

ShoreCap International, Ltd.
Annual Report
2006



**INVESTING IN
FINANCIAL INSTITUTIONS
SERVING MICRO
AND SMALL ENTERPRISES**



SHORECAP INTERNATIONAL

COMMITTED TO THE ENTREPRENEUR



SHORECAP INTERNATIONAL (SCI) IS A PRIVATE EQUITY INVESTMENT COMPANY THAT SUPPORTS MICROFINANCE INSTITUTIONS AND SMALL BUSINESS BANKS IN DEVELOPING AND TRANSITIONAL ECONOMIES THROUGHOUT AFRICA, ASIA AND PARTS OF EASTERN EUROPE. ALONG WITH ITS PARTNER, SHORECAP EXCHANGE (SCE), SHORECAP PROVIDES THE INVESTMENT CAPITAL, BOARD DIRECTORSHIP, AND TECHNICAL ASSISTANCE SERVICES NEEDED TO SUPPORT GROWING FINANCIAL SERVICES COMPANIES SERVING LOW-INCOME BORROWERS AND SMALL ENTERPRISES.

Highlights from 2006

- Invested or committed to invest \$5.4 million in Planters Development Bank (the Philippines), Cambodian Entrepreneur Building Ltd., XacBank (Mongolia), BRAC Afghanistan Bank, Reliance Financial Services Company (The Gambia), and Commercial Microfinance Limited (Uganda).
- Realized strong financial performance from all portfolio companies which collectively grew their loan portfolios to \$920 million and attained average return on assets and return on equity of 2.2% and 21% respectively.
- Supported, with the help of ShoreCap Exchange, the growth and outreach of investee institutions which made \$521 million in new loans to 400,000 small and micro enterprises.
- Created future liquidity for ShoreCap's investment in BRAC Bank (Bangladesh) by helping them issue shares to 30,000 new individual and institutional shareholders through an Initial Public Offering completed in December.
- Earned \$2.6 million in net income for the year, including another \$3 million in unrealized gains, driving the total IRR on invested capital to 11.5% since inception.

This year marked the half way point of ShoreCap's initial investment period, and I believe the company is well on its way to achieving its primary objectives. Through its "Capital Plus" approach, ShoreCap is demonstrating that the combination of patient investment capital, board governance, technical assistance and knowledge exchange can produce strong, locally-owned financial institutions which profitably serve small and micro enterprises. In the past 2 years we have seen the creation of approximately 30 (thirty) new microfinance investment vehicles and the mobilization of over \$1 billion of commercial capital targeting the sector. The strong performance of ShoreCap's investment portfolio has created financial returns in excess of the company's original expectations. And we are seeing increasingly more financial institutions in developing countries looking to enter the micro and small business lending arena.

2006 - the year Muhammad Yunus and Grameen Bank won the Nobel Peace Prize for microfinance - was a good year for ShoreCap as well. We added three new companies to our investment portfolio and approved a \$1.15 million investment in a fourth institution, Commercial Microfinance Ltd. in Uganda, which is expected to close in the first quarter of 2007. Two of our portfolio companies, CEB (Cambodia) and K-Rep Bank (Kenya), received the prestigious CGAP Financial Transparency Award in 2006, with BRAC

(Afghanistan), XacBank (Mongolia) and BASIX (India) receiving Merit Recognition from CGAP. BRAC Bank in Bangladesh, ShoreCap's first investee, successfully completed an IPO in December, and their shares are now trading at a price of over 5 times SCI's cost basis. Financially, the company earned over \$550,000 in interest, dividend and fee income this year, covering 60% of expenses, and booked an unrealized gain on equity investments of nearly \$3 million.

The outlook for the year ahead promises to be equally exciting with management projecting to invest in another 3-4 institutions while seeking possible exit opportunities among our existing investments. In early 2007, the company will open an office in Johannesburg, South Africa to strengthen its regional presence in Africa and continue to build its African portfolio. Working closely with ShoreCap Exchange, we expect to complete a pilot project in Bangladesh designed to help small business banks measure job creation and wage increases at their borrowers' businesses. Finally, we will begin to plan for ShoreCap II, a second investment fund which will likely combine another round of investment capital with the resources and expertise of ShoreCap Exchange and ShoreBank International. On behalf of the entire Board of ShoreCap International, I wish to thank our dedicated shareholders, staff and portfolio company managers for the success achieved to date.

Mary Houghton
Chair,
 ShoreCap International, Ltd.

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SHORECAP'S MISSION

ABOUT THE COMPANY



TO EXPAND ACCESS TO FINANCIAL SERVICES TO MICRO-ENTREPRENEURS AND SMALL BUSINESS OWNERS IN EMERGING MARKETS BY PROVIDING THE CAPITAL, GOVERNANCE AND KNOWLEDGE NECESSARY TO SUPPORT SUSTAINABLE DEVELOPMENT FINANCE INSTITUTIONS.

Investment Criteria

Partner institutions are commercial microfinance institutions and small business banks that:

- Have a demonstrable commitment to development
- Are regulated by their country's Central Bank
- Run profitable, unsubsidized operations
- Have a high-performing local management team
- Maintain sound levels of asset quality
- Are committed to an investment exit within 5-7 years
- Are capable of delivering target investment returns through long-term capital appreciation in share price

Sponsor and Manager

ShoreBank Corporation is the United States' first and leading community development financial institution supporting economic equity and a healthy environment. Headquartered in Chicago, ShoreBank is a \$2 billion company that owns, operates, invests in and advises development banks around the world.

Target Markets

ShoreCap focuses on developing countries and emerging markets in Africa, Asia and Eastern Europe.

ABN AMRO Bank

A leading international bank based in the Netherlands with total assets of €987 billion, over 4,500 branches in 53 countries and territories and a staff of about 105,000 worldwide.

Asian Development Bank (ADB)

A multilateral development finance institution established in 1966 and supported by 66 member countries that is dedicated to reducing poverty in Asia and the Pacific.

The Belgian Investment Company (BIO)

A public/private partnership that supports private sector projects in developing countries by providing long-term financing to micro, small and medium-sized enterprises.

The Calvert Group

One of the largest families of socially responsible mutual funds with over US \$14 billion in assets under management in more than 40 investment portfolios.

CDC Group

The British government-owned development finance institution was established in 1948 and currently has over \$1.7 billion deployed through 77 funds in Africa, Asia and Latin America.

European Investment Bank (EIB)

EIB is the financing institution of the European Union (EU). EIB serves as a development partner in 77 African, Caribbean and Asian countries where it supports initiatives which promote private sector development.

Evslin Family Foundation

A U.S.-based family foundation dedicated to the use of education, transparent business practices and high technology to improve the conditions of individuals living in disadvantaged communities around the world.

Finnfund

A Finnish development finance company established in 1979 that provides long-term risk capital for private projects in developing countries.

Ford Foundation

An independent, non-profit organization that has provided more than US\$12 billion in grants and other funding to reduce poverty and injustice, strengthen democratic values, promote international cooperation and advance human achievement.

The Gatsby Charitable Foundation

A UK-based trust that funds a range of activities including efforts to combat poverty in Africa through promotion of small scale enterprise and innovation in agriculture.

The International Finance Corporation (IFC)

The private investment arm of the World Bank Group and the largest multilateral source of loan and equity financing for private sector projects in developing countries.

The Netherlands Development Finance Company (FMO)

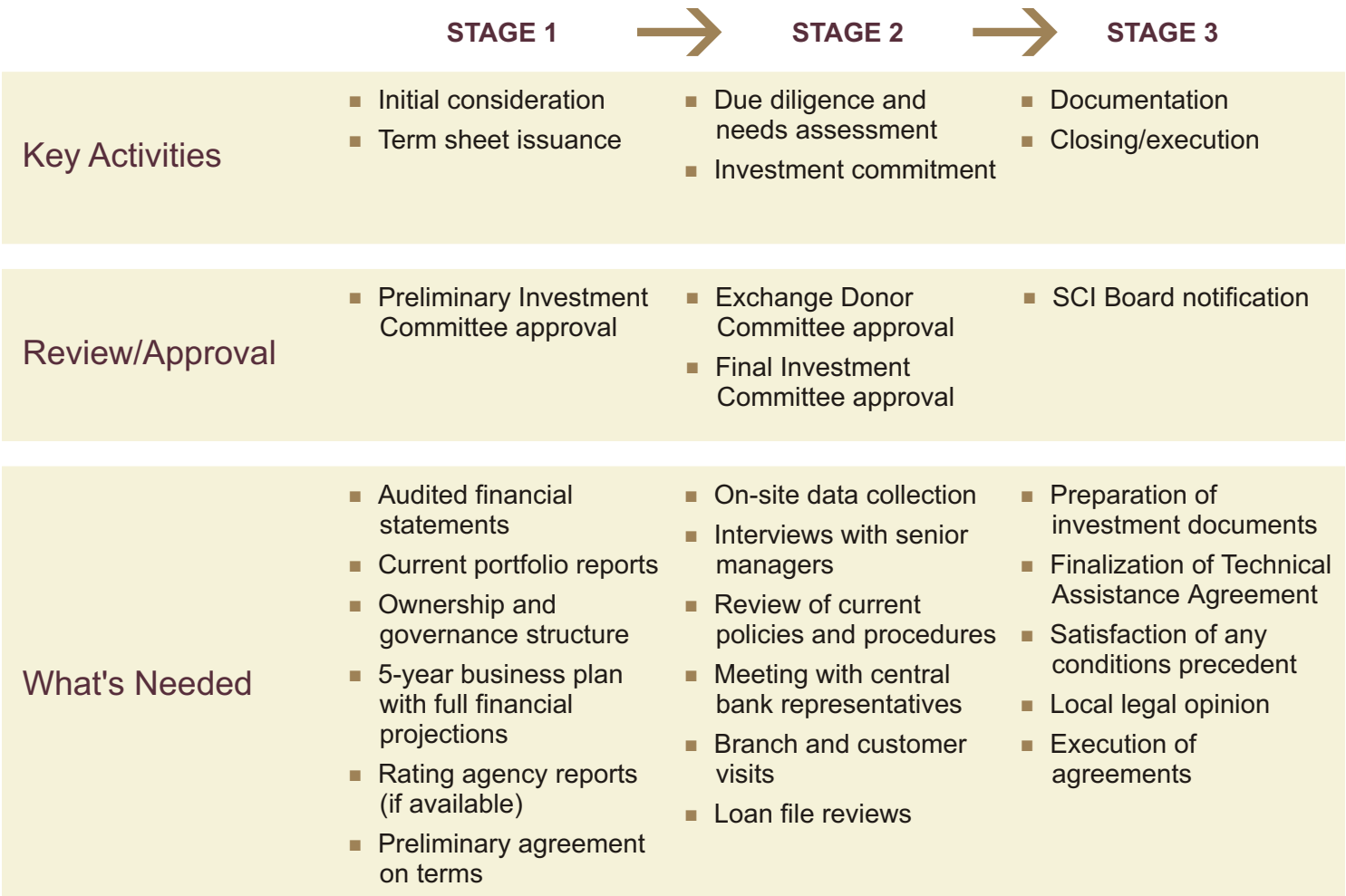
A public/private partnership that invests in private sector projects in developing countries and emerging markets in Africa, Asia, Latin America, Central and Eastern Europe.

ShoreBank Corporation

The United States' leading community development and environmental banking corporation with US\$2 billion in assets committed to building vibrant communities around the world through access to financial and information services.

Skoll Foundation

A private U.S.-based foundation whose mission is to advance systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs.



A PARTNERSHIP

SHORECAP EXCHANGE

FOR DEVELOPMENT

SHORECAP EXCHANGE (EXCHANGE), SHOREBANK'S NON-PROFIT AFFILIATE FOUNDED TO STRENGTHEN THE SUSTAINABILITY AND DEVELOPMENT IMPACT OF SCI'S INVESTEES, PROVIDES A WIDE RANGE OF CAPACITY BUILDING SERVICES TO SCI'S INVESTEES, INCLUDING NEW PRODUCT DEVELOPMENT, RISK MANAGEMENT SYSTEMS, INTERNAL CONTROLS, DEPOSIT MOBILIZATION STRATEGIES, MANAGEMENT/STAFF SKILLS DEVELOPMENT AND INFORMATION TECHNOLOGY SOLUTIONS.

EXCHANGE'S WORK ON THE GROUND COMPLEMENTS THE SCI INVESTMENT AND GOVERNANCE ROLE ON THE BOARDS OF INVESTEE COMPANIES. EXCHANGE PLAYS A SECOND IMPORTANT ROLE IN FACILITATING A KNOWLEDGE EXCHANGE NETWORK (KEN) FOCUSED ON DEVELOPING JOINT SOLUTIONS TO COMMON CHALLENGES BASED UPON EXPERIENCES SHARED AMONGST SCI'S PARTNER INSTITUTIONS AND PEER BANKS IN THE FIELD. IN BOTH THE ONSITE CAPACITY BUILDING AND KNOWLEDGE EXCHANGE WORK, EXCHANGE DRAWS HEAVILY ON THE EXPERTISE AT SHOREBANK AND SHOREBANK INTERNATIONAL.

Banker-to-Banker Peer Learning Forums

Exchange's In-Person and Teleconference Forums provide SCI's partner institutions with the opportunity to share learnings and widen their networks, thus leveraging the lessons more effectively throughout the field.

CEO Forum

The CEO Forum brings together CEOs and other senior managers from investee institutions and other interested potential investees. Topics include governance, capital raising and risk management. Speakers have included industry experts and practitioners. In September 2006, an in-person forum on was held on Good Governance and Effective Leadership, which was attended by CEOs and board members from fifteen institutions. The sessions on governance were presented by Mr. Eugene Ludwig, a former Comptroller of the Currency (the chief supervisor and regulator of US national banks) and current SCI director.

Human Resources Forum

These forums have been increasingly attractive, particularly amongst MFIs, as the issue of human capital development continues to be one of the primary challenges confronted by SCI's investees in all markets. Like other forums, the Human Resource forums are facilitated by both ShoreBankers and members of Exchange.

ShoreCap Exchange also facilitates shared learnings directly amongst SCI's investees by arranging for on-site visits, enabling SCI's investee's management to experience first-hand the most effective and innovative techniques amongst the sector.

Lender's Corner

This forum is held semi-annually via teleconference, and is led by senior members of ShoreBank with expertise in small business lending and credit risk management. Participants contribute their lessons and challenges, and Exchange staff participate with their knowledge of SCI's investees' operations.

AFRICA, ASIA & EASTERN EUROPE

THE SHORECAP PORTFOLIO

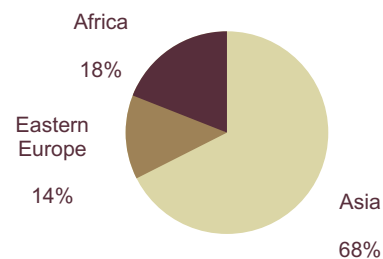
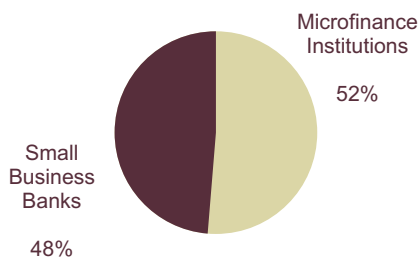
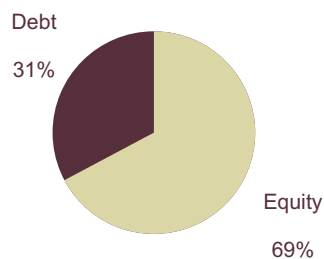
ShoreCap International has invested or committed to invest a total of \$13.8 million in 11 financial institutions. As illustrated below, most of the current portfolio, including commitments, consists of equity investments. 68% of the invested funds are in Asia, 18% in Africa and 14% in Eastern Europe.

The portfolio companies continued to perform well in 2006 both in terms of financial returns and development impact. Combined, the portfolio institutions collectively reached \$1.5 billion in total assets. Average return on assets was 2.2% and return on equity was 21% across the portfolio. Over \$500 million in loans were disbursed to customers in ShoreCap's targeted micro and small business sectors.

ShoreCap's Investments



By type of investment, type of institution and region



Africa

K-Rep Bank, Kenya

www.k-repbank.com

Since its establishment in 1999, K-Rep Bank has grown to become one of the largest commercial microfinance institutions in East Africa, with over \$74 million in total assets and more than 135,000 borrowers and depositors. As its core business, K-Rep provides both credit and savings products with group-based loans to micro-entrepreneurs. K-Rep also makes wholesale loans to other microfinance institutions and cooperative societies that on-lend the funds to members or employees.

K-Rep continued to experience significant growth in 2006, with the loan portfolio increasing nearly 60% to \$55 million, as one dozen new branches were opened. Net income nearly tripled from a year earlier, rising to over \$1.3 million.

For 2006, K-Rep was awarded The Financial Transparency Award from the Consultative Group to Assist the Poor (CGAP) for its excellence in financial reporting and transparency.

In 2006, SCE continued to provide follow-on assistance in building the capacity and quality of the bank's lending staff, including providing training and initial mentoring for K-Rep's new Chief Risk Officer.

Investment

Size: \$720,000 (equity)
Date of Investment: December, 2004
SCI Board Member: Leon Smith
*Senior Vice President
 Risk Management,
 ShoreBank Corporation*

	2005	2006
Assets	\$51.8 million	\$74.2 million
Loans	\$34.5 million	\$54.7 million
Borrowers	73,800	135,425
Outlets	18	32
Employees	404	490

Reliance Financial Services Company, The Gambia

Reliance Financial Services Company (RFS), added to ShoreCap International's portfolio in November 2006, is SCI's most recent Investee. Established in 2006, RFS is a start-up non-bank financial institution (NBFi) in The Gambia serving SMEs and micro-entrepreneurs. RFS is filling a gap in the Gambian market between the relatively strong and very profitable commercial banks focused on the upper-end of the market and a few undercapitalized institutions serving small businesses and micro-entrepreneurs. RFS's operations are currently focused in urban areas of the country and its target loan customers will overlap somewhat with the lower end of commercial bank customers.

The bank began operations just two weeks before year end and while deposits began to be mobilized, the lending operations will begin in earnest in 2007.

ShoreCap Exchange has begun a capacity building program which will initially involve the assistance of two consultants who will be working onsite to help implement the new IT system, train new loan officers, develop operating policies and procedures, and serve as general advisors to management.

Investment

Size: \$679,000 (equity and debt)
Date of Investment: November, 2006
SCI Board Member: Paul Christensen
*President,
 ShoreCap Management*

	2006
Assets	\$1.7 million
Loans	N/A
Borrowers	N/A
Outlets	1
Employees	34

Asia

Bhartiya Samruddhi Finance Ltd., India

www.basixindia.com/samruddhi.asp

Bhartiya Samruddhi Finance Ltd. (BSFL) is a non-bank finance company regulated by the Reserve Bank of India. It is the flagship of the BASIX Group, an Indian-based microfinance institution, one of the industry leaders in institutional development and mainstream financial sector linkages.

Through its "Livelihood Triad" Strategy, Samruddhi provides microfinance, institutional development, agricultural and business development services. In its microfinance operations, Samruddhi works in rural areas, offering individual and group-based microcredit and insurance products. It also makes general purpose loans to self-help groups, which deliver credit and other services to poor women. Over the past year, Samruddhi's loan portfolio nearly doubled to just under \$32 million, resulting in the company reporting record levels of outreach and profits.

For 2006, BSFL received Merit Recognition from the Consultative Group to Assist the Poor (CGAP) for its excellence in financial reporting and transparency.

In 2006, ShoreCap Exchange continued to build on its technical assistance program in the areas of Internal Audit, Risk Management and Internal Control, IT Integration, Business Process Reengineering (BPR), and Human Resource Management. Samruddhi's CEO attended the ShoreCap Exchange Governance and Leadership Forum in Washington, DC.

Investment

Size: \$512,000 (equity)
Date of Investment: September, 2004
SCI Board Member: Davis Golding,
*Executive Vice President
and CIO,*
ShoreCap Management

	2005	2006
Assets	\$24.4 million	\$35.5 million
Loans	\$21.5 million	\$31.7 million
Borrowers	135,443	192,556
Outlets	38	45
Employees	781	1,083

BRAC Afghanistan Bank, Afghanistan

BRAC Afghanistan Bank (BAB) was officially licensed as an Afghani commercial bank in September 2006, with ShoreCap being amongst the four founding shareholders. BAB's business focuses on loans to small businesses and the bank is one of the few institutions focusing on this sector of the market. BRAC Afghanistan Bank currently provides three types of credit products in addition to voluntary saving accounts. All services are based on the 30-year-old microfinance program developed in Bangladesh as well as the experience of BRAC Bank Ltd. The bank will mobilize deposits from the institutional, commercial and retail sectors for financing its loans to Afghanistan's small business community.

For 2006, BRAC Afghanistan received Merit Recognition from the Consultative Group to Assist the Poor (CGAP) for its excellence in financial reporting and transparency.

ShoreCap Exchange has developed a capacity building program with the bank which will begin with a review of the bank's strategic operating plan and later involve areas such as internal audit and risk management.

Investment

Size: \$1,000,000 (equity)
Date of Investment: September, 2006
SCI Board Member: Paul Christensen
President,
ShoreCap Management

	2006
Assets	\$8.2 million
Loans	\$300,000
Borrowers	31
Outlets	1
Employees	51

BRAC Bank Ltd., Bangladesh

www.bracbank.com

BRAC Bank is the largest and fastest growing small business bank in Bangladesh. It was founded by BRAC - a leading development organization that helped pioneer microfinance in Bangladesh.

In 2006, BRAC continued to experience dramatic growth, as the bank's total assets surpassed the \$400 million mark, while outstanding loans rose over 50% and total deposits by 60%. The bank's Initial Public Offering was successfully completed in the 4th quarter, raising nearly \$12 million of fresh capital, with the offering 4-5 times oversubscribed.

During the year, SCE fielded an onsite consultant to conduct a branch operations review, leading to a revamping of the Internal Audit team and appointment of a new IT auditor among other outcomes. In September, CEO Imran Rahman and local Director, Shariful Ala, attended the ShoreCap Exchange Governance and Leadership Forum in Washington, DC.

Cambodian Entrepreneur Building Ltd., Cambodia

www.cebltd.com.kh

Since its transformation in 2003 from an NGO to a regulated entity, Cambodian Entrepreneur Building Ltd. (CEB) has established a strong reputation in the Cambodian microfinance marketplace. CEB focuses on providing finance for entrepreneurial low-income communities, especially women, in both rural and urban areas.

In 2006, CEB's loan portfolio nearly doubled to \$12.1 million, as seven new district branches were opened. Despite this increase in loans, CEB was successful at reducing its year end portfolio at risk of more than one day to less than 0.5%. Following SCI's initial equity investment in December 2004, SCI's convertible loan was converted into equity in conjunction with new investments from FMO and Triodos.

For 2006, CEB was awarded The Financial Transparency Award from the Consultative Group to Assist the Poor (CGAP) for its excellence in financial reporting and transparency.

During the year, SCE's assistance focused on completing the roll-out of a new voluntary savings program, an MIS conversion to a new accounting and loan system coupled with a post-conversion audit, and strengthening CEB's financial management and internal audit.

Investment

Size: \$1,500,000 (equity)
Date of Investment: December, 2003
SCI Board Member: Paul Christensen
President,
 ShoreCap Management

	2005	2006
Assets	\$254.8 million	\$425.9 million
Loans	\$178.1 million	\$274.3 million
Borrowers	21,723	40,799
Outlets	310	381
Employees	1,213	3,047

Investment

Size: \$1,250,000 (equity and debt)
Date of Investment: December, 2004
SCI Board Member: Davis Golding
Executive Vice President and CIO,
 ShoreCap Management

	2005	2006
Assets	\$6.8 million	\$13.2 million
Loans	\$6.3 million	\$12.1 million
Borrowers	11,129	15,112
Outlets	15	22
Employees	204	280

Eskhata Bank, Tajikistan

www.eskhata.tj/eng/index.php

Eskhata Bank was established in 1993 and is one of Tajikistan's market leaders in micro and small business sector lending, offering two principal product lines: SME loans and foreign currency services, including money exchange and money transfers. While initially operating only in the northern part of the country, over the past several years the bank has expanded its operations throughout the country.

During 2006, the bank's portfolio expanded significantly, with outstanding loans more than doubling to almost \$11 million, deposits increasing 51%, and after tax income increasing 50% to \$1.5 million. Despite the dramatic loan growth, the bank's portfolio at risk of more than one day remained very manageable at 3.2%.

In 2006, SCE provided technical assistance in the areas of credit and risk management. The work included development of a new Credit Policy and Procedures Manual, pricing recommendations, and appointment of a new Credit Risk Manager. On the portfolio management side, SCE helped develop a new internal risk rating system, templates and management reporting formats, and a problem asset management system. Eskhata has further requested assistance in the area of Human Resources and SCE is in the process of coordinating this effort.

Investment

Size: \$1,400,000 (equity and debt)
Date of Investment: December, 2005
SCI Board Member: Arthur Poghosyan
Risk Management Officer
Risk Management,
 ShoreBank Corporation

	2005	2006
Assets	\$15.9 million	\$25.0 million
Loans	\$4.8 million	\$10.7 million
Outlets	8	8
Borrowers	1,234	2,142
Employees	337	449

Planters Development Bank, Philippines

www.plantersbank.com.ph

Planters Development Bank (PDB) is the premiere private development bank in the Philippines, serving the SME market. Its origins date back to March 1961 with the incorporation of Bulacan Development Bank in San Miguel, Bulacan province, north of Manila. Today, the bank is headquartered in Makati, Metro Manila, and operates through 72 branch offices, making it the country's 21st largest commercial bank.

For 2006, the bank reported total assets of \$825 million, with loan volume exceeding \$450 million and deposit levels surpassing the \$600 million mark. During the year, The Chamber of Thrift Banks awarded a Citation for PDB and its Chairman, Ambassador Jesus P. Tambunting, for Double Bottom Line Banking as featured in a case study by the Harvard Business School which compared the activities of PDB to those of ShoreBank.

ShoreCap Exchange has developed a shared learning program with PDB, which will enable the bank's officers to selectively visit the operations of SCI's investees and other financial institutions so as to gather best practices as it re-enters the micro market.

Investment

Size: \$2,000,000 (debt)
Date of Investment: September, 2006
SCI Board Member*: Davis Golding
Executive Vice President
and CIO,
 ShoreCap Management

	2006
Assets	\$825.1 million
Loans	\$451.4 million
Borrowers	24,665
Outlets	72
Employees	981

*(member Microfinance Department Committee)

Eastern Europe

XacBank, Mongolia

www.xacbank.org

XacBank was formed in late 2001 with the merger of two of Mongolia's leading organizations in the micro and small businesses lending sectors, XAC and GE. Since then, the institution has introduced an additional focus on rural markets. While almost 90% of the country's lending activities take place in three primary cities, the bank has branches in all of the country's provinces and has specifically targeted the country's low-income, rural and remote population as a primary focus area.

In 2006, XacBank had another excellent year with total loans growing by 64% year-on-year. Deposits increased to nearly \$37 million, while the bank opened 10 new branches, furthering its presence in rural areas. XacBank was awarded the first ever award by the Mongolian National Chamber of Commerce for "Good Corporate Governance. Additionally, XacBank received Merit Recognition from the Consultative Group to Assist the Poor (CGAP) for its excellence in financial reporting and transparency.

ShoreCap Exchange has developed a capacity building plan with the bank to strengthen its human resources function. This work, which began in December 2005, continued throughout the year.

Investment

Size: \$1,500,000 (equity and debt)
Date of Investment: September, 2005
SCI Board Member: Mark Coffey
President,
 ShoreBank Pacific

	2005	2006
Assets	\$48.5 million	\$76.5 million
Loans	\$31.2 million	\$51.3 million
Outlets	55	65
Borrowers	50,101	56,744
Employees	617	741

InecoBank, Armenia

www.inecobank.am/index_eng.php

InecoBank is a small business and consumer finance bank, founded in 1996. In both its commercial and consumer activities, Ineco has often been the first entrant into underserved markets. Ineco's success in reaching these markets has primarily resulted from its management's desire to use thorough local knowledge and research to guide its activities, instead of allowing common misperceptions about low-income markets to influence its decisions.

In 2006, InecoBank's loan portfolio increased 61% to of more than \$33 million, resulting in another year of banner earnings, with net income of \$2.8 million. The quality of the loan portfolio remained excellent with the portfolio at risk over one day declining to less than 2%. During the year the International Finance Corporation invested \$1.3 million, taking a 10% stake in the bank.

The new Armenian banking regulations require banks to have a risk management function although that function is not specifically defined. SCE is currently in discussions with management to determine how they might assist in this area.

In September, CEO Mher Grigoryan and a local Director attended the ShoreCap Exchange Governance and Leadership Forum in Washington, DC.

Investment

Size: \$2,000,000 (equity and debt)
Date of Investment: October, 2004
SCI Board Member: Leon Smith
Senior Vice President
Risk Management,
 ShoreBank Corporation

	2005	2006
Assets	\$37.3 million	\$61.8 million
Loans	\$21.0 million	\$33.3 million
Borrowers	29,779	30,098
Outlets	5	5
Employees	198	231

Balance Sheets

As of December 31, 2006 and December 31, 2005

Statements of Operations

Years ended December 31, 2006 and December 31, 2005

Assets	2006	2005	Revenues	2006	2005
Investments			Change in unrealized gains on equity shares		
Equity shares, at fair value*	14,337,572	9,595,000		2,977,330	2,963,000
Loans	4,250,000	1,250,000	Operating Income		
Total Investments	\$18,587,572	\$10,845,000	Interest on idle funds	36,550	3,510
Cash and cash equivalents	1,233,561	888,984	Interest income on loans	215,160	111,618
Prepaid expenses	24,567	16,354	Dividend income	278,872	7,594
Other assets	33,220	21,701	Loan origination fees	22,500	5,000
Total Assets	\$19,878,920	\$11,772,039	Total Operating Income	\$553,082	\$127,722
Liabilities			Operating Expenses		
Accounts payable	324	2,895	Management fee to ShoreCap Management, Ltd.	804,140	765,600
Accrued expenses	25,200	34,000	Legal, accounting and other professional fees	102,000	103,631
Total Liabilities	\$25,524	\$ 36,895	Other operating expenses	32,330	52,082
Shareholders' Equity			Total Operating Expenses	\$938,470	\$921,313
Share capital	16,506	10,980	Loss from Operations		
Share premium	16,531,557	11,010,773		\$(385,388)	\$(793,591)
Retained earnings (accumulated deficit)	3,305,333	713,391			
Total Shareholders' Equity	\$19,853,396	\$11,735,144			
Total Liabilities and Shareholders' Equity			Net Income (Loss)	\$2,591,942	\$2,169,409
	\$19,878,920	\$11,772,039			

* Investments are carried at fair value according to International Accounting Standards No. 39 based on a variety of methodologies including recent third-party transaction prices, comparable market multiples, net asset values, contractual put option prices, and discounted cash flow analysis.

Note: Copies of the complete audited financial statements are available on our web site www.shorecap.net.

SERVING OUR CLIENTS

MANAGEMENT TEAM



Mary
Houghton

Chair and CEO

Mary Houghton is President and a co-founder of ShoreBank Corporation. She serves on the boards of Women's World Banking and the Calvert Foundation as well as the advisory board of the Harvard Business School Initiative on Social Enterprise, and is a founding member of the Development Finance Forum. In 2004, Mary was named Community Banker of the year by American Banker.



Paul
Christensen

President and COO

Paul Christensen manages ShoreCap International and serves as lead investment officer for the Eastern European portfolio. He is the former President and CEO of ShoreBank Enterprise Group and a former director of ShoreBank, Cleveland. From 1992-1996, he was an Engagement Manager for the consulting firm McKinsey & Co.



Davis
Golding

*Executive Vice President
and CIO*

Davis Golding manages ShoreCap's investment process, pipeline, and reporting requirements, while serving as the lead investment officer for Asia. Davis previously was Executive Vice President and Chief Operating Officer of ShoreBank Pacific, served as Director, International Mergers and Acquisitions for Textron Financial Corporation, and was Managing Director of a Hong Kong based merchant banking operation.



Kenny
Nwosu

*Director of Africa
Investments*

Kenny Nwosu joined ShoreCap in 2006 and is responsible for ShoreCap's African investment portfolio and resides in Johannesburg, South Africa. Kenny was previously with Whitehall Capital, an emerging markets focused investment and advisory firm, and served as a Financial Advisor to SMEs and private clients for a financial advisory group.

BOARD OF DIRECTORS

Cyrille Arnould

European Investment Bank
(Luxembourg)

Anne-Maree Byworth

CDC Group (UK)

Frank DeGiovanni

Ford Foundation (USA)

Richard Fahey

Skoll Foundation (USA)

Emile Groot

FMO (Netherlands)

Ronald Grzywinski

ShoreBank Corporation (USA)

Mary Houghton

ShoreBank Corporation (USA)

Frank Kennedy

ShoreCap Investment Committee
Chair (independent)

Alzbeta Klein

International Finance Corporation
(USA)

Paul Lembrechts

ABN AMRO Bank (Netherlands)

Eugene Ludwig

Promontory Financial Group (USA)

Ibrahim Seushi

Tanzania Gatsby Trust /
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