,982	21%
Francophone West/Central Africa	71,924,558	41%	65,132,632	48%
Anglophone West Africa	23,645,508	14%	29,634,057	22%
	<b>174,079,760</b>	<b>100%</b>	<b>134,781,441</b>	<b>100%</b>

**(c) Market risk**

The market risk exposure for the Company relates primarily to currency and interest rate risk

**(i) 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, Rand, Naira, and Euro. This results in exposures to exchange rate fluctuations.

## NOTES (CONTINUED)

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Currency risk (continued)

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. The table in the following page summarizes the Company's exposure to foreign currency exchange risk as at 31 December 2025.

	Euro	CFA	KShs	ZAR	Naira	Total
<b>31 December 2025</b>						
<b>Assets</b>						
Bank and cash balances	19,684	141,282	570,565	379,938	948,434	2,059,903
Short term deposits	-	-	2,683,221		429,050	3,112,271
Investment in bonds	-	-	-	-	3,066,653	3,066,653
Loans and advances to customers	2,793,346	5,505,441	2,113,865		16,309,672	26,722,324
Total financial assets	2,813,030	5,646,723	5,367,651	379,938	20,753,809	34,961,151
<b>Liabilities</b>						
Medium term notes					22,750,655	22,750,655
Lines of Credit						
Total financial liabilities					22,750,655	22,750,655
Net asset/ (liability) position	<b>2,813,030</b>	<b>5,646,723</b>	<b>5,367,651</b>	<b>379,938</b>	<b>(1,996,846)</b>	<b>12,210,496</b>
<b>31 December 2024</b>						
Total financial assets	2,571,207	4,908,031	4,996,869	320,260	25,213,546	38,009,913
Total financial liabilities	-	-	-	-	28,163,176	28,163,176
Net asset/ (liability) position	<b>2,571,207</b>	<b>4,908,031</b>	<b>4,996,869</b>	<b>320,260</b>	<b>(2,949,630)</b>	<b>9,846,737</b>

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 on profit or loss**

	2025 (US\$)	2024 (US\$)
Euro (13%:2024: 20%)	365,694	128,560
CFA (-11.51% :2024: 20%)	(649,938)	196,321
KShs (-0.22% :2024: -98%)	(11,809)	202,486
ZAR (-11.64% :2024: -88%)	(44,225)	3,203
Naira (-6.52% :2024: -99%)	130,194	(29,496)

**NOTES (CONTINUED)****35. FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Market risk (Continued)****Currency risk (continued)***Impact on profit or loss*

	2025 (US\$)	2024 (US\$)
Euro (13%:2024: 20%)	365,694	128,560
CFA (-11.51% :2024: 20%)	(649,938)	196,321
KShs (-0.22% :2024: -98%)	(11,809)	202,486
ZAR (-11.64% :2024: -88%)	(44,225)	3,203
Naira (-6.52% :2024: -99%)	130,194	(29,496)

**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 equity price risk exposure arises from equity investments at fair value through other comprehensive income. A 10 per cent increase/decrease in the value of the Company's equity instruments as at 31 December 2025 would have increased/decreased equity by US\$ 781,900 (2024: US\$ 643,300).

**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 SOFR based. Interest margins may increase as a result of such changes in the SOFR rates but may reduce losses in the event that unexpected movements arise for the SOFR 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 and Risk 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 on the following page 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.

## NOTES (CONTINUED)

## 35. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Market risk (Continued)

## Interest rate risk (continued)

	Up to 12 months	1-5 years	over 5 years	Total sensitive balance	Non-interest bearing	Fixed interest rate	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2025</b>							
<b>Assets</b>							
Bank and cash balances	-	-	-	-	2,804,371	-	2,804,371
Short term deposits	28,055,829	-	-	28,055,829	-	-	28,055,829
Investment in bonds	-	-	-	-	-	3,066,653	3,066,653
Loans and advances to customers	34,457,538	12,221,220	-	46,678,758	-	127,401,004	174,079,762
Total financial assets	62,513,367	12,221,220	-	74,734,587	2,804,371	130,467,657	208,006,615
<b>Liabilities</b>							
Medium term notes	-	-	-	-	-	28,163,176	28,163,176
Total financial liabilities	-	-	-	-	-	49,442,502	49,442,502
<b>Net interest rate sensitivity gap</b>	<b>62,513,367</b>	<b>12,221,220</b>	<b>-</b>	<b>74,734,587</b>	<b>2,804,371</b>	<b>81,025,155</b>	<b>158,564,112</b>
<b>31 December 2024</b>							
<b>Assets</b>							
Bank and cash balances	-	-	-	-	6,334,741	-	6,334,741
Short term deposits	-	-	-	-	-	38,871,876	38,871,876
Investment in bonds	-	-	-	-	-	2,544,852	2,544,852
Loans and advances to customers	47,125,548	17,913,638	-	65,039,186	-	69,742,255	134,781,441
Total financial assets	47,125,548	17,913,638	-	65,039,186	6,334,741	111,158,983	182,532,910
<b>Liabilities</b>							
Medium term notes	-	-	-	-	-	28,163,176	28,163,176
Total financial liabilities	-	-	-	-	-	28,163,176	28,163,176
<b>Net interest rate sensitivity gap</b>	<b>47,125,548</b>	<b>17,913,638</b>	<b>-</b>	<b>65,039,186</b>	<b>6,334,741</b>	<b>82,995,807</b>	<b>154,369,734</b>

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\$ 373,672 (2024:US\$ 325,196). A 50-basis point increase or decrease represents management's assessment of the reasonably possible change in variable interest rates.

**NOTES (CONTINUED)****35. FINANCIAL RISK MANAGEMENT (Continued)****(d) Liquidity risk**

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 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 remain-

## NOTES (CONTINUED)

## 35. FINANCIAL RISK MANAGEMENT (Continued)

## (d) Liquidity risk (continued)

ing 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:

	Up to 1 month	2-6 months	6-12 months	1-5 years	over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2025</b>						
<b>Financial assets</b>						
Bank and cash balances	2,804,371	-	-	-	-	2,804,371
Short term deposits	-	28,055,829	-	-	-	28,055,829
Investment in bonds	-	-	3,066,653	-	-	3,066,653
Loans and advances to customers	57,219,573	5,045,726	36,926,967	116,354,989	9,196,085	224,743,340
Other receivables	-	-	1,018,083	-	-	1,018,083
<b>Total financial assets</b>	<b>60,023,944</b>	<b>33,101,555</b>	<b>41,011,703</b>	<b>116,354,989</b>	<b>9,196,085</b>	<b>259,688,276</b>
<b>Financial liabilities</b>						
Medium term notes	-	6,075,999	6,075,999	14,732,550	-	26,884,548
Lines of Credit	-	947,917	3,389,583	24,211,198	-	28,548,698
Dividend payables	-	-	1,369,118	-	-	1,369,118
<b>Total financial liabilities</b>	<b>-</b>	<b>7,023,916</b>	<b>10,834,700</b>	<b>38,943,748</b>	<b>-</b>	<b>56,802,364</b>
<b>Net liquidity gap</b>	<b>60,854,503</b>	<b>26,077,639</b>	<b>30,177,003</b>	<b>77,411,241</b>	<b>9,196,085</b>	<b>202,885,912</b>
	Up to 1 month	2-6 months	6-12 months	1-5 years	over 5 years	Total
	US\$	US\$	US\$	US\$	US\$	US\$
<b>31 December 2024</b>						
<b>Financial assets</b>						
Bank and cash balances	6,334,741	-	-	-	-	6,334,741
Short term deposits	-	38,871,876	-	-	-	38,871,876
Investment in bonds	-	-	2,544,852	-	-	2,544,852
Loans and advances to customers	55,576,749	2,820,056	19,124,216	84,882,077	14,243,323	176,646,421
Other receivables	-	-	727,636	-	-	727,636
Derivative financial asset	-	-	122,861	-	-	122,861
<b>Total financial assets</b>	<b>61,911,490</b>	<b>41,691,932</b>	<b>22,519,565</b>	<b>84,882,077</b>	<b>14,243,323</b>	<b>225,248,387</b>

## NOTES (CONTINUED)

## 35. FINANCIAL RISK MANAGEMENT (Continued)

## (d) Liquidity risk (continued)

	Up to 1 month	2-6 months	6-12 months	1-5 years	over 5 years	Total
31 December 2024	US\$	US\$	US\$	US\$	US\$	US\$
<b>Financial liabilities</b>						
Medium term notes	-	5,177,168	7,041,420	23,771,007	-	35,989,595
Dividend payables	-	-	1,369,118	-	-	1,369,118
Total financial liabilities	-	5,177,168	8,410,538	23,771,007	-	37,358,713
<b>Net liquidity gap</b>	<b>61,911,490</b>	<b>36,514,764</b>	<b>14,109,027</b>	<b>61,111,070</b>	<b>14,243,323</b>	<b>187,889,674</b>

## (e) Financial instruments categories

	Amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total carrying amount
	US\$	US\$	US\$	US\$
<b>31 December 2025</b>				
<b>Financial assets</b>				
Cash and balances	2,804,371	-	-	2,804,371
Short term bank deposits	28,055,829	-	-	28,055,829
Investment in bonds	-	3,066,653	-	3,066,653
Derivative financial assets	-	-	-	-
Loans and advances to customers	174,079,760	-	-	174,079,760
Equity investments	-	-	7,819,000	7,819,000
Other receivables and prepayments	1,018,083	-	-	1,018,083
Total financial assets	205,958,043	3,066,653	7,819,000	216,843,696
<b>Financial liabilities</b>				
Other payables	4,655,153	-	-	4,655,153
Medium term notes	22,750,655	-	-	22,750,655
Dividend payables	1,369,118	-	-	1,369,118
Total financial Liabilities	28,774,926	-	-	28,774,926

## NOTES (CONTINUED)

## 35. FINANCIAL RISK MANAGEMENT (Continued)

## (e) Financial instruments categories (continued)

	Amortised Cost	At fair value through profit or loss	At fair value through other comprehensive income	Total carrying amount
	US\$	US\$	US\$	US\$
<b>31 December 2024</b>				
<b>Financial assets</b>				
Cash and balances	6,334,741	-	-	6,334,741
Short term bank deposits	38,871,876	-	-	38,871,876
Investment in bonds	-	2,544,852	-	2,544,852
Derivative financial assets	-	122,861	-	122,861
Loans and advances to customers	134,781,441	-	-	134,781,441
Equity investments	-	-	6,433,000	6,433,000
Other receivables and prepayments	727,636	-	-	727,636
<b>Total financial assets</b>	<b>180,715,694</b>	<b>2,667,713</b>	<b>6,433,000</b>	<b>189,816,407</b>
<b>Financial liabilities</b>				
Other payables	2,891,480	-	-	2,891,480
Medium term notes	28,163,176	-	-	28,163,176
Dividend payables	1,369,118	-	-	1,369,118
<b>Total financial Liabilities</b>	<b>32,423,774</b>	<b>-</b>	<b>-</b>	<b>32,423,774</b>

## 36. EVENTS AFTER REPORTING PERIOD

There were no material adjusting events subsequent to the period end that required adjustment or disclosure in these financial statements

		No of shares	No of shares	% of shareholding
Class A: Countries		31 December 2024	31 December 2025	
1	Algeria	4,220	4,220	3.17
2	Benin	306	306	0.23
3	Botswana	839	839	0.63
4	Burkina Faso	1,560	1,893	1.42
5	Burundi	300	300	0.23
6	Cameroon	6,126	6,126	4.60
7	Cape Verde	16	16	0.01
8	Central Afr. Rep	271	271	0.20
9	Chad	1,090	1,090	0.82
10	Congo	2,694	2,694	2.02
11	Democratic Republic of Congo	2,970	2,970	2.23
12	Djibouti	300	300	0.23
13	Gabon	1,561	1,561	1.17
14	Gambia	331	331	0.25
15	Ghana	6,315	6,315	4.74
16	Guinea	419	419	0.31
17	Guinea Bissau	25	25	0.02
18	Guinea Equatorial	301	301	0.23
19	Ivory Coast	5,241	5,241	3.93
20	Kenya	21,061	21,061	15.81
21	Lesotho	3,270	3,270	2.45
22	Liberia	591	591	0.44
23	Madagascar	327	327	0.25
24	Malawi	522	563	0.42
25	Mali	6,623	6,623	4.97
26	Mauritania	639	639	0.48
27	Mauritius	115	115	0.09
28	Morocco	3,734	3,734	2.80
29	Namibia	2,074	2,074	1.56
30	Niger	318	318	0.24
31	Nigeria	22,656	22,656	17.01
32	Rwanda	3,581	3,581	2.69
33	Sao Tome & Principe	16	16	0.01
34	Senegal	1,407	1,407	1.06

		No of shares	No of shares	% of shareholding
<b>Class A: Countries</b>		<b>31 December 2024</b>	<b>31 December 2025</b>	
35	Seychelles	300	300	0.23
36	Sierra Leone	74	74	0.06
37	Somalia	10	10	0.01
38	Swaziland	760	760	0.57
39	Tanzania	2,059	2,059	1.55
40	Togo	1,533	1,533	1.15
41	Tunisia	300	300	0.23
42	Uganda	1,995	1,995	1.50
43	Zambia	2,599	2,599	1.95
44	Zimbabwe	1,659	1,659	1.25
		<b>113,108</b>		
<b>Class B: Institutions</b>				
1	African Development Bank	15,200	15,200	11.41%
2	AfricanReinsurance Corporation	4,520	4,520	3.39%
<b>TOTAL</b>		<b>132,828</b>	<b>133,202</b>	<b>100%</b>

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