InfraCredit

Securing Infrastructure Finance

ANNUAL REPORTS & FINANCIALS

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Unlocking Long Term Local Currency Infrastructure Finance in Nigeria

InfraCredit
Securing Infrastructure Finance

OUR MANDATE
To provide local currency guarantees and mobilise long term domestic debt financing for infrastructure in Nigeria

RATINGS
Agusto&Co. Research, Credit Ratings, Credit Risk Management / AAA (NG) June 2023
GCR / AAA (NG) June 2023

CAPITAL PROVIDERS
SOVEREIGN WEALTH FUND & DFIs: Nigeria Sovereign Investment Authority, GuarantCo, KFW, Africa Finance Corporation, African Development Bank Group, InfraCo Africa
PRIVATE INSTITUTIONAL INVESTORS: Leadway Assurance

CAPITAL

TOTAL CAPITAL	CORE CAPITAL	SUBORDINATED CAPITAL	CALLABLE CAPITAL
209m U$D	105m U$D	71m U$D	25m U$D

GUARANTEE CAPACITY
UP TO NGN 413 billion $1b USD EQUIVALENT

IMPACT
- N128.1bn TOTAL SIZE OF GUARANTEED BONDS ($278 MLN EQUIV)
- 19 NUMBER OF PENSION FUND INVESTORS
- UP TO 20 yrs
- 14 INFRASTRUCTURE PROJECTS THAT REACHED FINANCIAL CLOSE

WE PROMOTE

Financial inclusion
By bringing first-time issuers to the domestic bond market

Financial deepening
By extending bond tenors for corporates, and by broadening pension fund investor bases

Financial innovation
By introducing new fixed income instruments such as green bonds

ELIGIBILITY CRITERIA
- Naira denominated
- Debt Instrument (including Sukuk)
- Must be an eligible Infrastructure Activity
- Acceptable Credit Profile based on InfraCredit's internal credit assessment
- Asset value is not directly linked to oil
- Minimum 'Bbb-' investment grade rating
- Adequate Security Package
- Debt Tenor of up to 20 years
- Satisfies InfraCredit's Environmental and Social Safeguards Standards
- Is not on IFC's Project Exclusion List
- Issuer is PENCOM Compliant

ELIGIBLE SECTORS
- Renewable Energy
- Electricity Generation, Transmission and Distribution Treatment
- Gas to Power
- Agricultural Infrastructure
- ICT/Telecoms
- Inputs to Infrastructure
- Transportation
- Urban infrastructure, housing, healthcare and education
- Water Distribution and Treatment
- Waste Management Services

DEVELOPMENT PARTNERS
UKaid, PIDG pioneering infrastructure changing lives, german cooperation, USAID, Power Africa, AFD, USTDA

RECOGNITION
InfraCredit is a Harvard Business School Case Study
HARVARD BUSINESS SCHOOL

HBS Case Study:
Infrastructure in Nigeria: Unlocking Pension Fund Investments is being taught on HBS's MBA Program.

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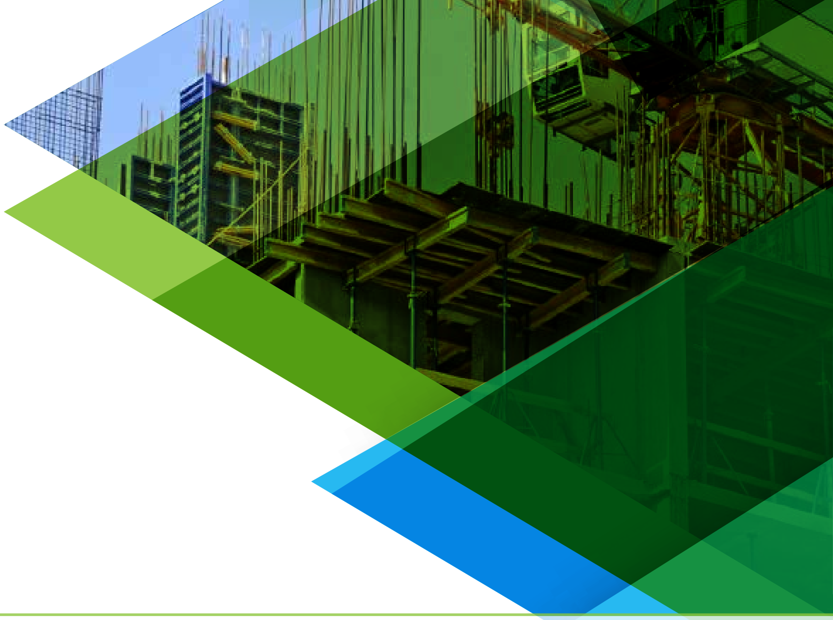

IN THIS REPORT

Read the Online Annual Report
www.infraCredit.ng

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InfraCredit
Securing Infrastructure Finance

CHAPTER **ONE**

01

ABOUT INFRACREDIT

TO: ALL SHAREHOLDERS

NOTICE OF THE 6TH ANNUAL GENERAL MEETING OF INFRASTRUCTURE CREDIT GUARANTEE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Infrastructure Credit Guarantee Company Limited (the Company) is scheduled to hold on **Monday, 27 March 2023** via Teleconference, at **1:00pm prompt (WAT)**, to transact the following business:

ORDINARY BUSINESS

1. To lay before Members the Audited Financial Statements of the Company for the year ended 31st December 2022, together with the Reports of the Directors and Auditor
2. To declare a Dividend
3. To elect and re-elect Directors
4. To authorize the Directors to fix the remuneration of the Auditor
5. To disclose the remuneration of the Managers

SPECIAL BUSINESS

6. To fix the remuneration of the Directors

By Order of the Board
Dated this 6th day of March 2023
OLANIWUN AJAYI LP

Company Secretary

NOTE: A Member of the Company who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy, who need not be a Member of the Company, to attend and vote on his/her/their behalf. A Proxy Form is annexed to this Notice.

CORPORATE INFORMATION

Registered office
Infrastructure Credit Guarantee
Company Limited
1, Adeyemo Alakija Street,
Victoria Island, Lagos

Contact
Email: info@infracredit.ng
Website: www.infracredit.ng

Company Secretary
Olaniwun Ajayi LP
Plot L2, 401 Close, Banana Island
Ikoyi, Lagos
Email: lawyers@olaniwunajayi.net
Website: www.olaniwun-ajayi.net

Auditor
KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street
Victoria Island, Lagos

Bankers
Access Bank Plc
Stanbic IBTC Bank Plc
Ecobank Nigeria Limited
Guaranty Trust Bank Limited
United Bank for Africa Plc
Standard Chartered Bank Limited

WHO WE ARE

ABOUT INFRACREDIT

Infrastructure Credit Guarantee Company Limited (InfraCredit) is a specialised infrastructure credit guarantee institution established by the Nigeria Sovereign Investment Authority (NSIA) and GuarantCo to provide local currency guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure assets in Nigeria.

InfraCredit has been accorded a 'AAA' rating by both GCR and Agusto, a first for a local currency guarantor in Sub-Saharan Africa. InfraCredit closed its first transaction in December 2017.

> As at December 2022, InfraCredit, through its guarantees, facilitated first-time access to local currency finance for up to 20-year tenor from the domestic bond market for ten infrastructure companies totalling N128 billion. The issues were oversubscribed by up to 60%.

InfraCredit acts as a catalyst to attract the investment interest from pension funds, insurance firms and other long-term investors, thereby deepening the Nigerian debt capital markets. InfraCredit operates on a commercial basis and benefits from private sector governance. This is in conformance with the overall objective of it's investors to facilitate private investment in infrastructure to support sustained economic growth in Nigeria.

Capital Providers

Development Partners

We are proud signatories of:

OUR VISION, MISSION & VALUES

VISION

Our vision is to be a catalyst and the most trusted partner in the attraction of long-term capital into infrastructure finance in Nigeria.

MISSION

Our mission is to successfully unlock the potential for long term local currency infrastructure finance in Nigeria creating value for our stakeholders and being the best at what we do.

OUR VALUES

Our values define who we are. Through integrity, passion, innovation and collaboration, we are focused on building a vibrant company where ideas can flourish, people can succeed and success can be nurtured.

Our growth will be led by a strong and unparalleled human capital that is uniquely aligned to the business needs and the strategic direction of InfraCredit. To successfully achieve this, we have put our People at the heart of our Strategic Business Plan to create the true organisational transformation as envisioned for InfraCredit and to deliver growth through people. This is a driving force behind our corporate philosophy, because of our fundamental belief in building a vibrant institution where ideas can flourish, people can succeed and success can be nurtured.

Integrity:
Doing the right things always.

Passion:
Love what you do and be the best at it. Align our individual passion with InfraCredit's vision and shared values.

Innovation:
Run with great ideas without delays and continue to seek better ways of doing things.

Collaboration:
Helping and impacting each other positively.

OUR JOURNEY & KEY MILESTONES

InfraCredit has made significant strides since inception in 2017. The concept was initiated and business model developed over a 5-year period from feasibility to business implementation.

JUN 2017
NSIA and GuarantCo partner up and launch InfraCredit

JUN 2017
InfraCredit commences operation

JUN 2017
Obtains 'AAA' national scale long term credit rating; commences operations

DEC 2017
InfraCredit issue Maiden guarantee which supports first 10-year corporate infrastructure bond in the Nigerian Market

JUL 2018
Joins league of Harvard Business school cases

NOV 2018
KFW invests 31 million Euros subordinated Capital

DEC 2018
Africa Finance corporation invests $25 million

FEB 2019
Guarantee supports NSP issuance of first 15 year corporate green infrastructure bond

APR 2019
African Development Bank (AfDB) approves the provision of a $10mn subordinated loan and a $5mn partial credit guarantee facility

AUG 2019
Issues N13Bn guarantee to GEL (USAID co-guarantee)

DEC 2019
KFW invests additional 23.5 million Euros subordinated capital

SEP 2020
Guarantee supports TSL issuance of 10-year corporate infrastructure bond at 10%

DEC 2020
InfraCo Africa invests $27 million equity

H1 2021
Issued first two blended finance guarantees

SEPT 2021
Leadway invests $5 million equity

SEPT 2021
Guarantee supports LFZC issuance of the longest tenured 20-year corporate infrastructure bond

NOV 2021
Issues N20Bn guarantee to GPC at 13.0%

JAN 2022
Issues N10billion 10- year guarantee support to Pan African Towers (ATI co-guarantee)

MAR 2022
Signs MOU with African Trade Insurance Agency as risk sharing partners.

APR 2022
1st guarantee of PCB. Asiko Power Limited – N1.5bn

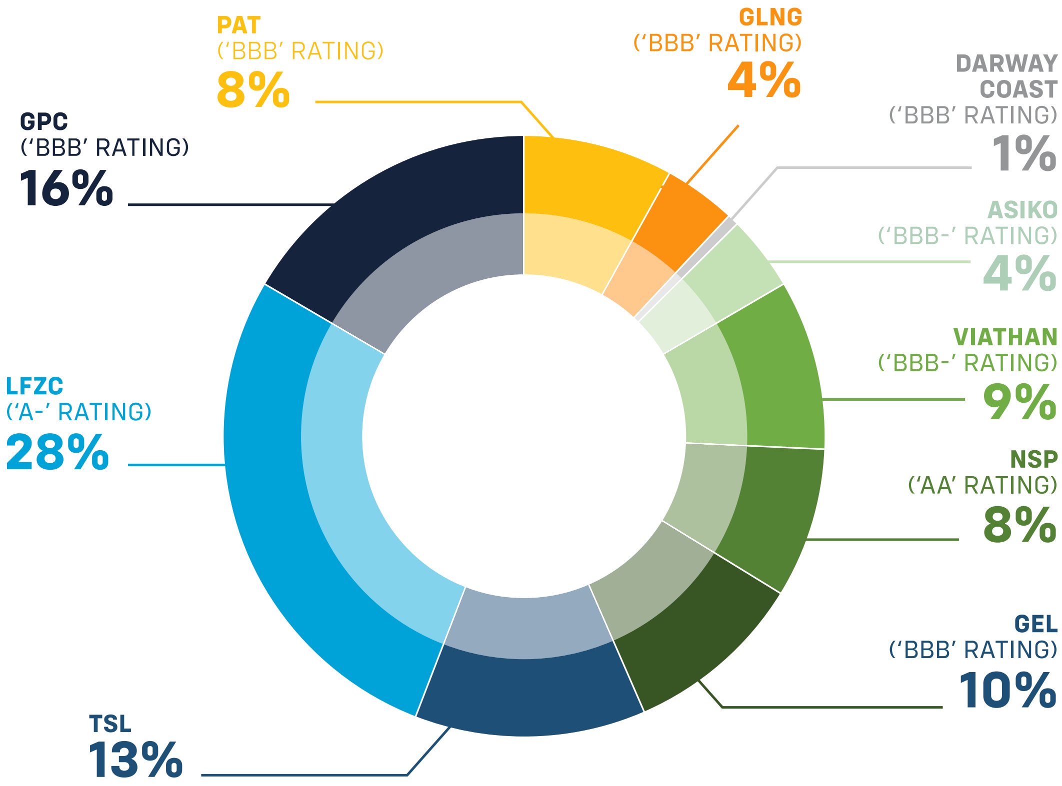
APR 2022
Issues N25Bn guarantee to LFZC Series II bond

SEPT 2022
Guarantee of the first ever blended local currency green certified debt issue for a solar mini-grid project in Nigeria

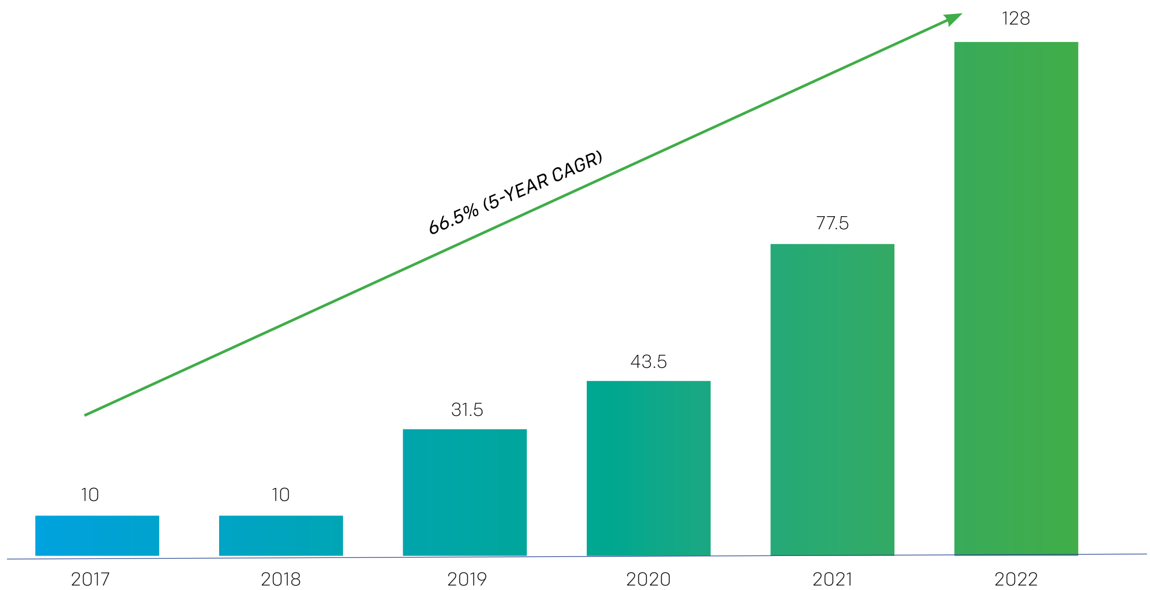
NOV 2022
Guarantee of BOI loan of N3.5bn for Gas Terminalling

HOW WE HAVE **PERFORMED**

INFRACREDIT GUARANTEE PORTFOLIO COMPANIES



INFRACREDIT GUARANTEE PORTFOLIO GROWTH SINCE INCEPTION TILL DATE (N' BLN)



AWARDS & ACCOLADES

BUSINESS ACHIEVEMENTS:

PAN AFRICAN TOWERS LIMITED
RC:1100167

INFRACREDIT'S GUARANTEE SUPPORTS PAN AFRICAN TOWERS' ISSUANCE OF N10BILLION 10-YEAR SENIOR GUARANTEED FIXED-RATE SERIES I INFRASTRUCTURE BONDS DUE 2032

In February 2022, we announced InfraCredit's guarantee of PAT Digital Infra Fund SPV PLC's NGN10.0 billion 10-Year Series I Senior Guaranteed Fixed Rate Infrastructure Bonds Due 2032 (the "PAT Series I Bonds" or "Bonds") under the NGN50 billion Debt Issuance Programme. PAT Digital Infra Fund SPV PLC is a special purpose funding vehicle established by Pan African Towers Limited ("PAT") as part of the company's capital raising plan. PAT is a digital telecommunications infrastructure company and wireless service facilitator, offering colocation and infrastructure sharing services to mobile network operators and internet service providers.

PAT is a first-time issuer in the debt capital markets. With the support of InfraCredit's guarantee, the PAT Series I Bonds were accorded a 'AAA' long term credit rating by Agusto and Co. and GCR, reflecting the high degree of creditworthiness and the robust quality of the Bonds. The Bond issue was oversubscribed by 127% by ten institutional investors, including the domestic pension funds and insurance companies. The Bond proceeds was used to finance the roll-out of new environmentally friendly tower sites to enhance telecommunication coverage and service quality, especially in underserved communities. Additionally, PAT aims to apply some of the proceeds towards reducing carbon footprint in the sector by swapping out diesel generators with renewable energy sources.

INFRACREDIT LEARNING & DEVELOPMENT ACADEMY GRADUATES ITS SECOND COHORT

As part of the medium to long term strategy of strengthening our human capital to support a sustainable business, we developed a People Strategy which is a strategic plan for the attraction, management and development of employees that are aligned to business needs and the strategic direction of InfraCredit. In line with the People Strategy, the Learning & Development Academy was established to ingrain the required competencies and skills in interns who have been carefully selected based on a track record of excellence. The Academy seeks to new breed of Infrastructure financing structuring professionals to support organizational growth and fill industry skill gap.

In May 2022, the second cohort of the InfraCredit learning and development academy completed the six month intensive programme. The programme covers trainings, work rotations providing hands on experience among other developmental activities

STRATEGIC COLLABORATION BETWEEN INFRACREDIT & THE UKAID THROUGH A CLIMATE FINANCE BLENDING FACILITY TO CATALYSE DOMESTIC INSTITUTIONAL INVESTMENTS IN CLEAN OFF-GRID ENERGY INFRASTRUCTURE

The UK provided up to £10 million of concessional aid to reduce the risk for pension and insurance funds to invest in energy access projects, and support Nigeria's COP26 commitments. The financing along with InfraCredit's local currency guarantee will help Nigerian investors support low carbon energy, supporting off-grid, low carbon energy projects. The £10 million will be blended to de-risk transactions and therefore mobilise domestic institutional investment from local pension funds, insurance firms and other local institutional investors, scaling up domestic financing for eligible off-grid clean energy infrastructure, such as solar mini-grid & home systems, clean cooking infrastructure and SME cold storage infrastructure.

InfraCredit developed a Clean Energy Transition Strategy and Roadmap for a strategic transition to a portfolio of investments that is aligned to the Paris Agreement across targeted areas of opportunity. This strategic collaboration with the UK government aligns with The overarching goal of our Clean Energy Transition Strategy of mobilizing catalytic finance to scale the development of carbon-neutral and climate resilient infrastructure to accelerate the achievement of positive development outcomes.

Speaking on the initiative, UK Minister for Africa, Vicky Ford said:

"The UK is committed to increasing both renewable energy and energy access in Nigeria, driving clean, sustainable and resilient growth. "As the world looks to transition to clean growth, we are witnessing an era-defining opportunity for the private sector. This transaction is particularly exciting as it brings together UK government support with the institutional capital which is essential to grow the sector at scale."

RISK SHARING STRATEGY IMPLEMENTED WITH AFRICAN TRADE INSURANCE

One of InfraCredit's key strategic plans includes entering into risk sharing arrangements with highly rated international DFIs by way of re-guarantees and co-guarantees. The availability of risk sharing arrangements with international DFIs is strategically important to facilitate the company to underwrite large contracts without over-exposing the balance sheet, introduce mechanisms necessary to manage the portfolio balance, and bring diverse experience, know-how and credit quality to InfraCredit.

In line with our Risk Sharing strategy, in March 2022, InfraCredit and the African Trade Insurance Agency (ATI) signed a MoU on cooperation as risk-sharing partners to deepen access to long-term local currency debt financing for infrastructure in Nigeria. As a demonstration of the potential impact of the strategic partnership, InfraCredit and ATI entered into a risk sharing arrangement on the Pan African Towers 10 year 10-billion-naira infrastructure bond (US$24 million equivalent) issued in February 2022. InfraCredit provided a first loss guarantee for the infrastructure bonds, while ATI provided a second loss counter guarantee on 50% of principal repayments on the bonds to InfraCredit.

INFRACREDIT, FSD AFRICA SIGN TECHNICAL ASSISTANCE AGREEMENT TO UNLOCK CLIMATE-ALIGNED LOCAL CURRENCY INFRASTRUCTURE BONDS IN NIGERIA

In April 2022, InfraCredit and FSD Africa, a specialist development agency signed a Technical Assistance Agreement under which FSD Africa will provide funding for technical assistance to unlock climate-aligned local currency infrastructure bonds in Nigeria. The successful implementation of the project will enable up to ten climate aligned infrastructure projects reach financial close, support new job creation and enable more capital markets instruments to be issued to institutional investors. An increasing pipeline of climate-aligned infrastructure projects are constrained by limited financial resources being dedicated to deliver well-structured projects that can access the debt capital markets, thus, our collaboration with FSD Africa through technical assistance support will also involve the design of an innovative financial solution that will catalyse more bankable climate-smart infrastructure projects for InfraCredit's guarantees which will accelerate the issuance of credit worthy local currency infrastructure bonds

ACCELERATING NIGERIA'S INDUSTRIALIZATION BY SUPPORTING SPECIAL ECONOMIC ZONES

InfraCredit guaranteed Lagos Free Zone Company's ("LFZC") NGN25 billion 20-Year Series II Senior Guaranteed Fixed Rate Infrastructure Bonds Due 2042 (the "LFZC Series II Bond") under a NGN50 billion Debt Issuance Programme. Leveraging the irrevocable and unconditional guarantee of InfraCredit, the LFZC Series II Bond reinvigorates the benchmark set by LFZC Series I Bond, as the second 20-year non-FGN Bond issue in the Nigerian debt capital market for the development of an industrial zone in Nigeria. The Series II Bond, a 20-Year Guaranteed Fixed Bond, was oversubscribed by 165% from institutional investors including ten domestic pension funds reinforcing domestic institutional investors' appetite for long tenored non-FGN instrument. Speaking on the transaction, the Chief Finance Officer ('CFO') of LFZC, Mr. Ashish Khemka stated:

"This is a milestone transaction for us at Lagos Free Zone Company and it is a testament to the capacity of the Nigerian debt market as a veritable source of domestic capital for infrastructural development in Nigeria. The response to this bond program further strengthens our commitment to realize our vision and thereby enhance Nigeria's competitive positioning with our continuous focus on Ease of Doing Business parameters.

PROMOTING INVESTMENT IN GAS TO POWER PROJECTS TO DRIVE CLEAN ENERGY USE-ASIKO

In April 2022, InfraCredit supported Asiko Power Limited's NGN1.5billion 7-year Series 1 Senior Guaranteed Private Corporate Bonds. The bonds proceed is to finance capital expenditure that relate to the expansion of the company's power production capacity to provide clean energy power to banks and financial institutions, residential estates amongst others. This aligns with our Clean Energy Transition Strategy roadmap of mobilizing catalytic finance to scale the development of carbon-neutral andd climate resilient infrastructure to accelerate the achievement of positive development outcomes

INFRACREDIT AND THE FRENCH DEVELOPMENT AGENCY (AFD) SIGNED A TECHNICAL ASSISTANCE AGREEMENT TO SUPPORT SUB-NATIONAL PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN NIGERIA

Public-Private Partnership Projects in Nigeria
The Agence Française de Développement (AFD) is the development agency of the French government and the main implementing agency for France's official development assistance. Under the agreement, AFD will provide project preparation and development technical assistance support for InfraCredit's prospective pipeline of Annuity Public Private Partnership (PPP) projects in selected state governments that require support to improve their bankability and attract private sector participation. Thus, it will enable them reach financial close and access long term local currency financing from the domestic debt capital markets. InfraCredit's Annuity PPP Guarantee was developed to facilitate the sustainable financing of new infrastructure projects alongside subnational governments in Nigeria. It is done through technical assistance and catalytic capital to accelerate state supported and private sector led development of bankable, revenue generating infrastructure projects under design, build, finance, operate and maintain ("DBFOM") arrangements by the private partner, supported by a transitional annuity revenue assurance by the state government to be replenished from the future cashflows generated from the project.

PIONEERING INNOVATIVE DEALS THAT IMPROVE OVERALL ACCESS TO ENERGY IN THE COUNTRY AND DELIVER CLIMATE AND ENVIRONMENT BENEFITS

InfraCredit's guarantee of Darway Coast Nigeria Limited's Green Certified Local Currency Debt Issue for Off-Grid Solar Rural Electrification Project in Nigeria under a co-financing arrangement with the £10 million Climate Finance Blending Facility funded by the United Kingdom Foreign, Commonwealth and Development Office (FCDO), is the initial transaction under InfraCredit's Clean Energy Funding Programme. The Programme seeks to aggregate, de-risk and unlock domestic institutional investments to support eligible clean energy projects in Nigeria to contribute towards meeting the country's universal electrification goal by 2030 and the SDG 7 target of ensuring access to affordable, reliable, sustainable, and modern energy for all, whilst putting the country on a path to achieve net zero emissions by 2060.

LAUNCH OF INFRACREDIT'S CLEAN ENERGY TRANSITION STRATEGY AND ROADMAP

InfraCredit presented its Clean Energy Transition Strategy and Roadmap at the recently concluded Institutional Investors Roundtable Discussion to Unlock Gender-lens, Climate-aligned and Inclusive Infrastructure. Supported by the Private Infrastructure Development Group, InfraCredit developed the Strategy and Roadmap to articulate our commitment to incrementally align its portfolio with the Paris Agreement and Nigeria's NDCs in line with our national development priorities. The Strategy underscores the need to unlock finance for the development of low carbon and climate-resilient infrastructure in Nigeria, creating jobs, addressing inequalities and improving inclusive access to quality infrastructure. Through the application of a climate lens in deal origination and investment appraisal, InfraCredit seeks to achieve a Net Zero portfolio between 2022 and 2040.

NIGERIAN INSTITUTIONAL INVESTORS ROUNDTABLE & KNOWLEDGE SHARING SESSION

Convergence, InfraCredit and NSIA working alongside PENOP recently hosted the Nigerian Institutional Investors Roundtable & Knowledge Session which was attended by 19 Pension Fund Managers and 5 Insurance investors. Key highlights of the event include presentations on Blended Finance in Africa - Opportunities for Expansion, Blended Finance for Climate Resilient and Inclusive Infrastructure- A Case Study of a Solar Mini-grid Project in Rural Nigeria, NSIA's Mandate, Impact So Far and Blended Finance Approach to Portfolio and Future Projects and Applying Gender Lens to Financing Green Infrastructure. During the breakout session, participants discussed the potential opportunities in adopting a Consortium Approach towards scaling SDG-aligned infrastructure investments through blended finance mechanisms to achieve positive environmental and social outcomes.

OUR PORTFOLIO **COMPANIES**

VIATHAN GROUP

Viathan Group ('Viathan' or 'the Group') develops and operates captive and embedded (off-grid) power solutions for governmental, commercial, and residential off-takers across Nigeria.

In 2017, Viathan raised N10 billion via senior guaranteed fixed rate bonds, the first corporate infrastructure bond issued in the Nigerian debt capital markets. The bond proceeds was utilized to expand its generation capacity by 7.5 MW, construct a 104,800 scm/day Compressed Natural Gas (CNG) Plant and refinance short term bank debts.

The company also raised N1.53billion guaranteed Bank of Industry (BOI) credit facility in August 2021 to finance expansion requirement for additional power connection to end users.

Issuer	Viathan Funding Plc
Issue Date	15th December 2017
Bond: Principal Amount Outstanding (NGN)	7,580,840,072.39
BOI: Principal Amount Outstanding (NGN)	1,370,835,900.00
Sector	Off grid power generation & Compressed Natural Gas (CNG) production
Rating	Date: 2019 Long term: AAA (NG) (Agusto & Co, GCR) Outlook: Stable
Tenor	Bond: 10 years, BOI: 6 years
Location of Operation	South-West Nigeria
Asset Size/Capacity	CNG Plant capacity – 104,800 SCM per day and 31,754,400 SCM per year. Power Generating Capacity: 52MW

Gasco Marine

PIPP LVI Genco Limited - 8.5MW PIPP Lekki Plant, Lekki Lagos

NORTH SOUTH POWER COMPANY LIMITED

North South Power Company Limited ('NSP' or 'the Company') was established in 2012 to own and operate a diverse and growing portfolio of electricity generation businesses across Africa. The company is the operator of a 30-year concession right for 600MW Shiroro Hydro power plant in Niger State and 25-year concession 30MW Gurara Hydro power plant in Kaduna State.

In 2019, NSP issued the first certified corporate green bond and the longest tenored corporate bond in the Nigerian debt capital markets approved by SEC. The bond proceeds was utilized to fund the overhaul of a 150MW hydropower turbine and refinance short term bank debts.

NSP also raised N1.36billion guaranteed Bank of Industry (BOI) credit facility in May 2021 to support rehabilitation of its power plant and expansion of distribution infrastructure.

Issuer	NSP-SPV Powercorp Plc
Issue Date	27th February 2019
Bond: Principal Amount Outstanding (NGN)	7,809,761,088.54
BOI: Principal Amount Outstanding (NGN)	1,227,671,450.46
Sector	On-grid hydro power generation
Rating	Date: June 2019 Long term: AAA (NG) (Agusto & Co, GCR) Outlook: Stable
Tenor	Bond: 15 years, BOI: 6 years
Location of Operation	North-Central Nigeria
Asset Size/Capacity	The Power plant has an installed capacity of 600MW from 4 generating units rated at 150MW each.

Powerhouse and Penstock Gallery View

Unit Control System

GEL UTILITY LIMITED

GEL Utility Limited (''GEL'') develops and operates grid-connected or off-grid electric power in Nigeria and is the operator of an 84MW power plant which provides captive off grid electric power to the Port Harcourt refinery under a 20-year power purchase agreement with the NNPC. In 2019, GEL issued a 15-Year series 1 senior guaranteed fixed rate bond under a N50 billion debt issuance programme.

The GEL Bond is the first corporate infrastructure bond issued in the Nigerian debt capital markets guaranteed by InfraCredit and co-guaranteed by the U.S Agency for International Development ("USAID"). The bond proceeds was utilized to finance capital expenditure for the evacuation of excess power and refinance existing debt.

Issuer	GEL Utility Funding Plc
Issue Date	28th August 2019
Principal Amount Outstanding (NGN)	12,639,849,956.17
Sector	Off-grid power
Rating	Date: June 2019 Long term: AAA (NG) (Agusto & Co, GCR) Outlook: Stable
Tenor	15 years
Location of Operation	South –South Nigeria
Asset Size/Capacity	Dual Fired Gas Turbines with an installed capacity of 84MW
Issuer	GEL Utility Funding Plc

Gas Turbine TM2500+ (28MW at 50hz each from General Electric[GE])

Control Room

TRANSPORT SERVICES LIMITED

Transport Services Limited (''TSL'') is a leading fully integrated transport and logistics company that delivers value added logistics and distribution services to a wide range of corporate & retail clientele in industries such as agro-processing, FMCG, oil & gas, cement, amongst others under fixed term contracts. TSL operates a fleet of over 840 vehicles covering 40 approved inter-state routes across multiple locations in Nigeria.

In September 2020, TSL issued a N12 billion 10-year series 1 corporate bond under its N50 billion bond issuance programme. The bond proceeds was utilized to refinance its short-term loans to matching long term fixed rate debt that will sustainably support TSL's consistent business growth and expansion plans.

Issuer	TSL SPV Plc
Issue Date	6th October 2020
Principal Amount Outstanding (NGN)	12,000,000,000
Sector	Transportation
Rating	Date: March 2020 Long term: AAA (NG) (Agusto & Co, DataPro) Outlook: Stable
Tenor	10 years
Location of Operation	States across Nigeria
Asset Size/Capacity	Over 840 Trucks

TSL Truck in Motion

LAGOS FREE ZONE COMPANY

The Lagos Free Zone Company ("LFZC") is a free trade zone developer and management company responsible for the Lagos Free Zone, a 830 hectares Industrial and Logistics Zone with state-of-the-art facilities including roads, piped gas supply network, treated water supply network, street lighting and a water drainage network, located at Ibeju Lekki, Lagos, expected to significantly contribute to Nigeria's economic development.

The LFZC Bond is the first 20-year corporate infrastructure bond issued in the Nigerian debt capital markets and guaranteed by InfraCredit. The bond proceeds was used to partially repay LFZC's existing shareholders' advances, which will be re- deployed into further development of the Free Zone (i.e., dedicated power plant, further land clearing and development, roads, commercial office tower to host shipping lines, etc.).

Issue Date	Series I: 16th September 2021
Principal Amount Outstanding (NGN)	Series I:10,500,000,000 Series II: 25,000,000,000
Sector	Inputs to Infrastructure
Rating	Date: August 2021 Long term: AAA (NG) (Agusto & Co, GCR) Outlook: Stable
Tenor	20 years
Location of Operation	South – West Nigeria
Asset Size/Capacity	830 hectares of Land

Lekki Deep Sea Port Located within Lagos Free Zone

GPC ENERGY & LOGISTICS LIMITED

GPC Energy and Logistics Limited ("GPC") is one of the leading transportation/ logistics companies in Nigeria with operations in 12 major locations across the South-West, South-South, South-East, and North Central regions. The Company operates a fleet of 560 vehicles for its logistics operations, supporting blue-chip companies operating in the breweries, fast-moving consumer goods (FMCG), food & beverage and cement industries.

In November 2021, GPC issued a N20 billion 10-year Series 1 corporate bond under its N50 billion bond issuance programme. The bond proceeds was utilized to refinance GPC's existing short-term debt with a longer tenor debt that better matches the assets' life; and finance the acquisition of new fleet of trucks comprising 220 vehicles.

Issuer	**GPC SPV Plc**
Issue Date	23rd November 2021
Principal Amount Outstanding (NGN)	20,000,000,000
Sector	Transport & Logistics
Rating	Date: September 2021 Long term: AAA (NG) (Agusto & Co, GCR) Outlook: Stable
Tenor	10 years
Location of Operation	South-West, South-South, South-East, and North Central regions, Nigeria
Asset Size/Capacity	560 Vehicles

GPC Truck Fleet

PAN AFRICAN TOWERS LIMITED

Pan African Towers Limited ("PAT") is an independent owner and operator of digital infrastructure and wireless communications sites in Nigeria. The Company commenced business operations in Nigeria, in 2017 and currently has c.1,000 towers across Nigeria, with over 600 active towers. The Company has historically invested in digital infrastructure assets, with a predominant focus on the acquisition of mobile telecommunications/broadcast towers.

In February 2022, PAT issued a N10 billion 10-year Series 1 corporate bond under its N50 billion bond issuance programme. The PAT Bond is InfraCredit's first guaranteed bond issuance in the ICT/ Telecommunications sector. The bond proceeds was used to fund development of new sites, reduce carbon footprint by swapping out diesel generators with renewable power, and to fund working capital requirement.

Issuer	PAN African Towers Limited
Issue Date	2nd February 2022
Principal Amount Outstanding (NGN)	10,000,000,000
Sector	ICT/Telecommunication
Rating	September 2021 Long-term: AAA(NG) (Agusto & Co. and GCR) Outlook: Stable
Tenor	10 years
Location of Operation	States across Nigeria
Asset Size/Capacity	c. 1000 Telecom Towers

PAT Towers

ASIKO POWER LIMITED

Asiko Power Limited ("Asiko") provides Gas-to-Power ("GTP") solutions for captive power generation. Currently, the company has power production capacity of 5.5MVA which is generated and distributed via five (5) units of 1000 KVA gas-fired generators and several 100KVAs, 67 KVA and 37.5 KVA generators. The sponsor also trades and distributes Propane for household, commercial and industrial use. It operates an efficient logistics business with fleet of trucks, pick up vans and other vehicles, through which it delivers Gas to its customers.

In April 2022, Asiko issued a NGN1.5billion 7-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bonds under its N50 billion bond issuance programme. The bonds proceed is to finance capital expenditure that relate to the expansion of the company's power production capacity. Additional NGN 3.5billion debt was raised from BOI in October 2022 to finance the expansion of the company's gas processing and distribution capacity.

Issuer	**Asiko Power Limited (Asiko)**
Issue Date	Series I: 13th April 2022 BOI: 14th November 2022
Co-Obligor	Asiko Power Limited
Principal Amount Outstanding (NGN)	Series I: 1,500,000,000 BOI : 3,500,000,000
Sector	Off grid power
Rating	December 2021 Long-term: AAA(NG) (Agusto & Co. and GCR) Outlook: Stable
Tenors	7 years each
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	5.5MVA

APL Yard

DARWAY COAST NIGERIA LIMITED

Darway Coast Nigeria Limited is a renewable energy firm that specializes in the creation and management of mini-grids for serving off-the-grid and underserved homes and businesses in Nigeria. The company, established in 2015 as a private limited entity, began operations in 2017 and currently maintains four active mini-grids, with a total solar PV capacity of 107.3 kWp, under power purchase agreements in the states of Lagos, Imo, and Rivers. Specifically, these mini-grids are located in four villages in Imo State (3.3kW), Lagos State (50kW), and Rivers State (38kW) and 275 existing total connections.

On September 30, 2022, Darway Coast Nigeria Limited ("Darway Coast") issued an NGN 800 million 7-Year Series 1 Fixed Rate Guaranteed Senior Green Infrastructure Bonds Due in 2029 ("the Darway Coast Series 1 Bond") under a NGN50 billion Debt Issuance Program. The bond is blended with NGN 800 million in first loss subordinated concessionary loan capital from the Foreign, Commonwealth, and Development Office (FCDO).

Issuer	Darway Coast Nigeria Limited
Issue Date	30th September 2022
Co-Obligor	Darway Coast Nigeria Limited
Principal Amount Outstanding (NGN)	800,000,000
Sector	Renewable Energy
Rating	June 2022 Long-term: AAA(NG) (GCR) Outlook Stable
Tenors	7 years
Location of Operation	South-South and South-East, Nigeria
Asset Size/Capacity	526.1kW

GREEN LIQUIFIED NATURAL GAS

In July 2018, Green Liquified Natural Gas (GLNG) was established by Green fuel limited ("GFL") and it uses virtual pipeline systems to process and deliver liquified natural gas solutions to industrial users in off-pipeline areas while providing captive gas solutions to them.

On September 30, 2022, Green Liquified Natural Gas ("GNLG") issued a NGN 650 million 7-Year Series 1 Fixed Rate Guaranteed Senior Infrastructure Bonds Due in 2029 ("the GNLG Series 1 Bond") under a NGN50 billion Debt Issuance Program and another issuance of NGN 4 billion.

The bonds proceed was to fund the development of a 200,000 standard cubic meter per day Liquified Natural Gas (LNG) liquefaction facility, the installation of five regasification systems for customers, the procurement and installation of storage tanks with a total capacity of 2,150 cubic meters at both the liquefaction and regasification plants, and the acquisition of 16 LNG transport trucks with a capacity of 21.6 tonnes for logistics purposes.

Issuer	Green Liquified Natural Gas (GLNG)
Issue Date	29th December 2022
Co-Obligor	Green Fuels Limited("GFL")
Principal Amount Outstanding (NGN)	Series I: 650,000,000 Issuance: 4,000,000,000(Bridge)
Sector	Gas Processing and Distribution
Rating	September 2022 Long-term: AAA(NG) (GCR and DataPro) Outlook : Stable
Tenors	Series I: 7 years Issuance: 2 years (Bridge)
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	200 000 SCM LNG plant

DEVELOPMENT **IMPACT**

InfraCredit has articulated a Theory of Change that underpins its deliberate approach to impact measurement, monitoring and management for the infrastructure projects it guarantees.

Our Theory of Change hinges on three pillars where InfraCredit is delivering impact through its activities at the market, project and end user level, with specific measurable outcome indicators.

MARKET

InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development.

PROJECTS

InfraCredit will enable infrastructure project developers to access longer tenor capital at competitive rates, and will ensure high-impact and viable projects are increasingly, successfully and sustainably executed, and create jobs.

END USER

InfraCredit's financing activities will deliver increased infrastructure access, reliability and resilience leading to improved livelihoods. As a consequence of these outcomes, InfraCredit will enable improved business productivity leading to economic growth and social development.

SDG IMPACT

While our DI monitoring has focused on 12 of the 17 SDGs, it is important to note that InfraCredit wholly subscribes to and supports the underlying principles of all SDGs, which as stated by the UN, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The cross-cutting nature of the SDGs, wherein action in one area affects others is also reflected in our DI monitoring strategy. Additionally, commitments and procedures articulated in our Environmental and Social Policy draw on and are aligned with the SDGs.

MARKET **LEVEL IMPACT**

The snapshot of SDG impacts at the market, project and end-user levels is presented below

Indicators	Data
Total value of bonds issued till date Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds	 NGN1.051 trillion NGN128.1 billion
Average tenor of bond issuance Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds	 6.5 years 13.0 years
Longest tenor of bond issuance Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds	 15 years 20 years
Value of green bond issuance	NGN9.3 billion
Number of first-time bond issuers	10
Number of infrastructure projects enabled	14
Value of additional capital mobilized by investees	NGN6.23 billion (North South Power unwrapped series II bond)
Number of participating institutional investors (Pension Funds)	19
Number of participating institutional investors (Insurance)	4
Number of participating institutional investors (Others)	10 (Banks, Trustees, Nominees, etc)
Total value of Technical Assistance (TA) Funding mobilised	EUR 2.31 million GBP 250,000 US 2.70 million

PORTFOLIO LEVEL IMPACTS
(PROJECT AND END-USER)

Sustainable Development Goal	Indicators	Outcome data (as at Q4 2022)
5 GENDER EQUALITY	Total Number of female jobs enabled/supported	252
	Number and percentage of female jobs at managerial level	27 (10.71%)
	Number and percentage of female jobs at non-managerial level	225 (89%)
	Number of female truck drivers	13
7 AFFORDABLE AND CLEAN ENERGY	MW of renewable energy installed (utility)	930MW
	MWh of clean energy power generated	Over 757204.95
	MW of renewable energy installed (telco towers)	335.87KW
	Number of solar powered telecommunications towers	111
	Additional power added to the national grid	973001MWHr
8 DECENT WORK AND ECONOMIC GROWTH	Total permanent jobs enabled/supported (male vs female)	2688 (2436 v 252)
	Total temporary unskilled jobs enabled	927
	Total temporary skilled jobs enabled	2001
	Total permanent unskilled jobs enabled	708
	Total permanent skilled jobs enabled	1980
	Total number of temporary youth jobs	2716
	Total number of permanent youth jobs	273
	Number of businesses with improved access to infrastructure	Over 351 SMEs
	Number of newly registered businesses with access to infrastructure in the free zone area	33
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Total MW of installed power infrastructure (RE and Gas)	1064MW
	MW of installed gas-fired power plants	134 MW
	Number of telecommunication towers	764
	Total number of logistics trucks	1593
	Volume of LPG produced and distributed	16,893

	Total tonnes of bulk cargo transported	17,152,000 tonnes
	Number of companies operating within the Free Zone Area	33
	Number of people with improved access to infrastructure	Over 1,000,000
11 SUSTAINABLE CITIES AND COMMUNITIES	Number of households with improved access to electricity	Over 500,000
	Number of households with access to LPG for cooking	1907
13 CLIMATE ACTION	GHG emissions avoided from RE infrastructure	Over 451,000tCO2eq
	Estimated forest savings from LPG displacement of fuel wood utilization for cooking	19.07ha*

* The calculation is based on the following assumptions:
Switching 100 household to LPG results into savings of 21.5 tonnes of CO2 emmissions
21.5 tonnes of CO2 emissions results in 1 hectare of saved forest (Reference: https://www.wlpga.org/wpcontent/uploads/2018/10/Substituing-LPG-for-Wood-Carbon-and-Deforestation-Impacts-Updated.PDF)

Number of households with access to LPG from portfolio company is 1,907 Estimated tonnes of CO2 savings for 1907 HHs=
Estimated forest savings: If 1ha of forest savings equals 21.5 tonnes of CO2 for 100 households.

Then, Xha of forest savings equals 410.005 tonnes of CO2 emissions for 1907HH. Thus, X= 19.07ha

2022 CAPACITY BUILDING PROGRAMME

InfraCredit is committed to market development and increased participation in infrastructure investing

The Capacity building programme aims to:

Develop in-depth practical insight and understanding of infrastructure asset classes	Enhance analytical skills for evaluating and procing credit risk in infrastructure projects	Develop risk sharing appetite for infrastructure	Enhance capacity to invest in bankable infrastructure assets

MARCH 2022

A ROUNDTABLE DISCUSSION ON UNDERSTANDING LEVERAGE IN A GUARANTEE COMPANY

In March 2022, a roundtable discussion was held on Understanding Leverage in a Guarantee Company. During this session, the conversations were held around roles of a financial guarantor, how Financial Guarantees work, revenue sources for a financial guarantor, risk of obligations guaranteed and other key considerations taken by a guarantee company in its business operations. This session was designed for CROs of Pension Fund Administrators. This roundtable was held on the 31st of March,2022. This session had one hundred and two (102) participants in attendance representing the Pension Fund Administrators.

APRIL 2022

A DAY TRAINING TITLED "FINANCING INFRASTRUCTURE PROJECTS"

In April 2022, The Financing Infrastructure Projects- Case Studies for CIOs & CROs course was designed to help participants understand the variety of approaches that may be adopted in project financing transactions in different infrastructure sectors. Accordingly, this course's main objective was to allow participants to develop thorough insights into the financing of infrastructure projects.

The case studies were selected carefully to blend best international practices with relevant Nigerian examples . The training was designed for Chief Investment Officers, Chief Risk Officers of PFAs and InfraCredit staff. This session had fourteen (14) participants in attendance representing five(5) Pension Fund Administrators.

JULY 2021

A FIVE-DAY TRAINING ON " ADVANCED FINANCIAL MODELLING FOR INFRASTRUCTURE PROJECTS"

This investor training which was held virtually from 4th - 8th of July 2022, was executed with the objective to highlight and promote the best practice approaches to Understand project finance models in the context of finance theory related to subtle issues associated with contract structuring, debt sizing, debt funding, debt repayment, debt servicing costs and credit enhancements. This course was designed for, Chief Investment Officers, Chief Risk Officers, Investment Analysts of the Pension Funds Industry and the InfraCredit Staff. This session had thirty-four (34) participants in attendance representing fifteen (15) Institutions.

2022 CAPACITY BUILDING PROGRAMME

AUGUST 2022
UNDERSTANDING ALTERNATIVE INVESTMENT ASSETS

The two-day course which was held virtually from 11th to 12th August 2022, set out the basic elements for considering Critical characteristic of these Alternative Investment Assets,Investment Committee's Role in the process of reviewing and discussed alternate assets investment opportunities. This training also introduced participants to the different alternative investments that exists as well as matching assets to liabilities.

This Virtual-based Course was designed for Members of the Investment Committee of NLPC Pensions PFA. This session had nine(9) participants in attendance.

AUGUST 2022
CREDIT PORTFOLIO RISK MANAGEMENT

The course was designed to help participants understand the significant components and features of credit portfolio risk management (CPRM). The aim is to elucidate how a broad range of risk modeling and risk assessment approaches can be brought together to enable risk-based pricing and assessment—ultimately enabling portfolio managers to choose investments based upon fundamentals as well as market dynamics. This course was designed for Chief Investment Officers, Chief Risk Officers, Investment Analysts of the Pension Funds Industry and the InfraCredit Staff. This session had twenty-six (6) participants in attendance representing sixteen (16) Institutions.

OCTOBER 2022
RENEWABLE ENERGY PROJECT FINANCE.

This course was designed to help participants acquire the skills needed to structure and evaluate renewable energy project financing transactions. Drawing upon examples from around the world, they were introduced to techniques for spotting and minimizing risks and improving prospects for future strong performance; both in existing portfolios and new transactions.This training also focused on helping participants understand how to develop a framework for analyzing qualitative and quantitative project risks to structure a robust security package. This training was held on the 12th-14th of October 2022. This course was designed for, Chief Investment Officers, Chief Risk Officers, Investment Analysts of the Pension Funds Industry, Asset Management Companies and the InfraCredit Staff. This session had twenty (20) participants in attendance representing ten (10) Institutions.

SEPTEMBER 2022
EFFECTIVE RISK MANAGEMENT OVERSIGHT FOR BOARD MEMBERS

This two-day course was designed to help executives and board members understand the essentials of developing and implementing an Enterprise Risk Management (ERM)framework that is supportive of corporate strategy-setting and that aligns with global bestpractice. It also emphasized on the roles for board members, executives, managers, control and risk managers in the ERM process, primary ERM frameworks--COSO and CAS—their strengths and weaknesses and how to implement them, A structure for evaluating a company's current ERM readiness. This training was virtually held on the 13th -14th of September,2022. This course was exclusively designed for board members of PFAs and Insurance Companies. This session had twenty (20) participants in attendance representing fifteen (9) Institutions.

NOVEMBER 2022

REAL ESTATE, PRIVATE EQUITY AND INFRASTRUCTURE.

The Infrastructure Capacity Building Programme organized a two-day investor training on " Real Estate, Private Equity and Infrastructure". The training highlighted the investment opportunities in the Nigerian agribusiness sector and the potential effect of these investments on food security. This course has been specifically developed to assist members of an Investment Committee in the process of evaluating, assessing and recommending projects for investment decisions with a particular emphasis on Real Estate Investment Trust (REIT).This training course helped provide clear and concise understanding of what it takes to invest in real assets with a particular emphasis on REITS as a credible, secure and diversified asset class. Further, this course provided a clear reference-based assessment of the current global real assets markets, with in-depth analysis and expert guidance toward effective investment decision-making.The training session was targeted at CEOs, CIOs and Fund managers of PFAs. This session had one hundred and two(102) participants in attendance representing twenty-four(24) Institutions.

OVERALL

PARTICIPANTS INCREASED FROM 372 IN 2021 TO 413 IN 2022

Overall participation increased by 11%- The total number of participants increased from 372 in 2021 to 413 in 2022. There were 39 participating institutions in 2022.

NOVEMBER 2022

NIGERIAN INSTITUTIONAL INVESTORS ROUNDTABLE

Convergence, InfraCredit and NSIA working alongside PENOP, and other partners are exploring the prospects of a strategic initiative aimed at promoting gender lens investing, impact investing as well as climate finance as a way of unlocking capital flows to climate-smart, resilient, and sustainable infrastructure projects.

Convergence has successfully implemented this initiative in other markets and alongside InfraCredit, is exploring piloting the concept in Nigeria with institutional investors. This initiative is anchored on a theory of change founded on the institutions' knowledge and experience in financing green infrastructure projects with a gender lens.

The Forum focused on discussions around mobilizing local currency financing from domestic institutional investors, with a particular focus on Pension Funds and Insurance Firms, to finance critical climate-resilient infrastructure projects in Nigeria, using blended finance approaches for risk mitigation. InfraCredit, Convergence and NSIA presented this concept at the roundtable session for institutional investors for discussion purposes.

This session was held on Thursday, November 24, 2022, at the Four Points by Sheraton, Victoria Island, and 89 participants from 15 Pension Fund administrators and 6 Insurance Companies were in attendance.

2022 CAPACITY BUILDING PROGRAMME

SUSTAINABILITY **REPORT**

The infrastructure financing gap is estimated to shave 4 percentage points off Nigeria's growth every year- critical when 2024 growth is forecast at just 3%

Intermediary institutions like InfraCredit play an especially important role in crowding in private capital for sustainable infrastructure investments in Nigeria. As a specialised guarantor with access to Nigeria's largest source of long-term domestic investment capital, combined with in-depth local expertise, we are uniquely positioned to identify and solve some of the greatest challenges to investment in the infrastructure that will push Nigeria towards UN's Sustainable Development Goal (SDG) achievement and alignment with the UNFCCC Paris agreement.

We aim to supply high-quality sustainable infrastructure assets that meet international technical, sustainability and impact standards. By embedding Development Impact and ESG considerations into all transactions from inception, we aim to maximise our impact and sustainability.

InfraCredit's Theory of Change (ToC) articulates the logical path through which our activities address constraints to achieve impact at the market, project, and end user levels. The ToC informs the impact metrics assessed and measured across our portfolio, captured in our Development Impact Framework, which outlines the implementation data collection and reporting, fostering of a culture of accountability, impact-driven decision making, and enhanced social and environmental impact. The range of market challenges that InfraCredit is solving is expanding, and transactions are able to impact more underserved sectors and populations. We are therefore continuously adapting and improving the scale and scope of our impact measured, being careful to reflect the real impacts that our portfolio companies have on people across the nation.

Paris Alignment is something that is important to InfraCredit, enabling us to work at the forefront of modern infrastructure development in collaboration with a wide range of development partners. Nigeria's transition is particularly complex, given the overreliance on diesel generators and large natural gas endowment. InfraCredit's Clean Energy Transition Strategy outlines a 10 to 20-year roadmap, ensuring that InfraCredit's portfolio supports investments that are aligned to the Paris Agreement and contribute to Nigeria's achievement of its Nationally Determined Contribution (NDCs). Using decision trees, international standards of GHG emissions estimation and careful and regular Environmental, Social Management System (ESMS) reporting, we are constantly striving to improve the implementation of Environmental Social and Governance (ESG) standards at a corporate level and in our portfolio companies.

InfraCredit has increasingly leveraged technical assistance and blended capital, creating our own facilities that enable us to effectively address Nigeria's sector and market constraints spanning aspects of project preparation, capacity gaps, proof of concept in new markets, and even the legal and regulatory environment. In doing so, we unlock a pipeline of high quality, bankable and sustainable projects that will help to meaningfully transform Nigeria's capital market and infrastructure sectors.

OUR COMMITMENT

Our priority at InfraCredit is to provide guarantees for sustainable and impact-oriented projects. Understanding the importance of this responsibility, we are fully committed to implementing global standards on all levels of our operations. We continuously strive to improve our impact and sustainability performance by adhering to industry best practices, such as the United Nations Principles for Responsible Investment (PRI), the Operating Principles for Impact Management (OPIM), the Gender 2X Challenge, IFC's EDGE certification, among others. We also seek to align our approach to targets set by local and international bodies, such as the SDGs, and assess our alignment with national policy priorities.

Meeting this standard has fueled our commitment to incorporating impact and environmental and social considerations into investment decision-making. We do this through our Environmental and Social Management Policy (InfraCredit E&S Policy) and our Development Impact Framework, which are in line with the best practices outlined in the International Finance Corporation's (IFC) Performance Standards on environmental and social sustainability, and the SDGs and OPIM respectively.

SUSTAINABLE INVESTMENT STRATEGY

As a responsible financial institution, we incorporate impact and ESG considerations into our decision-making processes both at a corporate level and throughout the transaction cycle, to mitigate potential risks and maximize potential opportunities for ourselves and our partners. For ESG, we have created an Environmental and Social (E&S) Policy and Risk Assessment Standard of Operating Procedure (SOP) that documents our adherence to international best practice, showing how standards are incorporated into every stage of our risk assessment process.

The E&S SOP outlines the critical pillars for assessing and mitigating E&S risks associated with target infrastructure projects, based on the requirements of relevant international standards and national legislation, how we mitigate risk and what achieving this entails across all relevant departments at InfraCredit. Our E&S risk assessment and management process is integrated into the deal execution cycle at InfraCredit, from preliminary information receipt, when Due Diligence is conducted, and an Environmental and Social Action Plan and E&S Covenants are included in the final Guarantee Documents, right through to the portfolio monitoring stage.

Our Development Impact handbook outlines the touchpoints at every stage of the transaction cycle, providing a guide to data collection and measurement, providing practical and resource-efficient methods to collect and verify data to learn lessons about what works. For DI, transactions undergo a preliminary impact assessment and scoring, indicator development, collection and verification of impact data at the baseline, a gender assessment, a market transformation assessment, impact story collection, monitoring data collection, ad hoc survey collection and independent evaluations. Development Impact is working on an SOP that will provide a more detailed guide to its integration and implementation at a company level, as well as how and when different DI tools are used.

In pursuit of our sustainability and decarbonization goals, InfraCredit has also created an Exclusion List that defines the types of projects it cannot guarantee. Our recently created climate decision tree will screen new transactions to determine whether they are Aligned, Conditionally Aligned, or Misaligned with our strategy. No misaligned project will be accepted into our transaction pipelines, such as upstream oil and gas infrastructure, as they are not in line with the energy transition agenda. InfraCredit also screens potential projects to ensure they conform to all relevant national and international E&S laws, regulations, and standards.

InfraCredit has also developed new and innovative guarantee products and strategic intermediation models such as non-sovereign Green Bonds Guarantee and Clean Energy Local Currency Fund. Such products are designed to improve flow of sustainable infrastructure deals, enhance value, and enable future financing by delivering more creditworthy projects. InfraCredit's guarantee of the NSP-SPV PowerCorp N8.5 billion green infrastructure bond in 2019 represents the longest tenured corporate green bond in the Nigerian capital market, enabling better matching of long-term green infrastructure and its financing. The guarantee allows investors to promote climate action and environmental protection, demonstrating InfraCredit's commitment to attracting sustainability-oriented investors with the goal of strengthening their appetite for future transactions in Nigeria's green bond market.

PORTFOLIO OVERVIEW

InfraCredit recognizes that positive outcomes from large infrastructure projects is dependent on stable well-functioning and well governed environmental, social and financial systems. Our portfolio companies are encouraged to cultivate a culture that promotes excellent ESG-Impact practices and demonstrates capacity to effectively manage the environmental and social risk and impacts associated with the company. Portfolio companies achieve this through policy commitments and a robust environmental and

Social Management System for ESG, whilst for DI this is achieved through impact assessment and indicator milestone setting.

Support form InfraCredit begins from preliminary stages, right through to portfolio monitoring, Impact and ESG considerations are integrated into the transaction cycle. Project companies are encouraged to track and improve impact metrics in line with InfraCredit's Development Impact Framework, implement consistent well-rounded ESG training programs, and strengthen links with project affected communities through a stakeholder management plan, grievance logs and CSR projects. The InfraCredit ESG and DI teams provide continuous training and support to portfolio companies to achieve these outcomes.

Infracredit through its Annual ESG-Impact Awards would incentivize the ideation of and execution of best-in-class innovative initiatives (Strategy, Process, Product, Services and Technology) that aid in generating long term positive, commercial and development outcomes, that positively impact the bottom line of people, planet and profit.

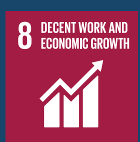
ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

The InfraCredit development impact framework is aligned with the UN's 17 Sustainable Development Goals, allowing us to enhance our assessment of our sustainable finance. Our portfolio companies contribute to 11 of the 17 SDGs as highlighted below;

KEY SDG ALIGNED ACHIEVEMENTS IN 2021:

- 973,001 MWh supplied to the grid
- Over 1,000 MW of renewable Energy installed
- 111 Solar powered telecommunications towers

- 774 telecommunications towers supported
- 17 million tonnes of bulk cargo transported, using 1593 logistics trucks
- 16,893 MT LPG produced and distributed



- 2,268 permanent jobs supported
- 273 permanent jobs for youth
- 351 SMEs empowered

HOW WE HAVE **PERFORMED**

2022 FINANCIAL PERFORMANCE HIGHLIGHTS

Increased profit by

84%

NGN6.34B
(2021: NGN3.42B)

Increased total assets by

16%

NGN86.41B
(2021: NGN74.42B)

Total equity up

17%

NGN43.84B
(2021: NGN37.50B)

Net guarantee fee income up

61%

N1.65B
(2021: NGN1.03B)

Net operating income up

68%

NGN8.83B
(2021: NGN5.25B)

Gross revenue up

26%

NGN7.29B
(2021: NGN5.79B)

Gross capital leverage ratio

1.34times

(2021: 0.90 times)

Net capital leverage ratio

1.21times

(2021: 0.82 times)

Return on average equity

15.4%

(2021: 10%)

Return on average assets

7.8%

(2021: 5%)

Cost to income ratio

29.0%

(2021: 34.3%)

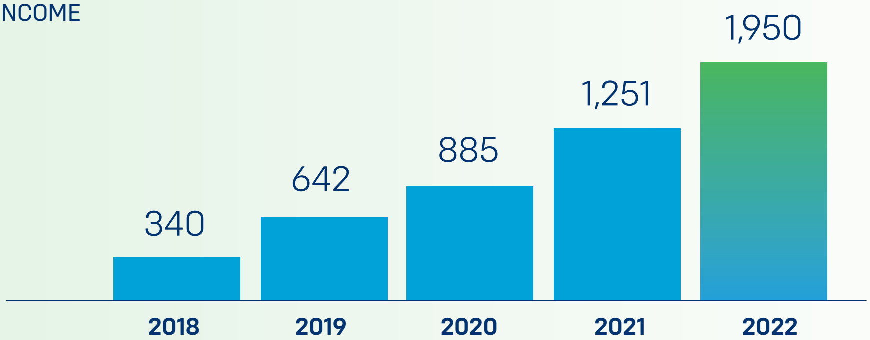
Liquidity ratio

7.06times

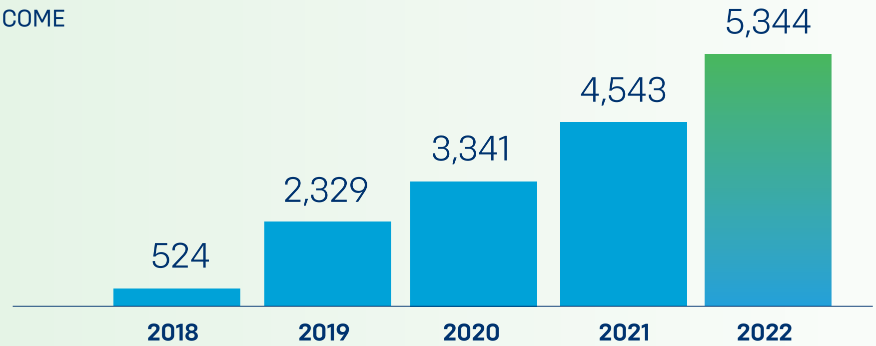
(2021: 7.44 times)

FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

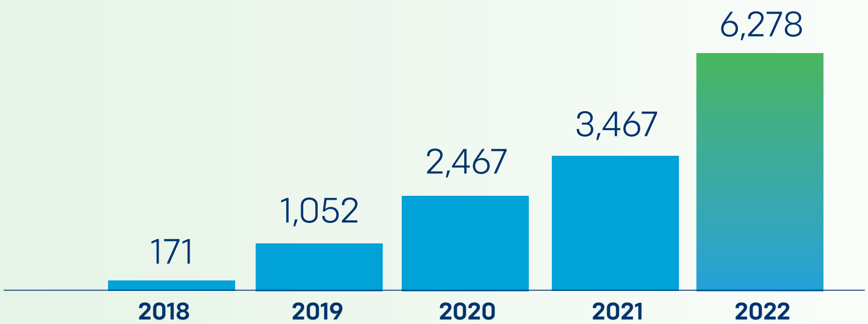
GROSS GURANTEE FEE INCOME
(N'MILLION)



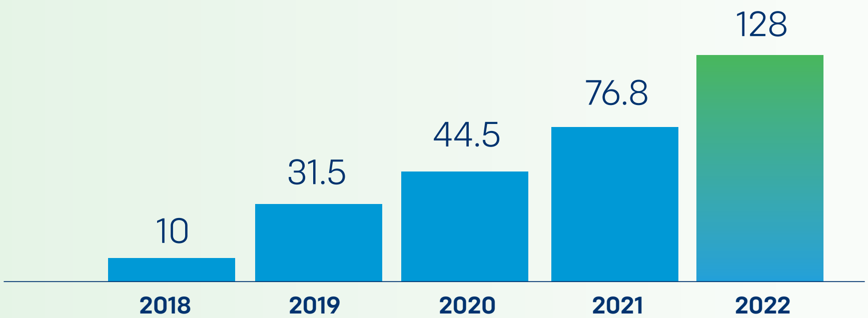
GROSS INVESTMENT INCOME
(N'MILLION)



PROFIT BEFORE TAX
(N'MILLION)

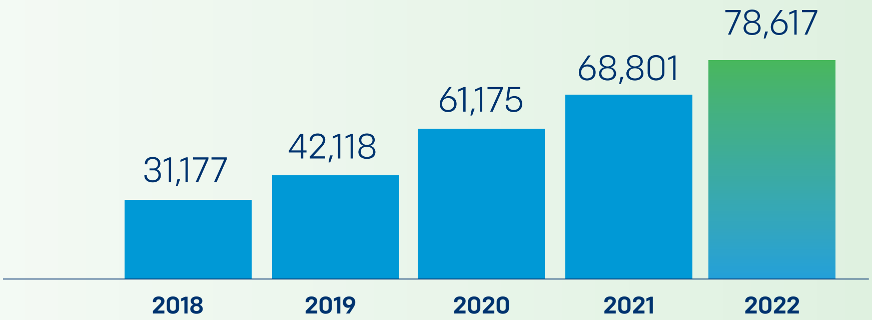


GUARANTEES ISSUED
(N'BILLION)

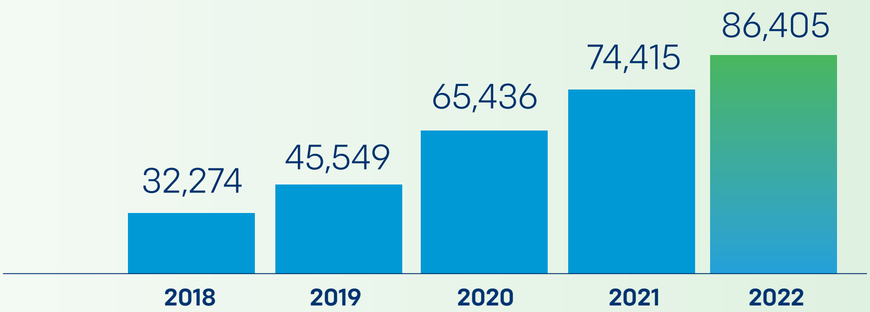


FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

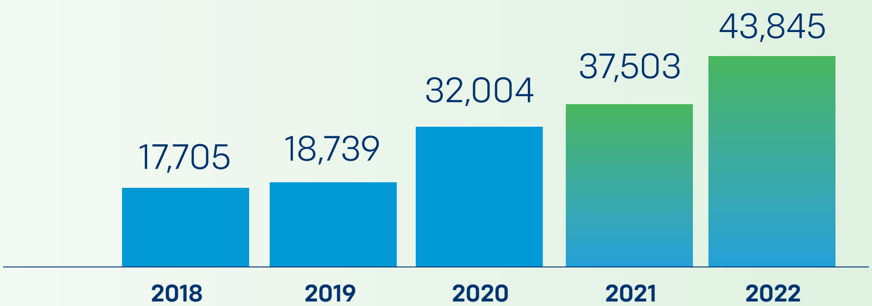
INVESTMENT SECURITIES & CASH
(N'MILLION)



TOTAL ASSETS
(N'MILLION)

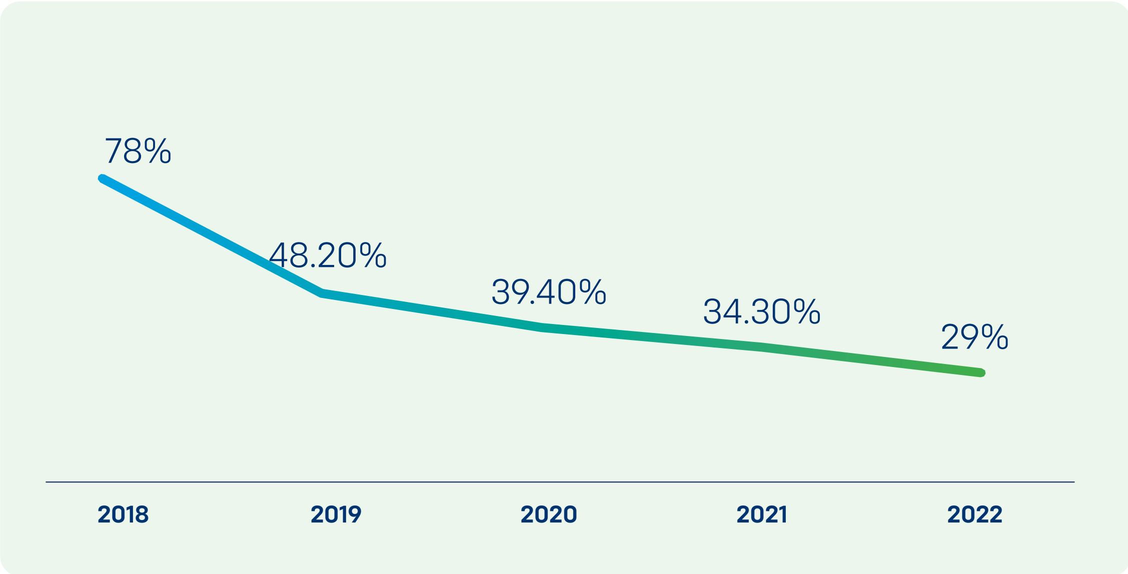


SHAREHOLDERS' EQUITY
(N'MILLION)

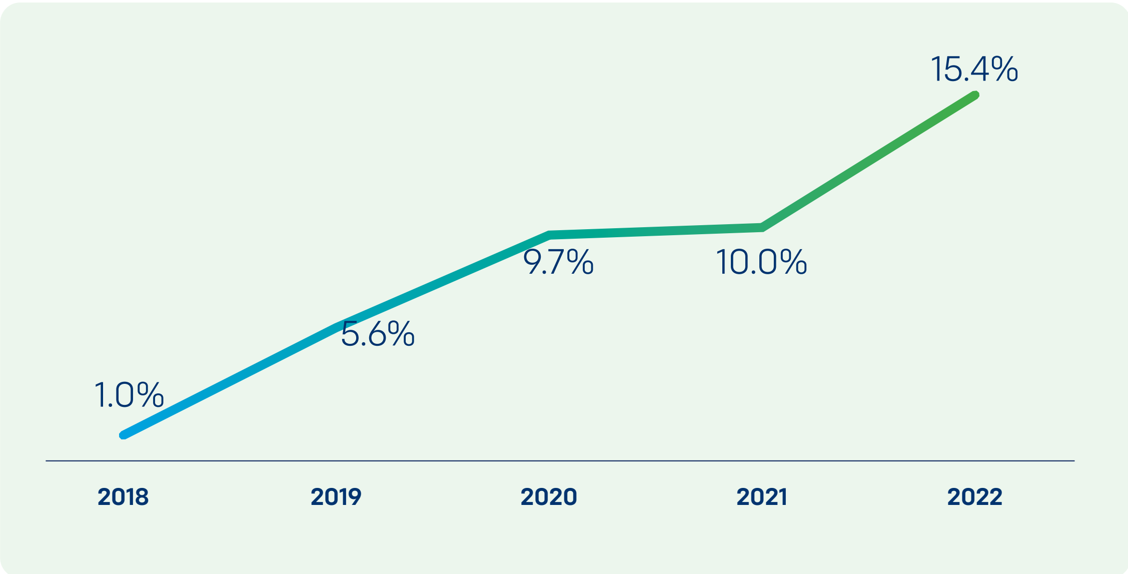


FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

COST TO INCOME RATIO



PRE-TAX RETURN ON EQUITY



WHAT WE OFFER

FINANCIAL GUARANTEE

InfraCredit provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with our eligibility criteria. Our establishment was necessary because long-term capital (e.g. 10-20 year tenor) required by infrastructure entities/projects to be commercially successful is not available from the domestic banking market.

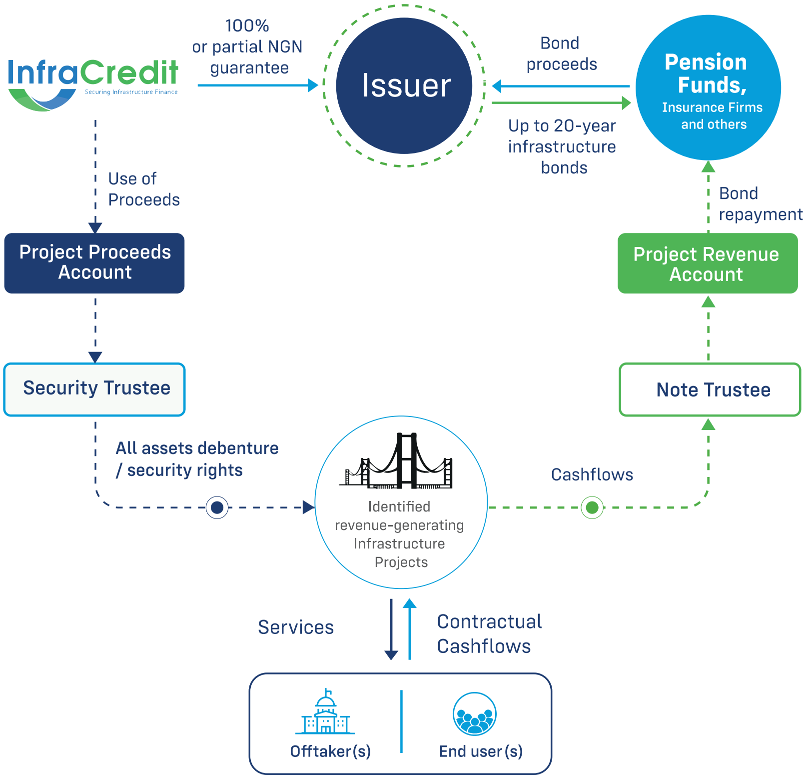
Our guarantees act as a catalyst to attract investment interest from pension funds, insurance firms and other long-term investors. Our operation addresses the constraints facing the Nigerian pension market and motivates their involvement in investing in long-term bonds to finance infrastructure assets.

Long-term, local currency debt instruments guaranteed by InfraCredit have created a new asset class for pension fund administrators: Corporate Infrastructure Bonds. In addition, our guarantee offering was expanded in 2019 to include the guarantee of local currency concessionary loans provided by development finance institutions as part of a Blended Finance solution.

InfraCredit's guarantee provides investors with guaranteed payment (of up to 100%) of timely interest and principal in the event that an Issuer is unable to meet its financial obligations. Our guarantee is irrevocable and unconditional (waiving all defences, including fraud) and results in the guarantor stepping into the shoes of the Issuer by guaranteeing payments in accordance with the original debt service schedule on a timely basis under a Deed of Guarantee entered into between InfraCredit and the Trustee.

HOW WE **WORK**

BASIC TRANSACTION SCHEMATIC



Key Features

Guarantee Features

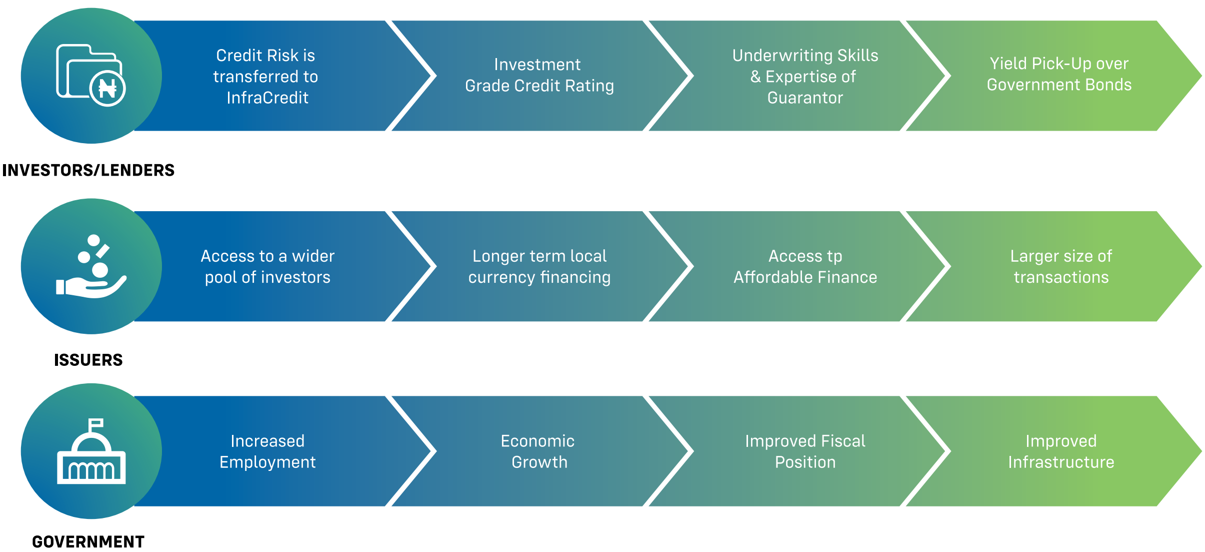
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

Legal Documentation

- Deed of Guarantee
- Recourse Agreement
- Security Deed
- Other Documents

InfraCredit's guarantee obligations are secured with a right to reimbursement of any amount paid against the Issuer under a Recourse Deed entered into between InfraCredit and the Issuer; and further secured with fixed or floating charges on specific property/assets of the Issuer under an Asset Debenture Deed.

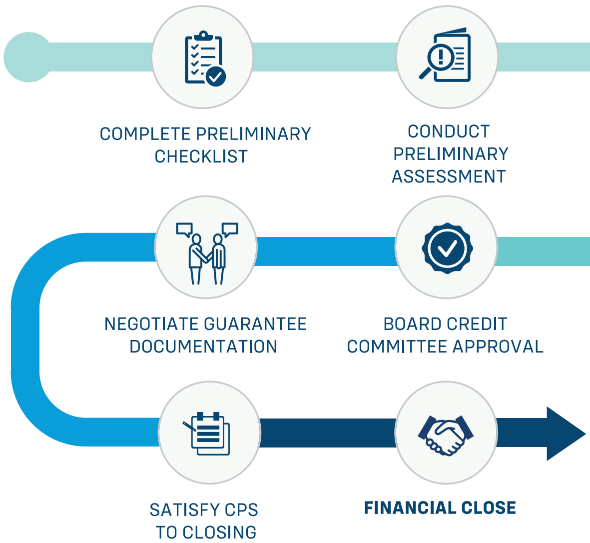
InfraCredit's guarantees provide tangible benefits to Investors, Issuers and the Nigerian Government. Among the benefits are credit protection, access to a wider pool of capital and generation of increased employment.



BUSINESS **MODEL**

GUARANTEE ISSUANCE PROCESS

Project Execution is conducted over three (3) phases: Origination (Preliminary Assessment), Due Diligence & Structuring and Final Approval/Execution. Post-closing, the Risk & Compliance unit tracks the client's performance under its portfolio monitoring function:



PROJECT EVALUATION

InfraCredit's strict eligibility criteria support our zero-loss underwriting standards as we expect the obligor on every guaranteed bond to make full and timely principal and interest payments. InfraCredit's Guarantee Policy sets out the guarantee products, eligible infrastructure activity and eligible infrastructure entities that we can guarantee. An extract of our eligibility criteria follows:

ELIGIBLE TRANSACTIONS

- **NAIRA DENOMINATED DEBT INSTRUMENT (INCLUDING SUKUK)**
- **ISSUER IS PENCOM COMPLIANT**
- **ACCEPTABLE CREDIT PROFILE BASED ON INFRACREDIT'S INTERNAL CREDIT ASSESSMENT**
- **MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE**
- **DEBT TENOR OF UP TO 20 YEARS**
- **SATISFIES INFRACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS**
- **IS NOT ON IFC'S PROJECT EXCLUSION LIST**
- **MUST BE AN ELIGIBLE SECTOR**

ELIGIBLE SECTORS

InfraCredit will support eligible projects in any of the following infrastructure related activities:

POWER:
The generation, transmission and/or distribution of electricity, including off-grid embedded power electrification

ICT/TELECOMS:
Local telephone services and IT network, internet solutions, voice, data center and cloud services to providers

RENEWABLE ENERGY:
Alternative energy and renewable energy technologies ranging from solar power, wind power, and hydroelectricity

GAS DISTRIBUTION:
Gas pipelines and bulk storage/logistical facilities and downstream gas processing and development

WATER DISTRIBUTION:
Urban/rural fresh water production and treatment, bulk water supply and distribution (water reservoirs, transfer schemes)

SOCIAL INFRASTRUCTURE:
The provision of economic and social infrastructure (e.g. housing, healthcare, education) including industrial parks, within towns and cities

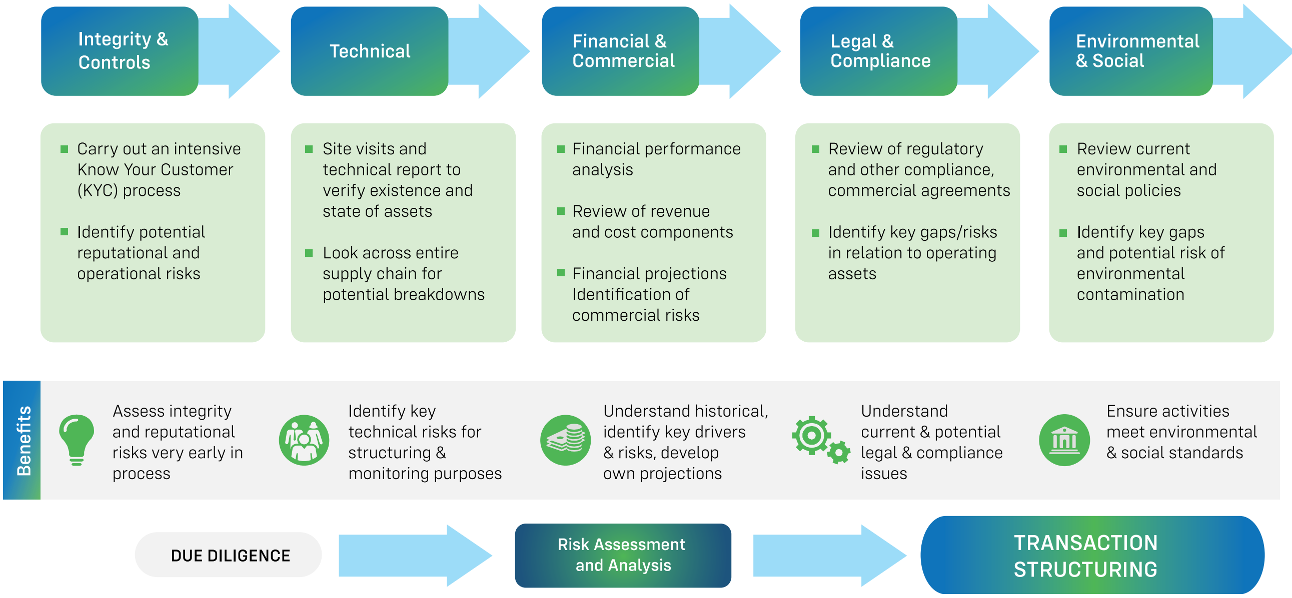
WASTE MANAGEMENT:
Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities

INPUTS TO INFRASTRUCTURE:
Manufacture, construction of goods, equipment, or other basic materials or services used in provision of infrastructure

TRANSPORTATION:
Fixed transportation infrastructure e.g. toll roads, bridges, rail, airports, ports and bulk storage/handling facilities

AGRICULTURE:
Infrastructure component of agro-industrial projects e.g. investments in agro-food processing/storage for agribusiness

With the approval of the Board New Business Committee, InfraCredit may enter into a formal mandate with a prospective client and commence formal due diligence and structuring. The credit evaluation framework identifies key risks across an array of parameters in order to determine optimal structuring options suitable for providing credit enhancement:



Provided all required information is readily available, InfraCredit's evaluation process can be completed in as little as one (1) month, although more time may be required for more complex projects. Following the approval of InfraCredit's Board Credit Committee, projects then shift to the Execution/Final Approval phase. Publicly traded bonds may require an additional 4-6 weeks to reach financial close, whilst private corporate bonds and concessionary loans can be completed within a shorter timeframe.

RISK MANAGEMENT FRAMEWORK

The Board is the highest internal control and risk management governing body in InfraCredit. The Board (through the Board Risk & Capital Committee – "BRCC") establishes appropriate Risk Management policies while providing oversight on the Company's activities via the Internal Audit function.

The BRCC comprises 4 members: 1 representative from the Nigeria Sovereign Investment Authority(NSIA); 2 Independent Directors and an observer (non-voting member) from the Contingent Capital Providers – GuarantCo. The BRCC ensures effective systems of internal control and risk management operating to protect InfraCredit's capital providers. The Board (through the Board Credit Committee or "BCC") approves guarantees and investment proposals with the Management Risk Oversight Committee (MROC) retaining the responsibility of implementing the Risk Management framework for the day-to-day operations of InfraCredit. Other functions under the purview of the BRCC include:

- Regularly monitoring the guarantee portfolio
- Regularly monitoring the liquidity position
- Regularly reviewing policies and limits
- Regularly monitoring investments; and
- Confirming the Qualifying Capital and other defined portfolio measures as required.

The MROC is chaired by the Head of Credit Risk and is composed of the Managing Director, the Business Head, the Credit Risk Head and the Financial Controller. Risk Management & Internal Control Policies are deliberated upon by the MROC and recommended to the BRCC for final approvals.

CONTROL AND RISK MANAGEMENT POLICIES

InfraCredit has a system of internal control and risk management that supports pro-active risks management without impacting efficient operations.

The system enables the Company to achieve its objectives; respond to business financial and operational risks and achieve appropriate balance between risk and return. General risk appetite can be described as moderate as the Company will only underwrite transactions that conform with approved eligibility criteria and credit assessment.

InfraCredit's strict eligibility criteria require that structural protective mechanisms are embedded in transactions to ensure a 'zero loss underwriting standard'.

This implies that even in an extreme downside scenario, an infrastructure transaction underwritten by InfraCredit should not ultimately fail to pay interest or principal but may suffer a delayed payment.

InfraCredit operates a multi-layered, "Three- Line Defense" risk management governance structure, with the Board of Directors at the apex of the structure, exercising and assuming ultimate authority and responsibility for the Company's risk management:

- Business Units – First Line of Defence
- Risk Management – Second Line of Defence
- Assurance Functions – Third Line of Defence

Risk Management in InfraCredit covers all perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk and operational risk.

These risks are managed pursuant to Operational Policies and the Risk Management Framework, approved by InfraCredit's Board of Directors.

CAPITAL ADEQUACY

InfraCredit is supported by government institutions and multilateral agencies. As at 2022 financial year end, InfraCredit maintained a three-tier structure comprising Core capital (Tier 1 capital), Tier II Capital and Contingent Capital totalling USD 209million (or NGN 88.3billion.

InfraCredit's competitive advantage remains its AAA rating driven by several factors, one of which is the adequacy of its capital. Insufficient capital (measured by capital adequacy relative to portfolio rating) puts the Company at the risk of a rating downgrade which will greatly impact its sustainability. Consequently, InfraCredit tracks its leverage to eliminate steep growth over a short period.

Gross capital leverage ratio (calculated as total Notional Guarantees Issued/ Total Qualifying Capital) for year ended 31st December 2022 stood at 1.58x. Target leverage for 2021/2022 is 1.4x – 2.5x. Further, it will continue to explore multi-layered approach to its capital adequacy by exploring re-guarantee options with suitable and credible counterparties.

CREDIT EVALUATION AND MONITORING PROCESS

The approved Credit Policy guides the credit approvals and post transaction monitoring for InfraCredit.

The key feature of the policy is the identification, measurement, control & reporting of credit risks. These pillars are embedded in the credit approval process including post approval monitoring. Similarly, portfolio limits and issuer ratings are also reviewed periodically to avoid breaches.

Every transaction is supported by efficient portfolio planning, and sound credit assessment to moderate the exposure to credit losses. All eligible transactions go through the New Business Committee (NBC). The NBC will review all potential transactions before any significant due diligence commences or mandate letter is issued to a potential beneficiary. The mandate of the NBC is to confirm that the transaction is potentially viable and in line with approved eligibility criteria as well as provide an opportunity for the committee to advise on areas for further due diligence.

Approval from NBC for a transaction is not actual Credit Risk approval, and all correspondence with the client, including a term sheet / mandate letter makes this explicitly clear. At this point InfraCredit is not contractually bound to provide its guarantee support. Once NBC approval is received, the transaction proceeds to the Due Diligence/Credit approval phase.

The following steps set out below are adopted for evaluation, approval, disbursement and monitoring an eligible transaction.

- Due Diligence and Structuring Phase
- Final Credit review/Credit Approval Phase
- Documentation and Investors engagement
- Documentation Signing / Satisfaction of CPs
- Book building/allocation
- Disbursement/Financial Close
- Monitoring/Surveillance Phase (relevant and ongoing reporting requirements of the monitoring team in accordance with terms agreed in the transaction documentation

InfraCredit is in discussion with multiple risk partners for various forms of Risk Mitigation methodologies as distribution mechanisms for reducing gross par leverage levels. Two key strategic products that will support such schemes are:

CO-GUARANTEES

The co-guarantee strategy is driven by direct Risk Sharing with an identified partner selected by InfraCredit.

The Co-Guarantor will provide direct guarantees to the Bond investors covering timely payment of principal and interest. To fully qualify as a risk mitigation strategy in the context of reducing net par values, the guarantee must be Irrevocable and Unconditional. In such cases, InfraCredit is only liable to the extent of its guarantee sum and will seek the best partners to fit the investors' appetite.

COUNTER GUARANTEES

The Counter Guarantee strategy is driven by an indirect Risk Sharing with an identified risk sharing partner.

However, in such cases, InfraCredit will wrap the full exposure and sell down part of the exposure (via counter guarantees) to identified risk sharing partners. As with the case with the Co-guarantees, counter guarantee must qualify as a gross par reduction instrument. All risk sharing partners (under the Counter Guarantee risk sharing framework) will have minimum local currency rating of AAA or an international rating of A with a stable outlook.

INVESTMENT RISK

InfraCredit has substantial funded capital which is held in cash, term deposits and other investments.

The purpose of this capital is to provide the financial strength to issue guarantees of strong investment grade rating and to meet any claims arising from InfraCredit's guarantees as they fall due. InfraCredit will take minimal credit, market and liquidity risk and should be able to divest its investment portfolio in part or in full at short notice. Whilst investment income will be optimized where possible, the primary objectives in investing the capital are: (a) maintaining adequate liquidity; and (b) maintaining the principal capital value of the funded equity.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the possibility that InfraCredit finds itself short of funds for its short-term operational requirements or unable to fund its assets/meet maturing obligations.

InfraCredit is liquid considering its ability to fund assets and meet obligations as they fall due. Liquidity profile is managed by the Asset & Liability Committee (ALCO). InfraCredit measures its liquidity risk by estimating liquidity gaps at the end of each reporting period. In 2022, cumulative liquidity gaps were observed to be positive for all relevant time bands in line with ALCO Policy. For maturity buckets above one year, a cumulative negative mismatch in each sub-bucket (1-2years, 2-5 years and beyond 5 years) must not exceed 10% of the total outflows relating to maturing liabilities in the time band and this must not occur in more than two times bands.

Liquidity stress tests, in consideration of InfraCredit's guarantee portfolio as of the end of Q4 2022 indicate sufficient liquidity to service both short term needs and contingent guarantee claims.

FOREIGN EXCHANGE/INTEREST RATE RISK MANAGEMENT

Foreign exchange risk is InfraCredit's risk of loss due to (i) a decrease in USD value of assets, or (ii) an increase in USD value of liabilities.

These losses could also arise from selling assets or paying off liabilities when the USD exchange rates have moved adversely relative to local currency. InfraCredit's Tier II capital is largely FCY denominated, exposing it to foreign currency risks given that the Company's operations are Naira based. InfraCredit manages this risk by ensuring that not less than 89% of the total capital is maintained in USD. As of Dec 2022, 95% of total funded capital are maintained in USD.

InfraCredit mitigates Interest rate risks by investing in debt securities that are held to maturity thus limiting the impact of interest rate volatility. Furthermore, the investment policy restricts 60% of the investment portfolio to high-quality assets with a maximum weighted average maturity of two years and 40% to high- quality assets with a maximum weighted average maturity of five years.

In exceptional cases where the company seeks to invest for longer tenors (typically for reasons of matching assets to liabilities); explicit approvals are sought and obtained from the BRCC.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

This could result in reputational issues, business disruptions and consequently financial loss. InfraCredit maintains an Operational Risk Policy which guides its approach in managing operational risks. The main tool utilized for managing operational risks within the organization is a bi-annual Risk and Control Self-Assessment alongside an Internal audit framework with the key risk indicators escalated to the BRCC.

COMPLIANCE RISK

InfraCredit is not directly regulated as Nigeria presently does not have a regulatory framework for infrastructure credit enhancing institutions.

However, the Security and Exchange Commission (SEC); FMDQ Securities Exchange and Rating Agencies provide indirect regulation through the guaranteed bond listing. In addition, InfraCredit has an established Code of Corporate Governance (the "Code") which aims at retaining and increasing confidence of its investors and stakeholders. The Code clearly defines the minimum standards of corporate governance expected of InfraCredit in the course of its business operations.

InfraCredit

Securing Infrastructure Finance

CHAPTER **TWO**

02

InfraCredit Divisions

InfraCredit
Securing Infrastructure Finance

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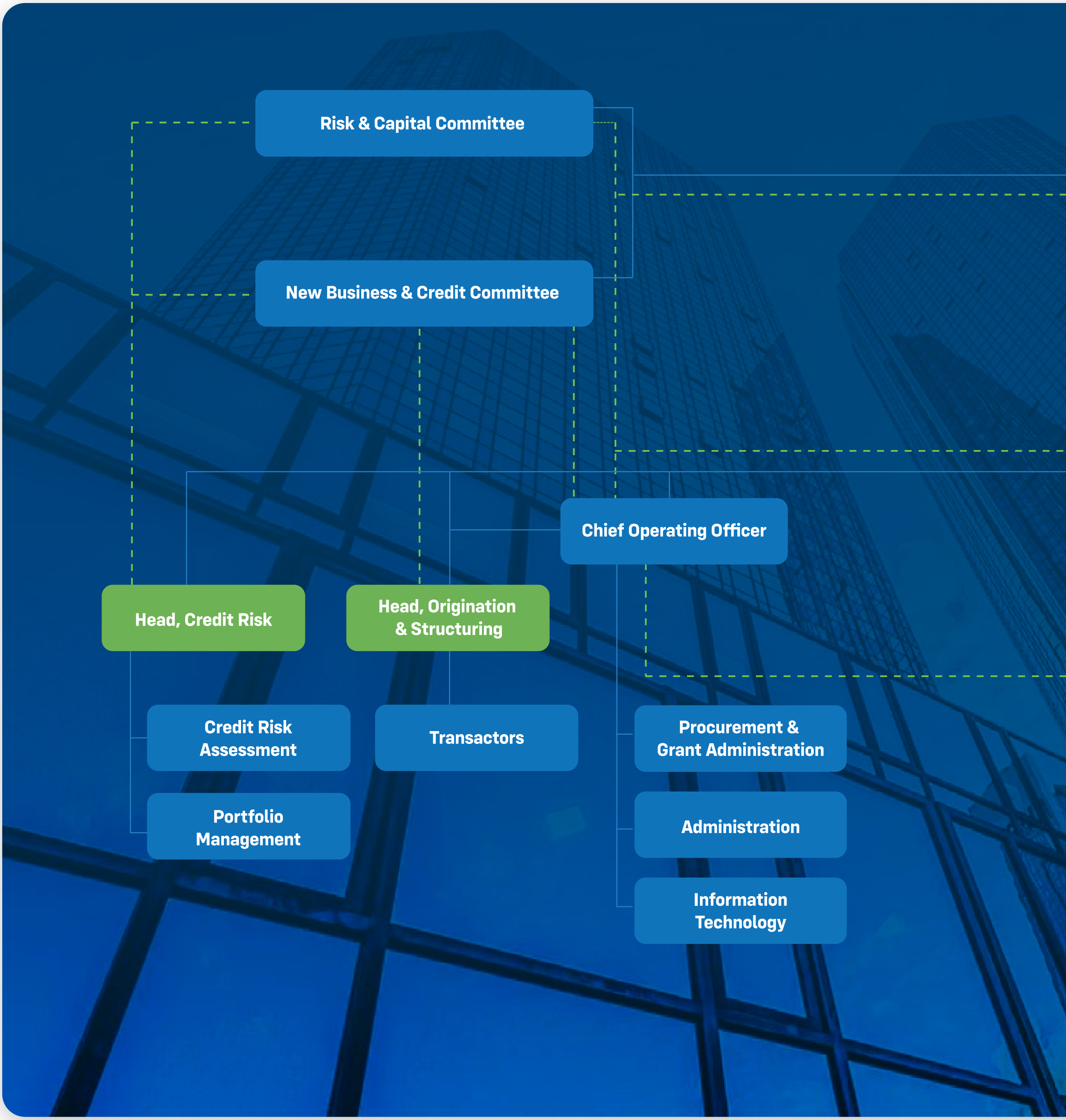
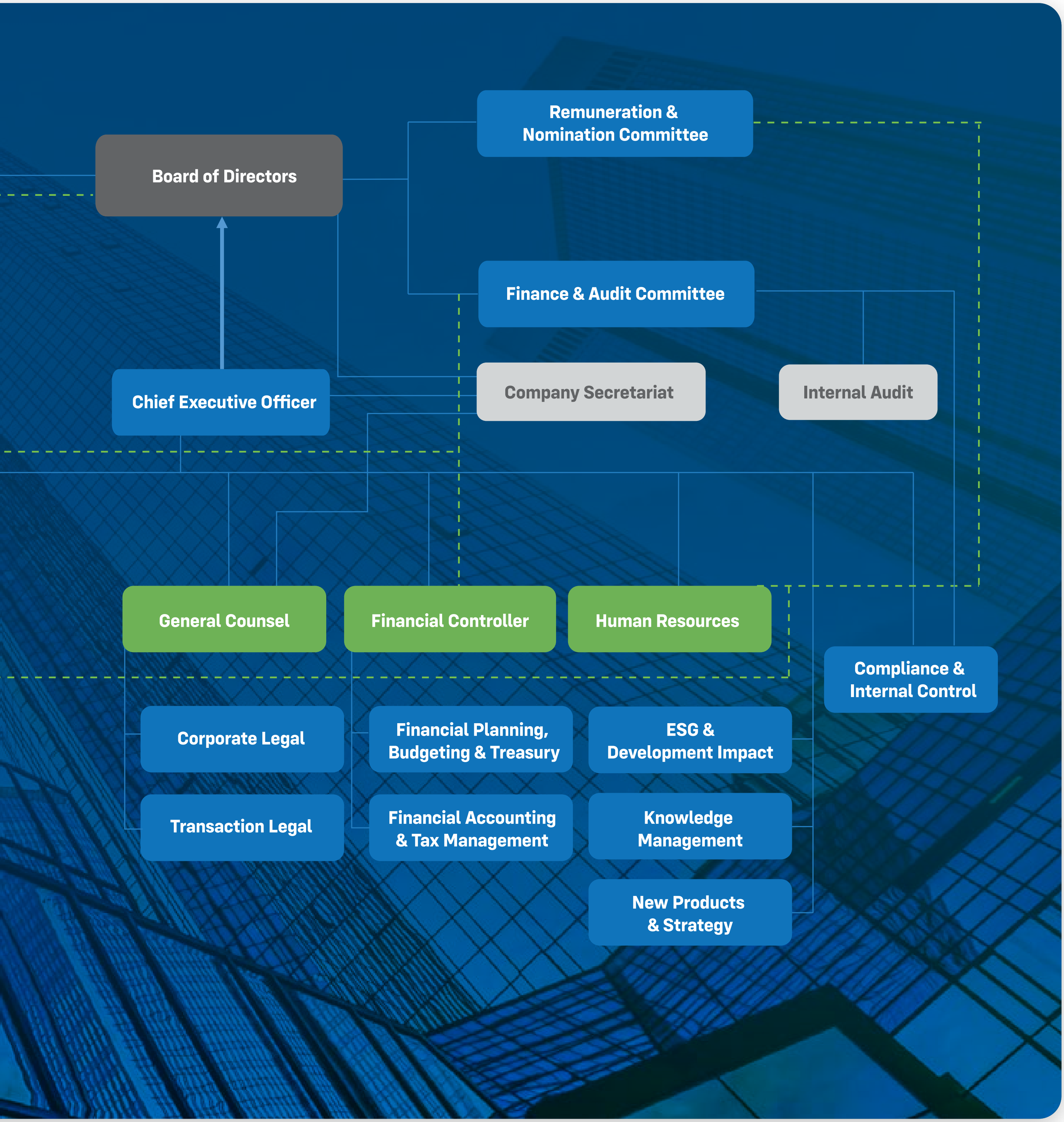
ORGANISATIONAL STRUCTURE




Remuneration & Nomination Committee
Board of Directors
Finance & Audit Committee
Chief Executive Officer
Company Secretariat
Internal Audit
General Counsel
Financial Controller
Human Resources
Compliance & Internal Control
Corporate Legal
Financial Planning, Budgeting & Treasury
ESG & Development Impact
Transaction Legal
Financial Accounting & Tax Management
Knowledge Management
New Products & Strategy

OUR **DIVISIONS**

ORIGINATION & STRUCTURING | FINANCE | LEGAL | DEVELOPMENT IMPACT AND CAPACITY BUILDING | HUMAN RESOURCE | RISK AND INTERNAL CONTROL

ORIGINATION & STRUCTURING

The Origination & Structuring ("O&S") division is the "engine room" of InfraCredit, as pipeline growth and successful execution in O&S triggers growth in other key business areas: Capital Raising, Portfolio Management, Treasury, Development Impact, etc.

> "Although all InfraCredit staff are encouraged and incentivised to originate new guarantee mandates, Senior O&S staff under the guidance of the Managing Director/CEO have Key Performance Indicators..."

Staff with a Structuring and Execution focus form the core of the O&S team, with all mandated pipeline guarantee projects having joint Structuring and Transaction Legal leads. Responsibilities include preliminary assessment, New Business Committee submission, due diligence & credit rating (internal and external), credit paper submission and Credit Committee defence, preparation and negotiation of all documentation (e.g. mandate letter, term sheet, fee letter, guarantee documentation, bond documentation), clearing of conditions precedent, bookbuild and bond pricing with investors, bond closing, perfection and initial deployment of proceeds.

Although all InfraCredit staff are encouraged and incentivised to originate new guarantee mandates, Senior O&S staff under the guidance of the Managing Director/CEO have Key Performance Indicators that are more highly weighted toward successful origination of new mandates. They are also a key touchpoint for client relationship management across all prospects, pipeline clients and our portfolio, as well as consistent engagement with market enablers (e.g. capital market operators, government agencies, referral parties).

New Products and Structured Finance staff concentrate on the development of innovative financing solutions in response to market demand and observed market gaps on an evolving basis. This involves transforming innovative strategies into executable guarantee products (e.g. Contingent Refinancing Guarantee, Annuity PPP, Private Corporate Bonds, Blended Finance, etc.), with the goal of increasing the predictability of guarantee issuances and deepening market penetration

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FINANCE

The Finance Division is responsible for financial reporting, financial strategy/planning and budgeting, capital/investment portfolio management, tax management and profitability of InfraCredit's operations.

The Division provides real-time financial information that is relevant and faithfully representative in accordance with international financial reporting framework and local financial regulations. The Division sets the financial strategy based on its five-year forecast which is converted into yearly rolling plans/operational budgets.

With the capital/investment portfolio management, the Division ensures that InfraCredit maintains adequate capital to support its guarantee issuance capacity. Thus, in managing capital by investing in highly rate securities, key priorities are capital safety and liquidity.

With the support of an independent tax consultant, the Division ensures InfraCredit is tax-efficient and compliant with the applicable tax laws and regulations.

LEGAL

The Legal unit acts through its four divisions, namely, Corporate Legal, the Company Secretariat, Compliance, and Transaction Legal. The Legal Department provides advisory and support services to its internal and external clients, with the aim of supporting InfraCredit in achieving its business objectives and maximizing value for its stakeholders.

> "The Transaction Legal function ensures efficient deal execution, minimizes operational risk and supports the Company..."

The Legal function supports InfraCredit in all legal matters pertaining to InfraCredit's business and operations. The responsibilities of the corporate legal division include managing InfraCredit's relationships with all its counterparties and consultants, as well as actual and potential disputes and claims arising from these relationships.

The company secretarial function coordinates and manages the meetings of shareholders, the Board of Directors and its committees and Management committees; and ensures compliance with company law and the constitution of InfraCredit.

The Compliance function limits InfraCredit's exposure to legal, regulatory and reputational risks by managing regulatory, reputational and legal risks and ensuring compliance with contractual obligations.

The Transaction Legal function ensures efficient deal execution, minimizes operational risk and supports the Company in achieving its objective of unlocking the potential for infrastructure financing in Nigeria by managing and supporting deal execution.

CREDIT RISK DIVISION

The Credit Risk Division retains overall responsibility of identifying, analyzing, measuring, reporting, and managing Credit risks.

The Company's strategy embeds risk management in the origination process therefore promoting proactive identification and remediation. The Division is also responsible for post approval transaction management by monitoring key covenants towards mitigating any potential defaults by identifying early warning signals and proactively remediating same. Additionally, the division provides some oversight on other pillars of Risk (Market and Operational Risks). In conjunction with the Finance team, the Credit Risk team provides guidance on security selection for investments in line with the approved Investment Policy. The team also works with the Internal Audit team to implement the Risk and Control Self- Assessment towards an effective Operational Risk management.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)/ DEVELOPMENT IMPACT DIVISION

Environment, Social and Governance (ESG)/Development Impact (DI) Division is responsible for integrating ESG criteria into the credit process and portfolio infrastructure management, and for implementing the Company's development impact framework.

The ESG/DI Unit applies international standards and principles based on the requirements of the IFC Performance Standards, the Equator Principles (IV) and the AfDB Operational Safeguards in identifying, assessing, mitigating, and managing the ESG risks associated with pipeline infrastructure investments and portfolio infrastructure backed by the InfraCredit's guarantee.

Underpinning InfraCredit's Theory of Change are market, project and end-user levels pillars that inform the measurement and management of positive development outcomes. Our Monitoring, Evaluation and Learning (MEL) Framework guides the process of assessing, monitoring, and evaluating developmental impact of pipeline projects and portfolio infrastructure. InfraCredit is a signatory to the Operating Principles for Impact Management, demonstrating our commitment to achieving Sustainable Development Goals (SDGs) through financing climate-resilient infrastructure development.

HUMAN RESOURCES

At InfraCredit, the role of Human Resources is Strategic, Transformational and Administrative in nature. Our Human Resources activities include a range of strategic activities such as Recruitment, Training-Learning and Development, Performance Management, Employee Relations and Engagements and Administrative Operational functions.

In the ever-evolving world of today, our employees remain our most valuable assets creating a competitive advantage in a niche market like ours. Like every business in our VUCA world, we continually face four key traditional Human Resources challenges. These are recruitment of talents, compensation and benefits, culture and work environment, capacity training – learning and development.

As a strategy for building capacity and developing competency organization-wide in response to the competition for talent and a need to nurture talent from cradle to capacity, InfraCredit developed a **"People Strategy"** which is driven by the Human Resources division. The People Strategy is divided into five (5) core pillars:

- Learning and Development
- Competency Framework
- Culture and Values
- Performance Management
- Compensation and Rewards

Each pillar is geared towards meeting critical business needs and driving the envisioned growth whilst developing young talents and building capacities and competency levels of the exiting workforce.

37	89	8	1,389
Trainings	Institutions	Co-Due Diligence	Participants

OUR COMMITMENT TO CAPACITY BUILDING

InfraCredit believes that improving investor analytical capacity, arming investors with comprehensive data and information with in-depth understanding of the investment dynamics of the subsectors within the infrastructure space- highlighting the risks and mitigants – and providing access to platforms where queries can be addressed, would ultimately enhance investor confidence, and drive private sector participation in these sectors. This should ultimately increase the investment appetite of investors in long-term infrastructure-related instruments and thereby deepen the Nigerian Debt Capital Market. The Infrastructure Capacity Building Programme is coordinated by InfraCredit in collaboration with Development Partners PIDG, GuarantCo and the German Government through KFW.

As at December 2022, under the programme, from inception to date, 37 (thirty seven) trainings have been implemented including 8 (eight) investor roundtable workshops, 21 (twenty one) investors' trainings and 8 (eight) co-due diligence exercises targeted at participants at different levels of executive management, investment and risk teams of the participating institutional investors. These programs attracted one thousand three hundred and eighty-nine (1389) participants from eighty-nine (89) institutions including twenty-six (26) Pension Fund Administrators, twenty-one (21) Life Insurance Companies and five (5) Regulatory bodies and thirty-seven (37) other institutions.

In 2022, the capacity building programme conducted Nine(9) training programmes including two(2) investor roundtable workshops and seven (7) investors' trainings exercises. The events had a total number of four hundred and thirteen (413) participants from thirty-nine (39) institutions including nineteen (21) Pension Fund Administrators, Six (6) Closed Pension Fund Administrators, Five(5) life insurance companies, and (8) other institutions.

As a result, InfraCredit has increased first time access to local currency finance from the domestic bond market to an aggregate of N128 billion (c. USD 280 million) and up to 20-year tenor for four infrastructure projects which were oversubscribed by up to 60% from local pension fund investors, with investment by 19 pension fund investors that participated in the capacity building programme, signifying strong potential and investor appetite in infrastructure. Importantly, first time issuers originally fully guaranteed by InfraCredit can access the capital markets for the second time without the need for a guarantee, demonstrating self- sufficiency and catalytic impact of our capacity building programme and credit enhancement.

STRATEGIC OUTLOOK

Over the past 5 years, the initial concept of the Infrastructure Capacity Building Programme as envisioned, has now been proven to be a valid idea with demonstrable outcomes and measurable impact. The Programme is a transitional mechanism to jumpstart private institutional investors involvement in infrastructure investments by helping to build their technical capacity, know-how and understanding of infrastructure.

1. **INSTITUTIONALIZING THE PROGRAMME**
   As we aim to expand the programme, institutionalising the operating framework in order to scale capacity and impact is an imperative, this will be accompanied with a re-aligned "Theory of Change" to be implemented under InfraCredit's Development Impact Framework. A key outcome of this process will be defining measurable outcomes, evidence-based data and indicators geared towards informing the decision-making process with our stakeholders for effective monitoring, evaluation, and reporting.

2. **STRENGTHENING TECHNICAL ASSISTANCE SUPPORT**
   There are a multitude of donor programmes addressing some part of the greater challenge of catalysing private investments into SDG related infrastructure that will reduce poverty, and we aim to use this programme and its theory of change to align, incentivize and increase donor coordination and funding support into more effective, efficient, integrated, and scalable intervention in sustainable infrastructure finance. Leveraging InfraCredit's contribution and market positioning to crowd-in development capital and technical assistance from other donors/ DFIs to the programme.

3. **BUILDING STRATEGIC PARTNERSHIPS WITH KEY STAKEHOLDERS**
   Addressing the complex challenges of infrastructure deficit and sustainable finance requires building strong multi-stakeholder partnerships that can create systemic change. The Programme will aim to evolve into a multi-stakeholder partnership, by collaborating with key stakeholders to create shared values and successes. We will leverage the power of multi-stakeholder partnerships as a key mechanism to deliver on the goals by pooling knowledge, expertise, and resources.

4. **CAPACITY BUILDING OF BOARDS, REGULATORS AND PUBLIC OFFICIALS**
   As ultimate decision makers and policy makers, the boards and regulators have an especially important role to play in influencing the effectiveness of the expected development outcomes of this programme. In response to feedback from surveys conducted during the initial phase with participants, we will increasingly aim to equally focus on capacity building and training programmes for the leadership of this core group of market decision makers and regulators in order to develop and maintain a very cordial and trusted relationship on the mutual aims and objectives of this programme.

5. **STRENGTHEN STAKEHOLDER ROUNDTABLES**
   Finding a path towards sustainable development will require the pooling of diverse perspectives, knowledge, and resources. We recognise the need to adopt a more strategic approach to engagement activities by improving communication, and close dialogue with key stakeholders in building market awareness and consensus on key contemporary issues in infrastructure and expected development outcomes of this programme. Importantly is building trust with our stakeholders.

6. **INTEGRATION OF ESG AND SDGS**
   Infrastructure underpins many of the UN Sustainable Development Goals (SDGs) and the bond market as the largest source of long-term investment capital is emerging as an important source of financing to meet the UN SDGs. Therefore, integrating ESG considerations into investment decisions has become crucial, and one key area of

focus in the capacity building and training courses will be sustainable, responsible investing and educating institutional investors on best practice approaches to ESG investing to engender a proactive action-oriented programme focused on sustainable long-term value.

The success of the Programme is strongly aligned with our vision to be a catalyst and the most trusted partner, in the attraction of long-term capital into infrastructure finance in Nigeria.

By successfully leveraging capacity building to foster market development and catalyse local capital from private institutional investors into supporting new infrastructure development that will create jobs, protect the environment, reduce poverty, and promote local economic growth, we aim to establish a shared purpose with our stakeholders in aligning our collective effort to solve some of the most pressing challenges of our time.


InfraCredit


InfraCredit

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Board Members, Ladies and Gentlemen, it is with great pleasure that I welcome you to the 6th Annual General Meeting of our great institution.

Our performance as an institution will always be measured by how well we deliver on our core mandate of providing local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria. Despite the challenging 12 months, I am delighted to inform you that we have made significant progress during the year under review even as I present the Annual Report for the year ended 31st December 2022.

2022 MACRO-ECONOMIC ENVIRONMENT

While the lingering impacts of COVID-19 were still staring in the face, the world economy was severely battered in 2022 by the Russian-Ukraine War resulting in energy crisis, food insecurity, surging inflation and weak economic growth momentum in both developed and developing economies worldwide. Although economic growth varied amongst countries, the global economic growth contracted to 3.4% in 2022 as against 5.5% growth recorded in 2021. Amongst the G7 countries, the United Kingdom recorded the highest annual growth in 2022 (4.0%), followed by Italy (3.8%) and Canada (3.6%), while Japan recorded the lowest growth (1.1%). Amongst the OECD countries for which data is available, Ireland recorded the highest annual growth in 2022 (12.2%), while Latvia recorded the lowest (1.5%).

Nigeria's Gross Domestic Product (GDP) growth rate fell to 3.10% from 3.4% reported in 2021. The contraction in GDP growth is due to structural economic shocks and challenges, brought about by the fall in global oil prices, which was a fall-out of the Russia-Ukraine war. Based on data from the Nigeria Bureau of Statistics (NBS), the performance of the GDP in the fourth quarter of 2022 was driven mainly by the Services sector, which recorded a growth of 5.69% and contributed 56.27% to the aggregate GDP. Although the Agriculture sector grew by 2.05% in the reference period, its performance

Sanjeev Gupta
Chairman, InfraCredit

GROSS REVENUE
N7.29b
26% GROWTH

TOTAL ASSETS
N86.4b
16% GROWTH

SHAREHOLDERS FUNDS
N43.8b
17% GROWTH

RETAINED EARNINGS
N10.3b
99% GROWTH

was significantly hampered by severe incidences of floods experienced across the country, accounting for lesser growth relative to the fourth quarter of 2021 which was 3.58%. Moreover, the Industry sector was yet challenged recording negative growth of 0.94% and contributing less to the aggregate GDP relative to the third quarter of 2022 and the fourth quarter of 2021. Thus, the performance of the Agriculture and Industry sectors reduced in 2022 relative to 2021, while the performance of the Services sector improved in 2022. The Oil sector contributed 4.34% to the total real GDP in Q4 2022, down from the figures recorded in the corresponding period of 2021 and the preceding quarter, where it contributed 5.19% and 5.66% respectively. The total annual contribution of oil to aggregate GDP in 2022 was 5.67%. In real terms, the non-Oil sector contributed 95.66% to the nation's GDP in the fourth quarter of 2022, higher than the share recorded in the fourth quarter of 2021 which was 94.81% and higher than the third quarter of 2022 recorded as 94.34%. Moreover, on aggregate 94.33% was contributed in 2022, higher than the 92.76% reported in 2021 (NBS, 2023).

In December 2022, the headline inflation rate eased slightly to 21.34% from 21.47% in November 2022. However, on a year-on-year basis, the headline inflation rate was 5.72% points higher compared to the rate recorded in December 2021, which was (15.63%). Key drivers of inflation include increase in demand and costs of production such as energy cost, transportation cost and the weakening of the Naira. To curb the increasing inflation, the Central Bank of Nigeria responded through consistent hikes in Monetary Policy Rate (MPR) from 11.5% at the MPC meeting held on 21st & 22nd January 2022 to 16.88% at the MPC meeting held on 21st & 22nd November 2022. The higher MPR implies a higher cost of capital across the board..

The Naira suffered further devaluation despite the intervention of the Central Bank of Naira. NAFEX traded at N461.10 per USD as at 31st December 2022 as against N424.11 per USD as at 31st December 2021, weakening 8.7% year-on-year.
There is need for the Government to embark on urgent structural reforms in key areas such as the subsidies policy especially with regards to fuel, overhauling the power sector with a view to attracting private investment, exports growth, etc. to turnaround the economy.

PERFORMANCE REVIEW

2022 was undoubtedly a tough year due to the unprecedented inflation and high cost of borrowings with the attendant negative impact on businesses and households across the country. Despite the economic headwinds, your Company, InfraCredit delivered a stellar performance with profit after tax of N6.34 billion representing 84% growth from the N3.44 billion posted in 2021 financial year. This performance is premised on increase in net exchange gains and a 26% increase in Gross revenue to ₦7.29 billion in 2022 from ₦5.79 billion posted 2021 primarily driven by 61% and 27% growth in net guarantee fee income and net investment income respectively.

Total assets grew by 16% to N86.41 billion in 2022 from N74.42 billion in 2021 on the back of profit retention and additional N50.45 Billion guarantee issuances from eight transactions thus translating to aggregate guarantees of circa N124 billion since commencement of operations in 2017.

In 2022 financial year, the Company also posted strong financial performance metrics in terms of pre-tax return on average equity, pre-tax return on average assets and cost to income ratio which are respectively 15.4%, 7.8% and 29%, compared to 10%, 5% and 34% respectively recorded in 2021 financial year.

The Board will continue to support Management to drive performance in 2023 financial year (including innovative initiatives, efficient utilization of capital as well as the implementation of the people strategy) and deliver sustainable long-term growth for all stakeholders.

DIVIDEND

The Board recognizes the primary relevance of returns on investment and the need to consistently prioritize and maximize shareholder value. Thus, in line with the Dividend Policy, the Board is proposing for the approval of the Shareholders in this Annual General Meeting a payment of preference dividends of N1,500,583,531 (One billion, five hundred million, five hundred and eighty-three thousand, five hundred and thirty-one Naira only) to the Shareholders. The preference dividends when approved by the Shareholders will be fully capitalized by issuing at par equivalent additional preference shares at N1 per preference share.

BOARD CHANGES

The Board Charter of InfraCredit stipulates that Board members shall retire periodically according to a rotation plan to avoid many Board members retiring at the same time. Thus, let me seize this opportunity to inform the distinguished Shareholders of some changes in the Board during the 2022 financial year. After up to six years of meritorious services on the Board, both Mrs. Stella Ojekwe-Onyejeli and Mr. Uche Orji (the former Chairman) stepped down on 1st September and 30th September 2022 respectvely. Both ex-Board members representing Nigeria Sovereign Investment Authority (NSIA), played a key role in setting up InfraCredit. I would like to thank them for their invaluable contributions to the Company during their tenure as Board members.

In another development, both Mr. Aminu Umar-Sadiq and Mr. Reginald Ihebuzor joined the Board of InfraCredit on 1st October 2022. Mr. Aminu, who is the current Managing Director/Chief Executive Officer of NSIA, is also a member of the Risk and Capital Committee and the Remuneration and Nomination Committee in InfraCredit. He holds Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford. He has significant experience in the financial services sector spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. Mr. Ihebuzor who serves as a member of New Business and Credit Committee and the Finance & Audit Committee of InfraCredit, has over 20 years' wide-ranging management level experience that spans the development banking and public reform sectors.

Also, following the resignation of Mr. Uche Orji and subsequent recommendation of the Board, I was appointed as the Board Chair effective from 1st October 2022. I look forward to working harmoniously with all Board members to deliver on the daunting task ahead for the benefit of all stakeholders.

OUTLOOK FOR 2023

The International Monetary Fund (IMF) has projected that global economic growth would fall to 2.9% in 2023 from 3.4% in 2022, before rebounding to 3.4% in 2024. The Nigerian economy is expected to grow by 3.2% as against 3.1% previously projected by the International Monetary Fund (IMF). The slight upgrade in economic growth is predicated on improved security measures in the oil sector which are expected to increase oil production and revenue with the attendant impact on other sectors of the economy. Irrespective of the economic growth forecast, with the escalating Russian-Ukraine war and the attendant skyrocketing inflation, global and local economic environments will undoubtedly be challenging in 2023. On the domestic front, as the Nation groans under the weight of a heavy debt burden which currently gulps up to 100% of total revenue in debt servicing, the interest rate environment is expected to remain unfriendly in 2023 as the Federal Government may have to borrow more to finance the budget deficit and keep the Government running. InfraCredit is well prepared to weather the storm through innovative product offerings aimed at reducing time to market for its guarantees. With a strong pipeline of credit approved guarantee transactions of over N400 billion and an experienced workforce, we are confident that 2023 will deliver better results for our esteemed shareholders.

CONCLUSION

2022 financial year has come and ended on an impressive note, having posted phenomenal results. The successes achieved could only be possible with the support and collaboration of all stakeholders. On behalf of the Board members, I would like to thank all our clients, who are the reason for our existence. Without you, we have no business being in business.

At the core of our business is the entire human capital. I would like to especially express my appreciation to the workforce of InfraCredit for their dedication, ingenuity, integrity and passion even in challenging times as these.

Finally, we are grateful to our Shareholders for your commitment and the trust you repose in us.
Please let's not rest on our oars. Together we will succeed and win as we continue to support one another in this incredible journey.

Thank you,

Sanjeev Gupta
Chairman

CEO'S STATEMENT

Chinua Azubike,
Chief Executive Officer,

Dear Stakeholders,

In this annual report, I am deeply honoured and privileged to share with you the exciting growth story of InfraCredit and the strategic initiatives undertaken in 2022 financial year.

Despite the challenging operating environment (high inflation rate, interest rate, exchange rate) we remain committed to our mandate of unlocking long-term local currency infrastructure finance from the debt capital markets through our guarantees. As at December 2022, InfraCredit, through its guarantees, facilitated first-time access to local currency finance for tenors ranging from 7 years up to 20-year tenor from the domestic bond market for ten infrastructure companies N124 billion based on funding received which were oversubscribed by up to 60% from local pension fund investors, with participation by 19 pension fund investors subscribing to the InfraCreditguaranteed infrastructure bonds, signifying strong investor appetite and confidence in our credit standing.

In pursuit of this mandate, our strategic aim is to catalyze an integrated financing solution for infrastructure, by collaborating with our partners to crowd in institutional investors and funding across the capital structure of an infrastructure project's life cycle, thereby expanding the market for good quality infrastructure projects for InfraCredit.

Therefore, through strengthening capacity, innovation, capital, risk sharing and strategic partnerships, InfraCredit aims to act as a catalyst, by crowding in capital across the infrastructure project development life cycle, fostering market development and attracting private investors into supporting new infrastructure development that will create jobs, protect the environment, reduce poverty and promote local economic growth.

Thus, our current core strengths and unique market positioning as the premier long term local currency guarantee provider in Nigeria is the outcome of our proven structuring capabilities, strong capital position, deep sector understanding, support from capital providers, our existing market relationships, strong risk assessment and post-issuance monitoring capabilities.

REVIEW OF STRATEGIC PLAN FOR THE YEAR

In line with its business plan, InfraCredit's 2022 Strategic Plan includes the following:

(i) Additional Guarantee Transactions:

Within this fiscal year, InfraCredit grew its guarantee portfolio by 66% from N76.9 billion as at 2021 FY to N124 billion based on funding mobilised as at December 2022, with our leverage on equity now at 2.36 times. We have also increased our contracted deal pipeline by 37% from N311.5 billion as at 2021 FY to N425.7 billion in December 2022 with 11 new mandates signed in 2022 bringing total active mandates to 43. Below is the summary of the guarantee transactions closed during the year:

- InfraCredit completed guarantee issuance for two projects in the public bond market as follows: (i) Pan African Towers N10 billion 10 year Senior Guaranteed Bonds; and (ii) Lagos Free Zone Company N25 billion Series II 20 year Senior Guaranteed Bonds
- In line with our strategy of unlocking access to alternative private market for infrastructure finance, we completed three (3) private infrastructure bonds during the year including (i) Asiko Power Limited N1.5 billion 7 year Senior Guaranteed Bonds; (ii) Darway Coast Limited N800 million 7 year Senior Guaranteed Green Bonds; and (iii) Green Liquefied Natural Gas Limited N650 million 7 year Senior Guaranteed Green Bonds
- In furtherance of our strategic partnerships for blended/concessionary finance with Bank of Industry, we completed the guarantee of Gas Terminalling and Storage Limited NGN3.5 billion 7 year loan from BOI. Given our growing pipeline of project that are seeking for concessionary funding from BOI, I am happy to inform you that the Board of BOI has approved the increase in InfraCredit guarantee exposure to N50 billion which we expect to fully utilise in FY2023.
- We also completed two bridge to bond guarantees as follows: (i) Transport Services Limited N5 billion 1 year bridge facility (ii) Green Liquefied Natural Gas Limited N4 billion 1 year bridge facility

(ii) Additional Capital Raise:

InfraCredit has grown its total paid in capital base from US$195 million as at December 2021 to US209 million as at December 2022 wholly from retained earnings. In the 2022 Budget, the Board approved a capital raise plan under which the Company projected to raise up to US$90 million in hard capital (paid-in capital) and soft capital (re-guarantees and risk sharing instruments) respectively. Significant progress recorded on ongoing capital raising initiatives expected to close in FY2023.

(iii) New Guarantee Products:

In FY22, we commenced implementation of new/innovative guarantee products further to prior approval obtained from the Board. A major success/milestone recorded under this strategic initiative is the guarantee of the first-ever certified local currency green bond for solar mini grid rural electrification under the InfraCredit clean energy funding programme. The Darway Coast green bond was guaranteed and completed under a risk sharing arrangement with the Climate Finance Blending Facility.

The Climate Finance Blending Facility (the "Facility") is a catalytic first loss multi-donor facility seeded with £10 million concessional funding by the UK Foreign, Commonwealth & Development Office ("FCDO") to co-finance clean energy investments alongside InfraCredit's local currency guarantees in Nigeria.

The Facility will help de-risk, reduce the capital cost and catalyse domestic institutional investment to scale up private sector financing of affordable local currency capital for eligible off-grid clean energy infrastructure by providing returnable blended lower-interest rate subordinated debt capital to co-finance eligible private sector enterprises providing off-grid clean energy solutions such as solar mini grids, solar home systems, small medium enterprise coldhubs and such other renewable energy projects as may be determined.

The Facility was set-up to mobilize local currency financing from the private sector towards increasing clean energy access in Nigeria in line with the Nationally Determined Contributions commitments submitted at COP26.

The facility will use its impact seeking capital to provide blended funding to beneficiary companies who satisfy InfraCredit's eligibility criteria in order to enable access to affordable longer term naira debt financing from the domestic debt capital markets and catalyse (with a target ratio of at least 50%) domestic investments from institutional investors such as insurance companies, local pension funds, and other asset managers including low carbon energy focused funds.

It is expected that the Facility will be increased through funding by other development partners to co-finance a pre-assessed initial pipeline of over US$128 million (NGN Equivalent) that will mobilize at least N26.8 billion of domestic institutional capital to construct 22.7 MW of isolated off-grid renewable energy and rural telephony projects in 580 unserved communities across 32 states in Nigeria, that will connect 172,535 unserved households and small businesses, create 6,977 jobs and reduce 394,403 Tonnes of GHG Emissions.

In line with this, we have a focused clean energy team creating new deal flow and currently executing credit approved pipeline of 6 developers expected to reach financial close in Q1 2023 (c.US$ 26 Million (NGN Equivalent)

(iv) Capacity Building:

As at December 2022, under the programme, from inception to date, 37 (thirty seven) trainings have been implemented including 8 (eight) investor roundtable workshops, 21 (twenty one) investors' trainings and 8 (eight) co-due diligence exercises targeted at participants at different levels of executive management, investment and risk teams of the participating institutional investors. These programs attracted one thousand, three hundred and eighty-nine (1389) participants from eighty-nine (89) institutions including twenty-six (26) Pension Fund Administrators, twenty-one (21) Life Insurance Companies and five (5) Regulatory bodies and thirty-seven (37) other institutions.

(v) Risk Sharing:

We executed Co-Guarantee Agreement with African Trade Insurance Agency ("ATI") to share risk on a 50:50 basis on PAT Digital Infrastructure Bond, the second risk sharing transaction for local currency bond issuance in Nigeria following the first risk sharing arrangement with USAID in 2019. Our strategic plan is to replicate the executed risk sharing arrangements with ATI, and potentially other International DFIs by way of co-guarantees. Following the completion of risk sharing arrangement with ATI on the PAT bond transaction, we are currently engaging ATI, Afreximbank, African Guarantee Fund and FSD Africa for risk sharing arrangements on mandated pipeline projects.

(vi) Project Development:

In 2022, we implemented the project development strategy, using strategic collaborations with project preparation facilities and two new guarantee products aimed at supporting greenfield infrastructure projects in a risk adjusted manner (i.e. Contingent Refinancing Guarantee and Annuity PPP Guarantee). Inclusive of the current deal pipeline are CRG (N54 billion) and Annuity PPP (N20 billion) transactions. Furthermore, we signed two technical assistance agreement during the year including the technical assistance agreement with FSD Africa to unlock climate-aligned local currency infrastructure bonds in Nigeria and technical assistance agreement with Agence Française de Developpement (AFD) to support Sub-National Public-Private Partnership Projects in Nigeria. In line with this, AFD's Technical Assistance is supporting a 4km road project in Nasarawa State under the Annuity PPP model.

OUR PEOPLE STRATEGY

An ambitious path has been set for this company, and to successfully achieve this we have put our People at the heart of our Strategic Business Plan to create the true organisational transformation as envisioned for InfraCredit and deliver growth through people.

In line with our people strategy and our vision of making InfraCredit a talent factory, the second cohort (5 Interns) of the Learning Academy- Internship Programme which is a subset of the Learning and Development Pillar of our human capital development agenda graduated in May 2022 whilst the training programme for the third cohort (11 Interns) commenced in October 2022.

We believe in deliberately preserving the core values and alchemy that made us successful from the beginning by nurturing people that align with our company's unique culture and values..

Capital Structure

InfraCredit's balance sheet is currently funded through core equity, subordinated debt, and contingent capital. The funding base continued to grow year-on-year, displaying an improved N88.3bn at FY22 (FY21: N78.4bn). This is in addition to a callable capital of up to USD25m (equivalent of N11.5bn) from GuarantCo. The following paragraphs provides more details on each of the funding component.

CAPITALISATION AND LEVERAGE

Capitalisation is considered satisfactory relative to InfraCredit's current operational scale. Total core capital increased by 17% to N43.8bn at FY22 (FY21:N37.5), underpinned by sound internally generated capital during the year. InfraCredit's core capital (inclusive of capitalized dividend) comprised US$29.3m paid-up equity contribution from NSIA, US$27.9m in redeemable and irredeemable preference share investment by AFC, US$27m equity investment from InfraCo Africa, US$5m equity investment from Leadway Assurance Company Limited and US$24 million retained earnings. The Company is expected to maintain an appropriate level of qualifying capital to cater for its guarantee, as such, the assessment of capital risk measured by total guarantee to qualifying capital (including the contingent capital) equates to 1.25times and total guarantee to equity capital of 2.46times at FY22, well below the internally set limit of 5times providing head room for growing the guarantee portfolio.

Cognisance is taken of management's continuous effort to raise capital in view of the ongoing review of capital adequacy and InfraCredit's target capital leverage ratio set by its risk appetite framework of 1.4times - 2.5times. In achieving the projected guarantee portfolio growth of N100 Bln per year, in the absence of any new equity capital raise, equity capital leverage ratio will be up to 4.5 times from current 2.46 times. Management has reached an advanced stage for additional equity injection of up to USD5million from Custodian Investment hoping to conclude the process before the end of Q1'23 whilst discussions are ongoing with other private institutional investors for equity investment.

Subordinated Capital

The current structure of InfraCredit subordinated capital is US$61 million from KfW Development Bank and US$10 million from African Development Bank Group. Management is currently at advanced engagement with US DFC and AfDB for new and additional subordinated debt of US$20 million and US$15 million respectively, expecting to conclude the process before the end of FY23.

Contingent Capital

InfraCredit signed a Callable Capital Funding Facility Agreement with GuarantCo in December 2016. The Callable Capital is a 15-year unconditional and irrevocable obligation of GuarantCo and can be called on demand by the Company to replenish the Company's Core Capital if at any time the Company determines that as a result of actual or expected credit losses on its guaranteed portfolio, its Core Capital will become impaired by 80%. The Callable Capital is a revolving facility of which USD25 million is available based on the terms of the agreement. The Callable capital agreement became effective on 12 December 2017.

ASSET COMPOSITION

Total assets (on balance sheet) grew 16% to N86.4bn at FY22 (FY21:N74.4bn), driven majorly by growth in investment securities (FY22: N75.66billion, FY21:N67.04 billion). Our assets are mainly held in foreign denominated bank placements and investment securities (particularly FGN and corporate Eurobonds). Thus, credit and currency risk exposures are considered well mitigated.

GUARANTEE LIABILITY

Total guarantee portfolio increased by 60% to N120bn at FY22 (FY21: N75billion), driven by eight additional transactions finalised during the year as explained earlier. Financial guarantee liability increased by 38% to N7.4 billion in FY22 (FY21:N5.4 billion)

LIQUIDITY AND INVESTMENT POSITION

InfraCredit consistently maintained a highly liquid balance sheet throughout the review period, with a sizeable 91% of the asset held in cash and risk-free tradeable instruments at FY22. As at December 31st 2022, InfraCredit's investment portfolio amounted to N75.66 billion (inclusive of accrued interest but exclusive of bank balances of N2.96 billion) and accounted for about 88% of its total assets. The portfolio comprised investments in FGN bonds, FGN Eurobonds, corporate Eurobond and fixed deposits. InfraCredit's investment strategy ensures that not less than 89% of its capital is kept in foreign currency (FCY) instruments to hedge against FCY risks. As at 31st December 2022, USD denominated investments accounted for 95% of total funded capital.

ASSET QUALITY

Asset quality is considered sound, as the portfolio comprised reputable corporates with good financial standing and in diversified sectors crucial to the economy including power and transportation. However, InfraCredit made a zero loss provision in its guarantee portfolio in FY22 (in line with IFRS 9 accounting standard). Also, the guarantee portfolio is adequately secured with not less than 1.25 times of total guarantee obligation by each of the Issuers.

Going forward, despite the current macro-economic challenges, Management remains confident that asset quality indicators will remain at strong levels over the short to medium term, given its stringent underwriting criteria, as well as portfolio monitoring and management process.

PORTFOLIO REVIEW

The aggregate portfolio size of guarantees issued by InfraCredit as at 31 December 2022 is circa NGN124 billion with an amortized value of NGN120 billion (principal amount outstanding), composed of three energy projects, two transportation projects, one inputs to infrastructure project, one ICT/ Telecom project, One renewable energy and two Gas processing & distribution plant. The weighted average tenor of guaranteed debt (principal) is 11.55 years. The average portfolio rating is "BBB+". The portfolio performance to date has experienced no incident of payment default.

REVIEW OF FINANCIAL PERFORMANCE

MACRO ENVIRONMENT

The Nigerian economy sustained growth momentum in 2022, with the gross domestic product ("GDP") expanding by 3.1% y/y, relative to overall growth of 3.4% reported in 2021. Whilst the non-oil sector remains the growth pole of the economy (94.33% contribution to total real GDP in 2022), high inflationary pressures, lingering fuel scarcity, high interest rate and other macroeconomic headwinds continue to constrain growth potentials.

Profitability

Overall profitability improved significantly in FY22, largely supported by increase in guarantee portfolio, robust funding base and yields on the funds.

InfraCredit's net guarantee fee income grew by 61% in FY22 to N1.65 billion, on the back of increase in business volume. Net investment income rose by 27% to N3.40 billion, driven by spike in the yields on Eurobonds. Overall, total net operating income (inclusive of net exchange gains) closed at a new high of N8.8bn, representing 68% increase from the previous year.

On a year on year basis, InfraCredit's profitability has maintained an upward trajectory as evidenced by the steady increase in profitability with Profit Before Tax increasing by 81% to N6.28 billion from N3.47 billion recorded in 2021, and translating to a pre-tax return on average equity of 15.4%. InfraCredit cost to income ratio stood at 29% for FY22 compared to 34% in FY21

InfraCredit closed the year with a PAT of N6.34 billion as against PAT of N3.44 billion recorded in 2021 translating to 84% growth. Risk to achieving financial close on these deals remains a key concern given the unfavorable market conditions stoked by unabating macro headwinds and unanticipated project delays. Nonetheless, we are working closely with clients to meet CPs and achieve financial close whilst in parallel implementing mitigating actions in line with our corporate strategy including strategic partnerships for blended/concessionary finance with FCDO & Bank of Industry.

As of today, InfraCredit has created value for shareholders, filled a market gap where it was thought to be impossible, and created market impact that will set the path to growth and self-sustainability.

GOING FORWARD

As the premier underwriter of local currency infrastructure bonds in Nigeria, InfraCredit's position as a local champion in the market is a unique one. Our ability to continue to grow our guarantee portfolio is hinged on our capital raising efforts and these efforts have yielded, and we believe will continue to yield, great results. Over the past year we have strengthened team capacity, continued capital raise engagements, implemented new products and strategic partnerships (ATI, FCDO, FSD Africa, Bank of Industry) in line with our corporate strategy, that should help to accelerate deal flow and execution in 2023.

Despite current market conditions severely impacted by macro headwinds, our vision remains the same; to be a catalyst and the most trusted partner, in the attraction of long-term capital into infrastructure finance in Nigeria. With the same spirit and commitment that has led us from inception, InfraCredit as a pioneer in the market working with all stakeholders, will be able to achieve this, unlocking the potential for long term local currency infrastructure financing in Nigeria.

We remain focused on implementing the defined strategies set out by assessing new credit enhancement opportunities and diversifying the guarantee portfolio to unlock more deal execution in the near term.

It is important to re-iterate that we are on track to increase our capacity to accommodate our planned growth – to this end we continue to focus on **people, process** and **products,** whilst building strategic partnerships.

As I conclude this report and on behalf of the Management of InfraCredit, I would like to firstly thank our staff, who have demonstrated excellence in FY2022 for their tenacity and hardwork. Their professionalism and dedication to work have been exemplary in forming the foundations that buoy InfraCredit's continued operations. I want to express my thanks to InfraCredit's Board for their support to the Management team. I am also grateful to our development partners and investors for their unfaltering support.

We look forward to the continued support of the Board and Shareholders in FY2023.

Chinua Azubike,
Chief Executive Officer,
InfraCredit

BOARD OF DIRECTORS

Sanjeev Gupta
Chairman

Sanjeev Gupta was appointed as the Chairman effective from 1 October 2022.

Sanjeev Gupta is Executive Director and Head of AFC's Financial Services division. As head of Financial Services, Mr. Gupta oversees the Corporation's Treasury, Trade Finance, Syndication and Advisory business units. He has a wealth of experience in working across various emerging markets, especially in Sub Saharan Africa for over twenty-five (25) years. He was the Lead Partner of the Emerging Markets M&A Centre of Excellence at Ernst & Young (EMEA). He also served as CEO of Sanlam Investment management – Emerging Markets (South Africa) and CEO of Botswana Insurance Holding Limited.

He was the founder and Managing Partner of Emerging Opportunities Consulting (EOC), a boutique advisory & consulting firm focused on MENA, India & Africa-based corporates. Mr. Gupta is a Fellow for the ICAI (India), an alumnus of the Oxford University Said Business School (UK), and has been an active participant in the Commonwealth Study Group activities under the auspices of the Duke of Edinburg Foundation. He is a keen supporter of the activities of several UK and India based NGOs including Childreach International and Common Purpose. Among his other interests, he likes to play golf and is a contributor to various publications, does regular motivational speaking and workshops with senior corporate management teams and continues to be a speaker at conferences globally. He also has his own blog with Forbes under Forbes India where he shares his experiences of doing business in emerging markets.

Chinua Azubike
Chief Executive Officer

Chinua Azubike was appointed as the Managing Director/Chief Executive Officer of InfraCredit on 13 January 2017.

Chinua Azubike is the pioneer Managing Director/Chief Executive Officer of InfraCredit, prior to this, he was the project lead for the establishment of a Nigeria Infrastructure Credit Enhancement Facility, where he assisted GuarantCo and the Nigeria Sovereign Investment Authority to establish InfraCredit as its first employee. He holds an MSc. in Finance & Financial Law from University of London and studied law at the University of Lagos, Nigeria.

Chinua Azubike has garnered over 20 years' experience in corporate/structured finance and debt capital market roles. Chinua has a strong and practical know- how of local capital markets with a firm interest in market development and has acted as a lead adviser in the establishment of key development finance institutions in Nigeria. He was the Managing Director of a corporate finance advisory firm, based in Lagos, Nigeria and prior to this worked in a top-tier domestic investment banking firm.

Chinua Azubike is currently the chairperson of the Regulation Consolidation Sub-Committee of FMDQ Debt Capital Market Development Project. Chinua is a protagonist of Harvard Business School's Case Study on "Infrastructure in Nigeria: Unlocking Pension Fund Investments" published in February 2018 and is being taught on HBS's MBA Program.

Chris Vermont

Independent Non-Executive Director

Chris Vermont was appointed as an Independent Non-Executive Director of InfraCredit on 24 October 2016. He serves as the Chairman of the New Business and Credit Committee and is also a member of the Risk and Capital Committee.

Chris Vermont retired as the CEO of GuarantCo in December 2016 after leading the institution for over 10 years since its inception. GuarantCo is one-of-a-kind – the only local currency guarantee facility in the world targeting infrastructure in frontier markets. Chris previously held senior positions with ANZ Banking Group in London (as well as assignments in Kolkata and New Delhi) where he was head of project & structured finance and latterly head of debt solutions & distribution.

He has over twenty (20) years' experience of finance for infrastructure projects in the emerging markets. Chris Vermont is an Independent Non-Executive Director and Chairman of the New Business Committee of InfraCredit responsible for an initial review of potential transactions ahead of detailed due diligence & term sheet negotiation with the potential client, and the Credit Committee of the Board.

Aminu Umar-Sadiq

Non-Executive Director

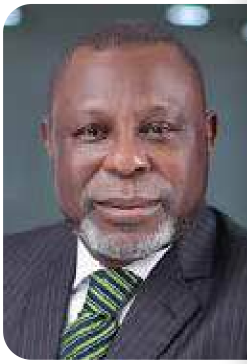
Aminu Umar-Sadiq was appointed as a Non-Executive Director of InfraCredit on 24 October 2022. He serves as the Chairman of the Remuneration and Nomination Committee and is also a member of the Risk and Capital Committee.

Mr. Aminu Umar-Sadiq is the Managing Director of Nigeria Sovereign Investment Authority (NSIA). He holds Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford. He has significant experience in the financial services sector spanning Public Finance Management, Mergers & Acquisitions, Private Equity, and Asset Management. In his most recent role at NSIA, he served as the Executive Director responsible for all investment and portfolio management activities of the Nigeria Infrastructure Fund (NIF), NSIA's multi-product, cross-sector domestic infrastructure fund. Aminu led a team of over 20 investment professionals in originating, executing and managing direct investments and private equity investments across the Healthcare, Agriculture, Power, Transportation, Gas-Based Industries and Technology sectors. Aminu has antecedents at both Morgan Stanley, London and Societe Generale, London, where he worked in Mergers and Acquisitions; and at Denham Capital Management, a natural resources and infrastructure focused Private-Equity fund.

Banji Fehintola
Non-Executive Director

Banji Fehintola was appointed as a Non-Executive Director of InfraCredit on 19 December 2018. He serves as the Chairman of the Finance and Audit Committee and is also a member of the New Business and Credit Committee and the Remuneration and Nomination Committee.

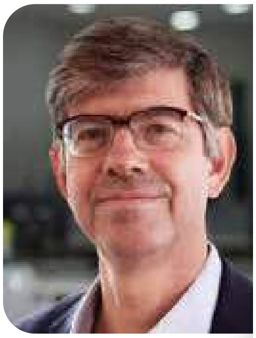
Banji Fehintola is a Senior Director and Head of Treasury and Financial Institutions at the AFC. Mr. Fehintola is responsible for managing the Corporation's balance sheet and implementing its annual funding program in the international capital markets. He oversees the Corporation's Trade Finance as well as the Syndications businesses. Mr. Fehintola joined AFC in January 2008 as the pioneer Treasurer of the Corporation. Prior to joining AFC, he worked with the Fixed Income Currencies and Commodities team of Citibank Nigeria and in the Tax & Business Advisory team of Arthur Anderson. Mr. Fehintola has a BSc degree in Economics from the University of Ibadan and an MPhil in International Finance from the University of Glasgow. He is a CFA charter holder as well as a Fellow of the Institute of Chartered Accountants of Nigeria.



Reginald Ihebuzor
Non-Executive Director

Reginald Ihebuzor was appointed as a Non-Executive Director of InfraCredit on 28 September 2022. He serves as a member of both the New Business and Credit Committee and the Finance and Audit Committee

Reginald Ihebuzor has over 20 years' wide-ranging management level experience that spans the development banking and public reform sectors. Previously in his career, he worked for five (5) years as the World Bank Independent Transactions Advisor at the Bureau of Public Enterprises (BPE) and had other stints at United Bank for Africa, Pan-African Infrastructure Development Fund (on secondment) and in the Imo State Government. He is also the Project Director of the Niger Delta Development Bank project (ongoing) for the Niger Delta Development Commission (NDDC). Mr. Ihebuzor completed a Robert S. McNamara Research Fellowship at the World Bank Institute. He respectively, earned BSc, MSc and MBA from the University of Nigeria, University of Lagos and Enugu State University of Science & Technology.



Gilles Vaes
Non-Executive Director

Gilles Vaes was appointed as a Non-Executive Director of InfraCredit on 10 December 2020. He serves as a member of the New Business & Credit Committee.

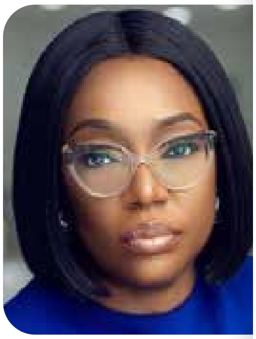
Gilles has 20 years of experience working in the private sector in the manufacturing and energy industries. His expertise ranges from engineering, operations and project development to strategy, business development and investments. Gilles is passionate about socioeconomic development models that improve living standards while not compromising environmental sustainability. Gilles holds an MSc in Civil Engineering from the Catholic University of Louvain (Belgium) and an MBA from the George Washington University in Washington D.C.

Claire Jarratt,
Non-Executive Director

Claire Jarratt was appointed as a Non-Executive Director of InfraCredit on 10 December 2020. She serves as a member of both the Finance & Audit Committee and Remuneration & Nomination Committee

Prior to becoming InfraCo Africa's Chief Investment Officer, Claire worked as the company's Senior Business Development Manager and acting Head of Business Developments. She has worked at the Company for 8 years. Claire was previously an Assistant Director in the Corporate and Project Finance team at International Power PLC, a FTSE 100 listed company, now part of Engie, for over ten years. Claire is also a qualified chartered account (ACA ICAEW) and worked at Pricewaterhouse Coopers where she was an Assistant Manager.

Claire holds a BA Hons and an MA in Chemistry from the University of Oxford



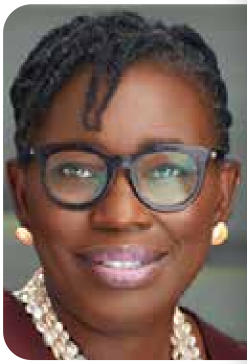
Vivien Shobo
Independent Non-Executive Director

Vivien Shobo was appointed as an Independent Non-Executive Director of InfraCredit on 29 January 2021. She serves as the Chairperson of the Risk and Capital Committee and is also a member of the New Business and Credit Committee.

Vivien Shobo is the Chief Executive Officer of FVS Advisory Partners. Before this, she was the Chief Executive Officer of Agusto & Co, Nigeria's foremost Credit Rating Agency, a position she held for over a decade, until December 2019. Vivien has extensive experience and macro and industry knowledge. Agusto & Co successfully rated a diverse range of transactions under her leadership, including most of Nigeria's leading domestic and international banks, notable corporates, subnational governments, and significant debt capital issues.

As part of her contribution to the development of the Nigerian financial market development, Vivien previously served on several Securities and Exchange Commission's Financial Literacy Master Plan Committee (a blueprint for the development of the Nigerian Capital Market), the Fixed Income Sub-Committee, and the Investor Confidence Sub-Committee. Vivien was the Chairperson of the Association of Credit Rating Agencies of Nigeria, a position she held from its inception in 2010 to December 2019. In September 2020, Vivien Shobo was chosen by the African Banker Awards Committee, as the winner of the African Banker Icon Award, in recognition of her exemplary career and work at the helm of Agusto & Co, which was described as "truly pioneering and has helped transform capital markets in Nigeria and beyond."

Vivien has a B.Sc (Hons) from the University of Benin, Nigeria, and an MBA (Finance) from the Manchester Business School, UK. She is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and is a frequent speaker at domestic and global African capital market conferences.



Hamda Ambah
Independent
Non-Executive
Director

Hamda Ambah was appointed as an Independent Non-Executive Director of InfraCredit on 10 January 2022. She serves as a member both of the New Business & Credit Committee and Remuneration & Nomination Committee

Mrs. Hamda Ambah was the erstwhile Managing Director/CEO of FSDH Merchant Bank from 2017 to 2021, having served effectively as an Executive Director of FSDH Capital Limited from September 2009 to January 2017.

While serving as the Executive Director, she was in charge of the marketing teams including Corporates – Multinational, Middle-tier Corporations, Telecommunications and the Energy Sector as well as the Port Harcourt and Abuja Regional Offices. Ms Ambah commenced her banking career in 1982 at the International Merchant Bank Plc, Lagos, Nigeria and worked with Reuters Ltd, Nigeria for about five years before joining FSDH in 1993. She graduated from the University of Lagos in 1980 after which she obtained her postgraduate qualifications from the Imperial College of Science & Technology, London and is a member of the Nigerian Chartered Institute of Stockbrokers.

MANAGEMENT

Chinua Azubike

Chief Executive Officer

Chinua Azubike is the pioneer Managing Director/Chief Executive Officer of InfraCredit. Prior to this, he was the project lead for the establishment of a Nigeria Infrastructure Credit Enhancement Facility, where he assisted GuarantCo and the Nigeria Sovereign Investment Authority to establish InfraCredit as its first employee.

He holds an MSc. in Finance & Financial Law from the University of London and studied Law at the University of Lagos, Nigeria.

Chinua Azubike has garnered over 20 years' experience in corporate/structured finance and debt capital market roles. Chinua has a strong and practical know-how of local capital markets with a firm interest in market development and has acted as a lead adviser in the establishment of key development finance institutions in Nigeria.

Daniel Mueller

Chief Operating Officer

Daniel Mueller is a versatile corporate finance professional with over 20 years' experience in transaction structuring, credit evaluation, project finance, due diligence, operations, project management and capital raising. He joined InfraCredit in 2017 as one of its pioneering staff, acting as Head, Origination & Structuring for over four (4) years before being named the Chief Operating Officer in 2021.

Daniel started his career at JPMorgan's Investment Banking Division in 2000 and has also served as a U.S. Peace Corps volunteer (Togo - 2004-07) and worked at Deloitte & Touche and Global Emerging Markets in Nigeria. He holds a BSc. in Economics (Finance, Public Policy) from the Wharton School at the University of Pennsylvania and has passed all levels of the Chartered Financial Analyst (CFA) examination.

Chidi Mike-Eneh

Head, Credit Risk

Chidi is a professional with over twenty (20) years' experience in Credit Risk Management, Structuring and Syndications, Financial Analytics and Asset Recoveries.

Prior to joining InfraCredit, he was Senior Credit Analyst-corporate credits at Union Bank of Nigeria and held credit approving authority mandate. Chidi in his career has held senior credit analyst and management roles in financial institutions such as: Credit Manager (specialized credit) at Stanbic IBTC Nigeria, Credit Risk Documentation Officer at Citigroup Nigeria, and as the Remedial Manager (Asset Based finance) at Citigroup Nigeria. He holds a BSc. in Biochemistry and an MSc. in International Business & Emerging Markets.

Lola Oyebola

Head, Human Resources & Administration

Lola Oyebola is a versatile Human Resources and General Management Professional with over 20 years' experience in People and Process Management, Policy Formulation and Management, Organisation Design, Talent Development and Talent Management across diverse industries in Nigeria and Sub-Saharan Africa.

Collins Eguakun

Financial Controller

Collins Eguakun is a finance professional with over 20 years' experience in Financial Management, Financial Reporting, Tax Management, and Auditing in various sectors. Prior to joining InfraCredit, he was a Manager in the Business Process as a Service (BPaaS) function at Deloitte & Touché Nigeria. At Deloitte, he had stints where he was the interim Chief Financial Officer for organizations such as FBN Capital Group, FBN Merchant Bank and Bristow Group Inc. Collins holds a BSc. and an MSc. in Accounting, a Diploma in International Financial Reporting and is an Associate Member of the Institute of Chartered Accountants of Nigeria(ICAN) .

Shadrach Iguh

General Counsel

Shadrach is InfraCredit's pioneer legal counsel. He is an experienced solicitor with over twelve (12) years of experience, advising and working closely with development finance institutions, lenders, sponsors, borrowers, and institutional debt and equity investors on complex domestic and international financing transactions. Shadrach also has deal origination, structuring and execution exposure from his time as Vice President & Senior Transactor in InfraCredit's Origination & Structuring Unit from 2020 to 2022. Shadrach is qualified as a Barrister and Solicitor in Nigeria. He holds a Master of Science (MSc) degree in Finance & Financial Law (with Distinction) from the University of London (SOAS), a Graduate Certificate in Project Finance from Middlesex University, London, and a Bachelor of Laws (LL. B) degree from Ebonyi State University, Nigeria.

Chido Onyilimba

Head, Origination & Structuring

Chido Onyilimba is an experienced finance professional with over 12 years of experience in Corporate, Project & Structured Finance, Deal Advisory and Debt Capital Markets roles cutting across various sectors in Nigeria. He has been involved in deal origination, deal structuring and deal execution, facilitating the issuance of guarantees to support the credit profile of eligible infrastructure- related assets in Nigeria. Chido holds a BSc. in Accounting and an MBA from Liverpool John Moore's University in the United Kingdom. He is an Associate Member of the Institute of Chartered Accountants of Nigeria. Chido has a keen interest in deepening the Nigerian Debt Capital Market and collaborating with international development finance institutions.

InfraCredit

Securing Infrastructure Finance

CHAPTER **THREE**

03 Corporate Governance

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CORPORATE **GOVERNANCE**

Corporate Governance at InfraCredit is the system of rules, practices and processes by which the Company is directed and managed.

INTRODUCTION

At InfraCredit, Corporate Governance is the system of rules, practices and processes by which the Company is directed and managed.

InfraCredit's Memorandum and Articles of Association and Code of Corporate Governance form the basis of the organization's corporate governance practices. In addition, InfraCredit adheres to international best practices in its operations.

BOARD RESPONSIBILITIES AND OVERSIGHT

The Board acknowledges its key responsibilities and is committed in ensuring that the principles of good corporate governance are applied in all aspects of the Company's operations.

BOARD COMPOSITION AND BALANCE

The Board has ten (10) members, comprising three (3) Independent Non-Executive Directors, six (6) Non-Executive Directors (Shareholders' Representatives) and one (1) Executive Director.

Diversity in the Board's composition is essential to facilitate good decision making as this enables different insights and perspectives to be harnessed. The Board's decision-making process is not dominated by any individual or group.

The Board comprises members with various professional backgrounds from sectors such as finance, accounting, legal, and credit analysis, all of whom bring in-depth and diverse experiences, expertise and perspectives to the Company's operations.

Collectively, the Board embodies a wide spectrum of business acumen, skills and perspectives necessary for good decision-making process. The diversity and depth of knowledge offered by the Board reflect the commitment of the Company to ensure effective leadership and oversight of the Company's performance.

The Independent Non-Executive Directors provide unbiased and independent views to ensure that the strategies proposed by the Management Team are fully deliberated upon.

The Chairperson, Non-Executive Directors and other members of the Board, Finance and Audit Committee, Remuneration and Nominations Committee, Risk and Capital Committee, and New Business and Credit Committee are as set out in this Annual Report.

THE BOARD:

a) Is accountable and responsible for the performance and affairs of the Company by specifically defining the Company's strategic goals, approving its long and short-term business strategies, as well as monitoring their implementation by Management;

b) Reviews the performance of Management and the Chief Executive Officer;

c) Reviews annual budgets, financial projections, investment decisions beyond a set threshold, funding and investment proposals, and proposed pay-outs of dividends to shareholders;

d) Oversees processes for evaluating the effectiveness and adequacy of internal control systems, risk management, financial reporting and compliance;

e) Ensures and upholds good corporate governance;

f) Ensures that the Company has the appropriate organizational structure to achieve the mission and vision of the Company;

g) Considers sustainability issues such as environmental and social governance factors as part of its strategic formulation; and

h) Ensures and monitors the Company's compliance with its constitutive documents, as well as applicable legal, regulatory requirements and ethical standards.

BOARD COMPOSITION AND BALANCE

The Board comprises of seven members;

INFRACREDIT BOARD	
Independent Non-Executive Directors	3
Non-Executive Directors (Shareholders Representatives)	6
Managing Director/Chief Executive Officer	1

BOARD OF DIRECTORS' MEETINGS

The Board meets at least four (4) times each financial year.

Board meetings and Board Committee meetings are scheduled in advance before the commencement of the new financial year, to enable the Directors to plan and accommodate the year's meetings into their schedules. The Board requires all Directors to devote sufficient time to effectively discharge their duties.

Ad Hoc meetings of the Board and Board Committees may be convened to consider urgent proposals or matters that require expeditious decisions or deliberations by the Board and/or the Board Committees. Board and Board Committee papers are distributed in advance for all Board and Board Committees members so that they have sufficient time to review, to facilitate robust discussions at the meetings. Agenda items for meetings which include but are not limited to minutes of meetings, comprehensive management reports, project or investment proposals and supporting documents, are disseminated to Directors prior to the dates of the meetings. However, matters that are deemed urgent may still be submitted by Management or the Board members to the Company Secretary, for deliberation at any meeting as Any Other Business, subject to the approval of the Chairman.

All issues raised, key deliberations, decisions and conclusions, including dissenting views made at Board and Board Committee meetings are recorded in the minutes of meetings. Where the Board is considering a matter in which a Director has an interest, the relevant Director discloses the nature of his/her interest at the commencement of the meeting and abstains from participating in any discussion or decision-making on the subject matter.

The Board is advised and updated on statutory and regulatory requirements pertaining to its duties and responsibilities. As and when the need arises, the Board is also provided with reports, information papers, where necessary, to keep Directors apprised of key business, operational, corporate, legal, regulatory and industry matters.

Whenever necessary, senior management and/or external advisors are invited to attend Board and Board Committee meetings to provide clarification on agenda items to enable the Board and/or the Board Committees to arrive at a considered and informed decision. The Board has access to all information pertaining to the Company's business and affairs through the senior management and the Company Secretary, to enable it to discharge its duties effectively.

The Board has specially reserved for its approval, matters such as the strategic plans and direction of the Company, annual budgets, major capital commitment, capital management, acquisitions and divestitures, financial statements, etc.

ATTENDANCE AT BOARD MEETINGS

During the financial year ended 31 December 2022, the Board met four (4) times to deliberate and consider a variety of significant matters that required its guidance and approval. All Directors made reasonable efforts to attend most of the Board meetings held during the financial year. The attendance record of the Directors is shown in the table below:

Name of Directors	Number of meetings and Attendance
Sanjeev Gupta (Chairman)	3
Chinua Azubike (MD/CEO)	4
Chris Vermont	4
Banji Fehintola	4
Gilles Vaes	4
Claire Jarratt	4
Vivien Shobo	4
Hamda Ambah	4
***Reginald Ihebuzor	2
****Aminu Umar-Sadiq	1
**Uche Orji (ex Director and Chairman)	2
*Stella Ojekwe-Onyejeli (ex Director)	2

*Stella Ojekwe-Onyejeli, a representative of NSIA resigned from the Board on 1st September 2022
**Uche Orji, a representative of NSIA and former Board Chairman, resigned from the Board on 30th September 2022
*** Reginald Ihebuzor was appointed to the Board on 28th September 2022, as a representative of NSIA
**** Aminu Umar-Sadiq was appointed to the Board on 24th October 2022, as a representative of NSIA

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE MD/CEO

The roles and responsibilities of the Chairman and the MD/CEO are separate, with the positions being held by two different individuals, to ensure that an appropriate balance of roles and authority is maintained.

CHAIRMAN

The Chairman assumes the formal role of a leader and chairs all Board meetings, leads discussions among Directors and provides leadership to the Board in its oversight of Management. The Chairman facilitates the flow of information between Management and the Board, and in consultation with Management, sets the Agenda for each Board meeting. Other key roles of the Chairman include:

- Ensuring that the Board functions effectively and cohesively;
- Providing governance in matters requiring corporate justice and integrity;
- Leading the Board, including presiding over the Board meetings and Company meetings and directing Board discussions to effectively use the time available to address the critical issues facing the Company;
- Promoting constructive and respectful relationship between Board members;
- Ensuring that there is effective communication between the Company and its shareholders and relevant stakeholders;
- Ensuring that the Board members receive all information necessary for them to perform their duties;
- Ensuring that the Board satisfies its duties;
- Ensuring the efficient organization and conduct of the Board's functioning, including determining the agenda for Board meetings in consultation with the MD/CEO, chairing such meetings and ensuring that minutes are kept of such meetings;
- Consulting with external advisors appointed by the Board;
- Addressing problems related to the performance of individual Board members; and
- Addressing internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result.

MD/CEO

The MD/CEO assumes primary responsibility over the day-to-day management of the Company and the implementation of the Company's strategies. The MD/CEO leads Management in carrying out the corporate strategy and vision of the Company.

The key roles of the MD/CEO, in addition to the responsibilities set out in the Companies and Allied Matters Act 2020 (CAMA), include but are not limited to:

- Facilitating the execution of Board approved strategies, to achieve the desired results;
- Managing the Management team;
- Assessing the business opportunities which are potentially beneficial to the Company;
- Updating the Board on material and other relevant matters in an accurate and timely manner; and
- Voting on any issue referred to the Board for adjudication as a full member of
- the Board except in matters presented to the Board by the Management of the Company.

BOARD COMMITTEES

The Board has established Committees which operate within their respective clearly defined terms of reference, to assist the Board in executing its duties and responsibilities. Although the Board may delegate certain duties to the Board Committees, it remains ultimately responsible for the decisions of the Board Committees.

The established Board Committees are:

1. Remuneration and Nomination Committee ("REMCO");
2. Finance and Audit Committee ("FAC");
3. Risk and Capital Committee ("RCC"); and
4. New Business and Credit Committee ("NBCC").

Following the changes in the Board in the financial year ended 31 December 2022, the Board approved the reconstitution of the Board Committees. The new composition, functions and some terms of reference of the Board Committees are as follows:

Remuneration and Nomination Committee (REMCO)

Composition

The Committee comprises a minimum of three (3) members, including at least one (1) Independent Non-Executive Director.

As at 31 December 2022, the members of the REMCO were:

(i) Aminu Umar-Sadiq (Chairman)
(ii) Claire Jarratt
(iii) Banji Fehintola
(iv) Hamda Ambah

Meetings

Meetings are held at least once every quarter and on such other occasions as the Committee may deem necessary.

During the period under review, the REMCO met four (4) times and the attendance record of the Committee members is shown in the table below:

Name of Directors	Nos of meetings and Attendance
*Aminu Umar-Sadiq (Chairman)	1
Claire Jarratt	2
**Banji Fehintola	1
***Hamda Ambah	1

*Aminu Umar-Sadiq was appointed to the Committee by the Board on 24th October 2022.

**Banji Fehintola was appointed to the Committee by the Board on 24th October 2022.

***Hamda Ambah was appointed to the Committee by the Board on 24th October 2022.

Objectives

The Committee ensures that the Board has the appropriate balance and size, and the required mix of skills, experience and other core competencies. The Committee ensures that InfraCredit can attract and retain high calibre executives needed to run and manage the Company successfully.

Quorum

The quorum for a meeting of the Committee shall be two (2), provided that where membership is more than four (4), the quorum shall be three (3) or one third of the total members, whichever is more.

Secretary

The Company Secretary or his/her/their nominee shall act as the Secretary to the REMCO.

Voting

Decisions are by simple majority, with a deciding vote to the REMCO Chairman in the event of a tied vote.

Duties and Responsibilities

- Reviewing and recommending to the Board the compensation and benefits package, salary scale and terms and conditions for all levels of employees of the Company.
- Reviewing and recommending to the Board the basis for the annual bonus and salary increment for all levels of employees of the Company.

- Reviewing and recommending to the Board long-term employee incentive packages such as employee share schemes and deferred bonus schemes.
- Reviewing and recommending to the Board the Human Resources Policy including People Strategy and applicable frameworks.
- Considering and recommending to the Board suitable candidates for appointment as Directors, CEO and Heads of key functions such as Risk, Finance, and similar functions.
- Reviewing and recommending to the Board, the compensation and benefits package and the terms and conditions of service of the MD/CEO and Heads of key functions.
- Reviewing and recommending to the Board, the remuneration for Non-Executive Directors of the Company.
- Reviewing annually, the performance of the MD/CEO and Heads of key functions.
- Assessing the effectiveness of the Board, the Board Committees and each Director.
- Considering and recommending to the Board measures to upgrade the effectiveness of the Board and Board Committees.
- Reviewing annually, the required mix of skills and experience and other qualities including core competencies, which Non-Executive Directors should bring to the Board.
- Considering and recommending to the board solutions on issues of conflict of interest affecting Directors.

Finance and Audit Committee (FAC)

Composition

The Committee comprises a minimum of three (3) members with at least one (1) representative of the Callable Capital Facility Providers as an observer member, in addition to the CEO. At least one member of the Committee is a Chartered Accountant with current knowledge in accounting and financial management.

As at 31 December 2022, the members of the FAC were:

(i) Banji Fehintola (Chairman)
(ii) Claire Jarratt
(iii) Reginald Ihebuzor
(iv) *Emily Bushby

*Emily Bushby is the representative of the Callable Capital Facility Provider.

Meetings

Meetings are held at least once every quarter and such other occasions as the Committee may deem necessary.

During the period under review, the FAC met four (4) times and the attendance record of the Committee members is shown in the table below:

Name of Directors	Nos of meetings and Attendance
Banji Fehintola (Chairman)	4
Claire Jarratt	1
**Reginald Ihebuzor	1
Emily Bushby	4

**Reginald Ihebuzor was appointed to the Committee by the Board on 24th October 2022

Objective

- The FAC provides oversight of the financial reporting and disclosure process, the audit process, the system of internal controls and compliance with laws and regulations. The Committee reviews the Company's financial plans, policies and budgets to ensure their adequacy and soundness in providing for the Company's current operations and long-term growth.
- The Committee is responsible for the review of the Company's financial statements for submission to the Board and to ensure compliance with disclosure requirements and any adjustments as suggested by the Auditor.

The Committee is to review the reports of the Internal Auditor, External Auditor and any other relevant parties and ensure the auditors' qualifications, independence and performance of their audit functions.

- The Committee shall exercise oversight responsibility with respect to the Company's material and strategic financial matters, including those related to the funding, budgeting, expenditure and general operational and financial structure. The Committee is responsible to the Board for the effective assurance of the management and control of the financial affairs and assets of the Company.
- The Committee shall ensure the Company's compliance with legal and regulatory requirements and Management's compliance with the Company's policies and practices on major financial risk exposures. The Committee also presents the internal and external auditors' findings to the Board, making sure that the Directors understand any recommendation made by the external auditor before formally accepting the audit report.
- The Committee recommends changes in practices or reporting in order to adhere to global best practices.

Quorum

The quorum for a meeting of the Committee shall be two (2), provided that where membership is more than four (4), the quorum shall be three (3) or one third of the total members, whichever is more.

Secretary

The Company Secretary or his/her/their representative shall act as the Secretary to FAC.

Voting

Decisions are by simple majority, with a deciding vote to the FAC Chairman in the event of a tied vote.

Duties and Responsibilities

- Reviewing the Company's strategic and operational plans from the perspective of funds flow, capital expenditure and financing requirements;
- Determining the Company's dividend policy and the declaration of dividends or other forms of distributions with respect to the Company's shares;
- Granting approvals for any disbursements beyond thresholds stipulated in the approved manual of authority;
- Advising the Board on all matters relating to finance, general purposes and staffing policies and determining the funding of the Company's expenses;
- Ensuring that adequate and comprehensive financial controls are in place and implemented in line with applicable financial regulations;
- Considering and recommending annual estimates of income and expenditure to the Board;
- Requesting reports from other Board Committees on any matter having a financial implication on the Company;
- Monitoring other aspects and activities including internal targets, health and safety;
- Considering, upon Management's request, matters relating to capital expenditures, divestments, acquisitions, leases, short and long-term borrowings and other financing transactions, and making the necessary recommendations to the Board;
- Recommending to the Board, the appointment of the External Auditor;
- Reviewing with the Legal Counsel, any legal matter which the Committee has been advised could have a significant impact on the Company's financial statements;

- Having supervisory oversight on all procurements carried out by the Company;
- Reviewing and discussing as applicable, any report presented by Management on potential employee conflict of interest and on controls to address any such potential conflict;
- Reviewing procedures for: (i) the receipt, retention and treatment of any complaints received by the Company or the Company's service providers regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees or the service providers of any concerns regarding questionable accounting or auditing matters.

Risk and Capital Committee (RCC)

Composition

The Committee comprises a minimum of three (3) members with at least one (1) representative of the Contingent Capital Facility Provider as an observer member, in addition to the CEO.

As at 31 December 2022, the members of the RCC were:

(i) Vivien Shobo (Chairperson)
(ii) Chris Vermont
(iii) Aminu Umar-Sadiq
(iv) *Andy Slack

*Andy Slack is the representative of the Callable Capital Facility Provider.

Meetings

Meetings are held at least once every quarter and on such other occasions as the Committee may deem necessary.

During the period under review, the RCC met four (4) times and the attendance record of the Committee members is shown in the table below:

Name of Directors	Nos of meetings and Attendance
Vivien Shobo (Chairperson)	4
Chris Vermont	4
**Aminu Umar-Sadiq	1
Andy Slack	3

**Aminu Umar-Sadiq was appointed to the Committee by the Board on 24th October 2022.

Objective

The RCC ensures that the Company's risk management functions and practices are conducted and discharged effectively, to ensure management and mitigation of key risks including reviewing the quality and performance of the Company's guarantee portfolio.

The Committee also ensures that the Company invests and manages its capital resources in a professional and prudent manner and achieves the targeted returns while assuming an appropriate level of risk and maintaining sufficient level of liquidity for claim events, in conformity with the Company's risk management and investment policies.

Quorum

The quorum for a meeting of the Committee shall be two (2), provided that where membership is more than four (4), the quorum shall be three (3) or one-third of the total members whichever is more.

Secretary

The Company Secretary or his/her/their nominee shall act as the Secretary to the RCC.

Voting

Decisions are by simple majority, with a deciding vote to the RCC Chairperson in the event of a tied vote.

Duties and Responsibilities

- Regularly monitoring the guarantee portfolio;
- Regularly monitoring the liquidity position;
- Occasionally reviewing policies and limits;
- Regularly monitoring investments;
- Confirming the Qualifying Capital and other defined portfolio measures as required
- to ensure that the Company has sufficient liquidity to meet its short-term payment obligations
- Ensuring that the Company's funded equity capital is maintained by ensuring a balanced spread of highly rated investments, setting any appropriate portfolio limits/restrictions
- Recommending credit loss provisions, account adjustments, legal action, etc. to the Board; and
- Exercising oversight of the assessment of risk and actions taken to minimize risks.

New Business Committee (NBC)

The NBC is responsible for exercising senior management oversight across all issues relating to the Company entering into new corporate client relationships, underlying transactions on behalf of corporate clients and reviewing or terminating relationships with corporate clients.

The Committee is responsible for assessing the impact of all such matters on the Company and in doing so, gives due consideration to the associated reputational, regulatory, execution and commercial risks.

The Committee provides an initial review of potential transactions ahead of detailed due diligence and term sheet negotiation with the potential client. This allows the members of the Credit Committee (whose membership is identical to the NBC) to veto a transaction early if they think that it is unlikely to be acceptable.

Credit Committee (CC)

The CC has the Board's delegated authority to review and endorse (with power to veto) underwriting proposals recommended by the Executive Management Committee, exercise oversight of the guarantee products, underwriting strategies and the Company's objectives including reviewing the guarantee policy from time to time.

The Committee sits once the detailed due diligence and negotiations with the client have taken place, and will consider whether to approve a potential credit risk transaction, and if so, on what terms and conditions. Once the Committee has approved a transaction, relevant documentation is issued and the Company is at risk for the transaction. The Credit Committee can also consider revisions to previously agreed transactions and proposals where there has been some form of credit event or default.

Composition

The Committees jointly comprise a minimum of five (5) members, with at least two (2) Independent Non-Executive Directors.

As at 31 December 2022, the joint members of the NBC and CC were:

- Chris Vermont (Chairman)
- Chinua Azubike
- Banji Fehintola
- Gilles Vaes
- Vivien Shobo
- Hamda Ambah
- Reginald Ihebuzor
- *Denesh Shrishanker
- **Dianne Rudo

*Denesh Shrishanker is the representative of the Callable Capital Facility Provider

**Dianne Rudo is an independent Advisory Member

Meetings

Deliberations and decisions of the NBC are usually taken via circulation.

Meetings of the CC are held on the last working day of every month or as the Committee may deem necessary.

During the period under review, the NBC had deliberations via circulation, as necessary, while the CC had meetings and also had deliberations via circulation.

Quorum

The quorum for a meeting of either the NBC or CC shall be four (4).

Secretary

The Company Secretary or his/her/their nominee shall act as the Secretary to the NBC and CC.

Voting

Decisions of the NBC are by simple majority, with a deciding vote to the Chairman in the event of a tied vote.

Decisions of the CC are by simple majority, except in situations which require unanimous vote, as laid out in the terms of reference.

Duties and Responsibilities

The NBC's responsibilities shall be to review and approve all potential investments for detailed due diligence and term sheet negotiations by the Company's Origination and Structuring Division, prior to the presentation of such potential investments to the CC, although the CC may from time to time, consider potential investments that have not been reviewed or approved by the NBC

The CC's responsibilities include:

- Approving whether the Company should enter into any proposed investment opportunity, and on what terms. To grant such an approval, the Credit Committee shall require an application prepared by the Company's Origination and Structuring Division, submitted via the Management Risk Oversight Committee, with respect to each proposed investment opportunity that will include, inter alia, any proposed deviations from the Guarantee Policy.
- Deciding on the appropriate action to be taken following a call on a guarantee; when a borrower goes into default or potential default; and whether a work-out or acceleration of any guarantee is necessary; and seeking the approval of the Board before initiating any litigation.

InfraCredit
Securing Infrastructure Finance

CHAPTER **FOUR**

04 Financials

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Securing Infrastructure Finance

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CORPORATE INFORMATION

Directors		Nationality
Mr. Uche Orji	Chairman	Nigerian (Resigned 30th September 2022)
Mr. Sanjeev Gupta	Chairman	Indian (Appointed Chairman 1st October 2022)
Mr. Chinua Azubike	Managing Director/Chief Executive Officer	Nigerian
Mr. Chris Vermont	Independent Non-Executive Director	British
Mrs. Stella Ojekwe-Onyejeli	Non-Executive Director	Nigerian (Resigned 1st September 2022)
Mr. Banji Fehintola	Non-Executive Director	Nigerian
Mrs. Vivien Shobo	Independent Non-Executive Director	Nigerian
Mrs. Claire Jarratt	Non-Executive Director	British
Mr. Gilles Vaes	Non-Executive Director	Belgian
Mrs. Hamda Ambah	Independent Non-Executive Director	Nigerian (Appointed on 10 January 2022)
Mr. Reginald Ihebuzor	Non-Executive Director	Nigerian (Appointed on 28 September 2022)
Mr. Aminu Umar-Sadiq	Non-Executive Director	Nigerian (Appointed on 24 October 2022)

REGISTERED OFFICE

Infrastructure Credit Guarantee
Company Limited
1, Adeyemo Alakija Street,
Victoria Island, Lagos.
Email: info@infracredit.ng
Website: www.infracredit.ng

COMPANY SECRETARY

Olaniwun Ajayi LP
Plot L2, 401 Close, Banana Island,
Ikoyi, Lagos.
Email: lawyers@olaniwunajayi.net

AUDITOR

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island Lagos.
www.kpmg.com.ng

BANKERS

- Access Bank Plc
- Ecobank Nigeria Limited
- Guaranty Trust Bank Limited
- Stanbic IBTC Bank Plc
- United Bank for Africa Plc
- Standard Chartered Bank Limited

RC Number

RC1368639

Directors' report

for the year ended 31 December 2022

The Directors present their report on the affairs of Infrastructure Credit Guarantee Company Limited ("the Company") together with the audited financial statements and independent auditor's report for the year ended 31 December 2022.

1 Legal form

The Company was incorporated in Nigeria as a private limited liability company on 20 October 2016 to perform the business of providing credit enhancement and guarantees. It commenced operations in January 2017.

2 Principal activities

The principal activity of the Company is to provide credit enhancement and issue credit guarantees for eligible infrastructure transactions. The Company is also involved in investing in corporate debt securities, FGN bonds and Eurobonds, and other liquid and highly rated short term debts issued by the Federal Government of Nigeria as may be approved by the Board of the Company.

3 Operating results

Highlights of the Company's operating results for the year are as follows:

In thousands of Naira	31 December 2022	31 December 2021
Gross earnings	**7,294,464**	**5,793,619**
Profit before minimum tax and income tax expense	6,278,615	3,467,455
Minimum tax	**(36,472)**	**(14,484)**
Profit after minimum tax	6,242,143	3,452,971
Income tax credit	100,607	(10,343)
Profit for the year	**6,342,749**	**3,442,628**

4 During the year at the last Annual General Meeting (AGM) held on the 21st March 2022, the Shareholders approved payment of preference dividends of N1.21 Billion for all preference shares ranking for dividends for the year ended 31st December 2020. The preference dividends were capitalized by issuing additional preference shares to the beneficiary preference shareholders.

5 Directors and their interests

The Directors who held office during the year are:			Nationality
Mr. Uche Orji	-	Chairman	Nigerian (Resigned 30th September 2022).
Mr. Sanjeev Gupta	-	Non-Executive Director	Indian (Appointed Chairman 1st October 2022)
Mr. Chinua Azubike	-	Managing Director/Chief Executive Officer	Nigerian

Mr. Chris Vermont	-	Independent Non-Executive Director	British
Mrs. Stella Ojekwe-Onyejeli	-	Non-Executive Director	Nigerian (Resigned 1st September 2022).
Mr. Banji Fehintola	-	Non-Executive Director	Nigerian
Mrs. Vivien Shobo	-	Independent Non-Executive Director	Nigerian
Mrs. Claire Jarratt	-	Non-Executive Director	British
Mr. Gilles Vaes	-	Non-Executive Director	Belgian
Mrs. Hamda Abimbola Ambah	-	Independent Non-Executive Director	Nigerian (appointed on 10 January 2022)
Mr. Aminu Umar-Sadiq	-	Non-Executive Director	Nigerian (Appointed on 24 October 2022)
Mr. Reginald Ihebuzor	-	Non-Executive Director	Nigerian (Appointed on 28 September 2022)

None of the Directors have an interest in the shareholding of the Company as required to be disclosed under section 301 of the Companies and Allied Matters Act, 2020.

6 Directors' interests in contracts

None of the Directors had direct or indirect interests in contracts with the Company during the year as required to be disclosed under section 303 of the Companies and Allied Matters Act (CAMA), 2020.

7 Meetings of Board of Directors

There were four meetings of Board of Directors during the year.

8 Property and equipment

Information relating to changes in property and equipment is provided in note 20 of the financial statements.

9 Shareholding analysis

According to the statement of share capital and return of allotment of shares, the shareholders of the Company are as follows:

	Number of ordinary shares held	Number of preference shares held	Total number of shares held	% Shareholding
31 December 2022				
Shareholder:				
Nigeria Sovereign Investment Authority (NSIA)	991,595,001	9,666,004,625	10,657,599,626	21.3%
Africa Finance Corporation (AFC)	991,595,001	9,270,963,490	10,262,558,491	20.5%
InfraCo Africa Investment Limited (InfraCo)	991,595,001	9,561,415,663	10,553,010,664	21.1%
Leadway Assurance Company Limited	522,851,695	1,439,585,000	1,962,436,695	3.9%
United Capital Trustees Limited	11,502,363,302	5,062,031,222	16,564,394,524	33.1%
	15,000,000,000	**35,000,000,000**	**50,000,000,000**	**100%**

During the year, 16,564,394,524 shares were issued to United Capital Trustees Limited to comply with section 124 of CAMA 2020 which provides that no company shall have a share capital which is less than its minimum issued share capital and requires that every company with unissued shares, must not later than six months from the commencement of CAMA 2020, issue up to an amount not below the minimum issued share capital. (Refer to note 28 for further details on the Share Capital). The shares do not have voting rights.

Discounting the non-voting right shares, NSIA, AFC, InfraCo and Leadway respectively have 31.88%, 30.69%, 31.56% and 5.87% voting rights as at end of 31st December 2022.

31 December 2021				
Shareholder:				
Nigeria Sovereign Investment Authority (NSIA)	991,595,001	12,619,770,195	13,611,365,196	38.6%
Africa Finance Corporation (AFC)	991,595,001	8,625,282,292	9,616,877,293	27.2%
InfraCo Africa Investment Limited (InfraCo)	991,595,001	9,119,770,195	10,111,365,196	28.6%
Leadway Assurance Company Limited	522,851,695	1,439,585,000	1,962,436,695	5.6%
	3,497,636,698	**31,804,407,682**	**35,302,044,380**	**100%**

10 Human resources

Equal Opportunity Employer

The Company is an equal opportunity employer in all regards. The Company does not discriminate on the basis of gender, religion, race or disability. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is provided. It is the policy of the Company that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

All aspects of employment including the decision to hire, promote, discipline, or discharge, is based on merit, competence, performance, and business needs. The Company had no disabled person in its employment as at 31 December 2022 (December 2021: Nil)

Health, safety and welfare at work

The Company enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. Medical facilities are provided for employees and their immediate families at the Company's expense up to stated limits. Fire-fighting equipment are installed in strategic locations within the Company's premises.

Employee involvement and training

The Company's policy with regards to employee involvement and training is to encourage participation of employees in arriving at decisions in respect of matters affecting their well being. Towards this end, the Company provides opportunities where employees deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsors its employees for various training courses as necessary.

11 Events after the end of the reporting period

There were no events after the end of the reporting period which could have a material effect on the financial statements of the Company which have not been recognized and/or disclosed.

12 Donations and charitable gifts

No donation was made to any political party or organization during the year (2021:Nil).

13 Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Company. In accordance with section 401(2) of the Companies and Allied matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Olaniwun Ajayi LP
FRC/2013/00000000001615
Company Secretary
Plot L2, 401 Close, Banana Island,
Ikoyi,
Lagos
27 March 2023

Statement of Directors' responsibilities in relation to the financial statements

for the year ended 31 December 2022

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 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.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Sanjeev Gupta
FRC/2023/PRO/DIR/071/816114
Chairman
27 March 2023

Mr. Chinua Azubike
FRC/2018/ICSAN/00000016559
Managing Director/Chief Executive Officer
27 March 2023

Statement of Corporate Responsibility for the Financial Statements

for the year ended 31 December 2022

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/ CEO and Financial Controller, hereby certify the financial statements of Infrastructure Credit Guarantee Limited for the year ended 31 December 2022 as follows:

(a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2022.

(b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

(c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2022.

(d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the companies, during the period end 31 December 2022.

(e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date

(e) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

(f) That we have disclosed the following information to the Company's Auditors and Audit Committee:

  (i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

  (ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control.

Chinua Azubike
FRC/2017/ICSAN/00000016559
Managing Director/Chief Executive Officer
27 March 2023

Collins Eguakun
FRC/2013/ICAN/00000000843
Financial Controller
27 March 2023

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Infrastructure Credit Guarantee Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infrastructure Credit Guarantee Company Limited (the Company), which comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with 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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Directors' report, Statement of Directors' responsibilities in relation to the financial statements for the year ended 31 December 2022, Statement of corporate responsibilities for the financial statements, Other national disclosures, and Supplementary financial information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 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, 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.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company's 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 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 Company's 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 Finance and Audit Committee 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.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.

iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account

Oseme Obaloje
FRC/2013/ICAN/00000000/4803
For: KPMG Professional Services
Chartered Accountants
27 March, 2023
Lagos, Nigeria

Statement of financial position

as at:

In thousands of Naira	Note	31 December 2022	31 December 2021
Assets			
Cash and cash equivalents	15	6,319,690	1,760,077
Investment securities	16	72,297,037	67,040,896
Guarantee fee receivable	17	6,521,354	4,558,673
Trade and other receivables	18	265,884	230,299
Prepayments	19	57,535	60,511
Property and equipment	20	246,203	227,711
Right of use asset	21	151,450	173,347
Intangible assets	22	62,190	43,854
Deferred tax asset	24	483,820	320,112
Total assets		**86,405,162**	**74,415,480**
Liabilities			
Current tax liability	14(c)	99,272	49,030
Financial guarantee liability	23	7,382,654	5,353,627
Other liabilities	25	1,732,185	1,092,025
Employee benefit obligation	26	255,664	-
Lease liability	27	104,155	84,225
Unsecured subordinated long term loans	30	32,986,699	30,333,140
Total liabilities		**42,560,629**	**36,912,047**
Equity			
Ordinary share capital	28(a)	3,497,637	3,497,637
Share premium	28(f)	113,945	113,945
Irredeemable preference share capital	28(b)	8,022,905	8,022,905
Redeemable preference share capital	28(c)	21,915,065	20,281,503
Deposit for shares	28(e)	-	426,819
Retained earnings	29	10,294,981	5,160,624
Total equity		**43,844,533**	**37,503,433**
Total liabilities and equity		**86,405,162**	**74,415,480**

The financial statements were approved by the Board of Directors on the 27 March, 2023 and signed on its behalf by:

Mr. Sanjeev Gupta
FRC/2023/PRO/DIR/071/816114
Chairman

Chinua Azubike
FRC/2018/ICSAN/00000016559
Managing Director/Chief Executive Officer

Collins Eguakun
FRC/2013/ICAN/00000000843
Financial Controller

The accompanying notes form an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended:

In thousands of Naira	Note	31 December 2022	31 December 2021
Gross revenue		**7,294,464**	**5,793,619**
Guarantee fee income	7	1,949,831	1,250,857
Guarantee fee expenses	8	(297,781)	(224,035)
Net guarantee fee income		**1,652,050**	**1,026,822**
Interest income	9(a)	5,344,633	4,542,762
Interest expense	9(b)	(1,948,240)	(1,862,426)
Impairment loss on financial instruments	10	(259,134)	(173,002)
Foreign exchange gain	11	4,041,310	1,713,712
Total operating income		**8,830,619**	**5,247,868**
Personnel expenses	12(a)	(1,479,519)	(960,634)
Depreciation of property and equipment	20	(70,020)	(71,654)
Depreciation of right of use asset	21	(21,897)	(21,897)
Amortisation of intangible asset	22	(16,003)	(15,438)
Other operating expenses	13	(964,565)	(710,790)
Total operating expenses		**(2,552,004)**	**(1,780,413)**
Profit before minimum tax and income tax expense		**6,278,615**	**3,467,455**
Minimum taxation	14(a)	(36,472)	(14,484)
Profit after minimum tax		**6,242,143**	**3,452,971**
Tax credit	14(a)	100,607	(10,343)
Profit for the year		**6,342,749**	**3,442,628**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive profit		**6,342,749**	**3,442,628**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

As at 31 December 2022

In thousands of Naira	Share capital	Irredeemable preference capital	Redeemable preference capital	Deposit for shares	Share premium	Retained earnings	Total
Balance as at 1 January 2022	**3,497,637**	**8,022,905**	**20,281,503**	**426,819**	**113,945**	**5,160,624**	**37,503,433**
Total comprehensive income for the year							
Transfer from profit or loss and other comprehensive income	-	-	-	-	-	6,342,749	6,342,749
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**6,342,749**	**6,342,749**
Transactions with owners of company:							
Issue of redeemable preference shares (see 29 (c))	-	-	426,819	(426,819)	-	-	-
Capitalisation of preference dividend (see 30 (a))	-	-	1,206,743	-	-	(1,208,390)	(1,647)
	-	**-**	**1,633,562**	**(426,819)**	**-**	**(1,208,390)**	**(1,647)**
Balance at 31 December 2022	**3,497,637**	**8,022,905**	**21,915,065**	**-**	**113,945**	**10,294,983**	**43,844,535**
Balance as at 1 January 2021	**2,974,785**	**8,022,905**	**18,841,917**	**426,819**	**19,832**	**1,717,994**	**32,004,252**
Total comprehensive income for the year							
Transfer from profit or loss and other comprehensive income	-	-	-	-	-	3,442,628	3,442,628
Total comprehensive income for the year	**2,974,785**	**-**	**-**	**-**	**-**	**3,442,628**	**3,442,628**
Transactions with owners of company:							
Issue of shares	522,852		1,439,586		94,113		2,056,551
	522,852		**1,439,586**		**94,113**		**2,056,551**
Balance at 31 December 2021	**3,497,637**	**8,022,905**	**20,281,503**	**426,819**	**113,945**	**5,160,622**	**37,503,431**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
For the year ended:

In thousands of Naira	Notes	31 December 2022	31 December 2021
Cash flow from operating activities:			
Profit after tax		6,342,749	3,442,628
Minimum tax	14(a)i	36,472	14,484
Tax (credit)/charge	14(a)	(100,607)	10,343
Profit before tax		**6,278,614**	**3,467,455**
Adjustment for:			
Depreciation of property and equipment	20	70,020	71,654
Depreciation of Right of use asset	21	21,897	21,897
Amortisation of intangible asset	22	16,003	15,438
Impairment loss on financial instruments	10	259,134	173,002
Exchange (gain) on investment securities	34(k)	(6,144,648)	(3,341,040)
Exchange loss on unsecured subordinated debts	34(k)	2,103,338	1,627,328
Interest income	9(a)	(5,344,633)	(4,542,762)
Gain on disposal of property and equipment	34(j)	-	(69)
Interest expense	9(b)	1,889,007	1,819,210
		(851,269)	**(687,887)**
Changes in :			
Trade and other receivables	34(d)	(52,841)	(177,717)
Prepayments	34(m)	2,976	1,402
Guarantee fee receivable	34(e)	(1,962,681)	(1,260,349)
Financial guarantee liability	34(c)	2,029,027	1,532,084
Lease liability	27	19,930	17,812
Employee benefit obligation	26	255,664	-
Other liabilities	25	640,160	246,305
		932,235	**359,537**
Interest received	34(b)	4,797,419	3,982,774
Interest paid	34(l)	(1,120,091)	(1,541,680)
Tax paid	14(c)	(49,332)	(24,667)
Net cash flows generated from operating activities		**3,708,963**	**2,088,077**
Cash flow from investing activities:			
Acquisition of property and equipment	20	(90,005)	(100,247)
Proceeds from disposal of property and equipment	34(j)	-	89
Acquisition of intangible asset	22	(32,910)	(6,426)
Acquisition of investment securities	34(a)	2,104,306	(13,911,364)
Net cashflows used in investing activities		**1,981,391**	**(14,017,948)**
Cash flow from financing activities:			
Issue of ordinary shares	34(g)	-	616,965
Issue of irredeemable preference shares	34(h)	-	1,439,586
Net cashflows from financing activities		**(1,120,091)**	**2,056,551**
Increase in cash and cash equivalents		4,570,263	(9,873,320)
Cash and cash equivalents at beginning of the year	15	1,760,697	11,634,017
Cash and cash equivalents at the end of the year	**15**	**6,330,960**	**1,760,697**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1 Reporting entity

Infrastructure Credit Guarantee Company Limited (""the Company"") is a private limited liability company incorporated in Nigeria under the Companies and Allied Matters Act of Nigeria. The Company was incorporated on 20 October 2016 and commenced operations in January 2017. The current address of its office is 1 Adeyemo Alakija Street, Victoria Island, Lagos. The Company is primarily involved in the provision of credit enhancement and issuance of local currency credit guarantees for eligible infrastructure projects. The Company is also involved in investing its paid-in capital in corporate debt securities, FGN bonds and Eurobonds, and other highly rated short term debts issued by the Federal Government of Nigeria as may be approved by the Board of the Company.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020, and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorized for issue by the Board of Directors on 27 March 2023.

(b) Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency. All financial information presented in Nigerian Naira have been rounded to the nearest thousand, unless otherwise indicated.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at amortised cost. The company applies accrual accounting for recognition of its income and expenses.

(d) Going concern assumption

The financial statements have been prepared on the basis that the Company will continue to operate as a going concern.

(e) Use of estimates and Judgements

The preparation of these financial statements is in conformity with the IFRS requirements. Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts to assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgement

"The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

* Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition,
* Determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL. (see note 5(b)(ii)).

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable information about the financial instrument and counterparty, including forward looking information.

Assumptions and Estimation

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 is included in the following notes

* Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used (see note 4(k)). Included in the recoverability review of deferred tax assets are assumptions about interest rates, exchange rates, inflation rate as well as the tax-exempt status of Bonds issued by the Federal Government of Nigeria.
* Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

3 Changes in accounting policies

Except as described below, the Company has consistently applied the accounting policies as set out in Note 4 to all periods presented in these financial statements

New currently effective requirements

1-Jan-22	Onerous contracts - cost of fulfilling a contract - Amendments to IAS 37
	Annual improvements to IFRS Standards 2018-2020
	Property, Plant and Equipment: proceeds before Intended Use - Amendments to IAS 16
	Reference to the conceptual framework - Amendment to IFRS 3

Notes to the financial statements

Standards issued but not yet effective

1-Jan-23	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts. These amendments are not applicable to the Company.
	Classification of Liabilities as Current or Non-current –Amendments to IAS 1 Presentation of Financial Statements. These amendments are not applicable to the Company.
	Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These amendments are not applicable to the Company.
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. These amendments are not applicable to the Company.
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS. These amendments are not applicable to the Company.)
To be determined	Lease Liability in a Sale and Leaseback (Amendments to IFRS Standards 16). These amendments are not applicable to the Company.
	Classification of liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1). These amendments are not applicable to the Company.
	Effective at the option of the entity (effective date has been deferred indefinitely). These amendments are not applicable to the Company.
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. These amendments are not applicable to the Company.

4 Significant accounting policies

The significant accounting policies set out below have been consistently applied during the period presented in these financial statements, unless otherwise stated.

(a) Cash and cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturities of less than three months from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Company in the management of short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(b) Revenue recognition

Gross Revenue

(i) Guarantee fees income

This refers to the sum of guarantee fee income, monitoring fee income and due diligence fee income. Guarantee fee income is the amortized portion of the non-refundable fees calculated as a percentage of the guaranteed amount earned for providing guarantees to the bond issued by the client companies. The Company recognises guarantee fees received and receivable as deferred revenue at the inception of the contract. Deferred revenue is subsequently recognised as earned revenue in profit or loss over the contractual period or expected period of the contract in proportion to the amount of the guarantee contract. As revenue is recognised, a corresponding decrease to deferred revenue is recorded. Other fee income are recognised as the related services are performed.

(ii) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest 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 amortised 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 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.

Guarantee fees and interest income are recognised net of VAT.

Guarantee fee expense

Guarantee fee expenses include expenses incurred by the Company in respect of the callable capital funding facility agreement with GuarantCo and other directly attributable costs of issuing guarantees such as due diligence and project development activities on guarantee transactions. The Company recognizes guarantee fee expenses in the profit or loss as they are incurred.

Amortised cost and gross carrying amount

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

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

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

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

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised 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.

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income (OCI) includes interest on financial assets and financial liabilities measured at amortised cost. Other interest income presented in the statement of profit or loss and OCI includes interest income on balances with banks.

(c) Property and equipment

(i). Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

(ii). Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii). Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle.

Depreciation is calculated over their estimated useful lives at the following rates:

Office equipment	25%
Computer equipment	25%
Furniture and fittings	25%
Motor vehicles	25%
Leasehold improvement	10%

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(iv). De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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.

(d) Intangible assets

Computer Software

Software acquired by the Company is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised on a straight-line basis in the profit or loss over the estimated useful life of the software, from the date that it is available for use. All intangible assets of the Company have finite useful life and are amortised over 4 years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate. Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is included in profit to loss in the year the asset is derecognised.

(e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Foreign currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

(g) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the reporting date. Short term obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post employment benefits

The Company operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio of 8% by the employee and 10% by the employer. The contributions of 10% by the Company is recognised in the profit or loss in the period to which they relate, while Employees' contributions are funded through payroll deductions.

Other long-term employee benefits

The Company's other long-term employee benefits represent a long term bonus scheme instituted for all permanent employees on Assistant Vice President – Managing Director level with at least one (1) year of service and no pending disciplinary action. The allocation of the long term bonus scheme is within the range of 5% - 15% (based on the approval of the board each year) of net guarantee fee income and net investment income weighted 80:20 if all required targets are met and are aggregated in a bonus pool. The deferral period is set at 5 years, at the end of which, employees may cash out or choose to hold them for longer. Provisions of the plan are recognised within employee benefit obligation in liabilities and other staff costs in profit or loss. Pay-outs from the plan will be taxed according to the applicable tax laws in the Federal Republic of Nigeria. The carrying amount of the benefit based scheme is determined using a simplistic approach.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

This is not applicable as the Company is not a lessor with respect to lease of an asset.

(i) Provision

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(j) Contingent liabilities

A contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It is not recognised because it is not likely that an outflow of resources will be required to settle the obligation or the amount can not be reliably estimated.

Notes to the financial statements

(k) Taxation

Current income tax

Income tax payable is calculated on the basis of the tax law in Nigeria and is recognised as an expense or (income) for the period except to the extent that current tax relates to items that are charged or credited directly to equity. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes.

It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits.
- Tertiary education tax is computed on assessable profits.
- National Information Technology Development Agency levy is computed on profit before tax.
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the period).

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property and equipment. The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(l) Financial instruments

Financial assets

(i) Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

The Company does not measure its financial assets at fair value through other comprehensive income (FVTOCI) and at fair value through profit or loss (FVTPL). Subsequent to initial recognition and measurement, all financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The Company manages the assets held within the portfolio to collect contractual cash flows (instead of managing the overall return on the portfolio by holding and selling the assets or by trading on the assets). Although the objective of the Company's business model is to hold assets in order to collect contractual cash flows, it may sell the assets prior to their maturity in response to increase in the assets' credit risk. To determine whether there has been an increase in the assets' credit risk, the Company considers reasonable and supportable information including forward-looking information. Irrespective of their frequency and value, sales due to an increase in the assets' credit risk is not inconsistent with the Company's business model objective of holding the financial assets with a view to collecting contractual cash flows. Other instances where the Company may sell its financial assets and such sale would be considered consistent with the objective of holding the assets in order to collect contractual cash flows include sales made close to maturity of the assets and sales made with a view to providing liquidity in the event of any of its guarantees being called.

Assessment of whether contractual cash flow are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In a+B278ssessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- · contingent events that would change the amount or timing of cash flows;
- · terms that may adjust the contractual coupon rate, including variable-rate features;
- · prepayment and extension features; and
- · terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

(i) Classification and subsequent measurement

All financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

(i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, in these cases, the transferred assets are not derecognised.

(ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognises loss allowances for ECL on financial instruments that are not measured at FVTPL such as:

- investment securities measured at amortized cost;
- trade receivables;
- other financial assets

Loss allowances are measured at an amount equal to life time expected credit losses (ECLs) or 12-month expected credit losses (ECLs) depending on whether the credit risk of the obligor has increased significantly or not.

Loss allowances are measured at 12 month ECLs:

- for assets which are determined to have low credit risk at the reporting date;
- When assets have not increased significantly since initial recognition.

On the other hand, loss allowances are measured at life time ECLs if the credit risk associated with the assets has increased significantly since initial recognition.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Financial instruments that are credit-impaired and for which a lifetime ECL is recognised are referred to as 'Stage 3 financial instruments.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

'Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company holds a portfolio of "investment grade" assets with minimum rating of "BBB" assigned by a recognized rating agency. The credit risk associated with an investment security is deemed to be low if the credit rating of the issuer falls by one notch at the end of the reporting period. If the rating falls by at least two notches from the date of initial recognition, the credit risk is deemed to have significantly increased.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Financial guarantees contracts

Financial guarantees are contracts that require the Company to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee contract is initially recognised at fair value and subsequently measured at the higher of:

- the amount of the impairment loss allowance on the guarantee
- the amount initially recognised less, when appropriate, the cumulative amount of fee income recognised on the guarantee

Determination of ECLs for financial guarantees is based on the credit risk of the obligor that issues the infrastructure bond for which the Company provides a guarantee.

When determining whether the credit risk of the obligor has increased significantly since initial recognition of the financial guarantee and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company historical experience and informed credit assessment of the obligor and including forward-looking information.

The Company assumes that the credit risk of an obligor has increased significantly if the principal repayment, coupon on the infrastructure bond and/or the guarantee fee are more than 30 days past due except it is proven that the reason for the delay in contract payments are not credit risk related.

The Company considers an obligor to be in default when the principal repayment, coupon and/or guarantee fee are more than 90 days past due except it is proven that the reason for the default in contract payments are not credit risk related.

The Company carries out an independent valuation of the collaterals held in respect of financial guarantee contracts to customers. This she does by contracting an independent valuation experts to determine the open market capital value of the collaterals. This valuation of the collaterals is to be carried out every three (3) years at most. The open market value of the assets is adopted by the company following the valuation.

Guarantee fee receivable

This represents the present value of guarantee fees receivable under the contracts undertaken for providing guarantees to the bond issued by the client companies. This is recognized at the inception of the contract for the unpaid amount due after one year of issuing the guarantee with a corresponding credit to financial guarantee liability. Guarantee fee receivable is reduced yearly once guarantee payment is received from each of the portfolio companies.

Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximizes the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognized in the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out. If an asset or a liability measured at fair value has a bid price and an ask price, the Company measures the assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk are managed by the Company on the basis of the net exposure to either market or credit risk. The net exposure is measured on the basis of a price that would be received to see a net long position (or paid to transfer a net short position) for a particular exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognizes transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

(m) Share capital

(i) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Preference shares

Irredeemable preference shares are classified and accounted for as equity where the Company is not under any obligation to deliver cash or other financial assets. Payment of dividend is discretionary.

Redeemable preference shares are also classified and accounted for as equity because payment of dividend is discretionary and redemption of capital sum is at the sole option of the Company.

(iii) Deposit for shares

The deposit for shares relates to deposits for additional equity not yet approved by the required regulatory body. The deposits for shares are recognised as liabilities or equity depending on whether the amounts could be repayable to the prospective shareholders pending approvals from the required regulatory body and are measured at historical cost. The Company's deposit for shares are recognised as equity. The company may at its discretion, use its best efforts to achieve a liquidity event for the subscriber as soon as practicable but in any event, no later than the seventh anniversary.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving 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.

Notes to the financial statements

(a) Critical judgements in applying the Company's accounting policies

"The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

* Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition,

* Determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL. (see note 5(b)(ii)).

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable information about the financial instrument and counterparty, including forward looking information.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

* Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used (see note 4(k)). Included in the recoverability review of deferred tax assets are assumptions about interest rates, exchange rates, inflation rate as well as the tax-exempt status of Bonds issued by the Federal Government of Nigeria.

* Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

(i) Income taxes

Significant estimates are required in determining the provision for income taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Income taxes also include the judgement on whether to recognise deferred tax assets. This is based on the assessment of if and when future taxable profits will be realized to utilise the tax losses carried forward.

(ii) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(ii) **Calculation of loss allowance**

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

6 Financial risk management

(a) Introduction

This note presents information about the Company's exposure to different types of risks, the objectives, systems, policies and processes for identifying, measuring and managing risks, and the Company's management of capital. The Company's activities expose it to a variety of risks, and those activities principally involve creation of financial assets and liabilities. Risk taking is the core of the company's business and operational risks amongst others are an inevitable consequence of being in the financial services industry. The Company's aim is to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Company's financial performances. The Company has therefore built its business around sound risk management practices, so that as it actively seeks opportunities to create value for its clients and stakeholders, there is also a deliberate, concerted effort to preserve value. The Company has adopted encompassing Risk Management & Guarantee Policies that consider risk from a comprehensive and integrated standpoint.

(b) Risk management objectives

The primary objective of risk management is to ensure efficient risk/return decision-making, reduce volatility in operating performance, improve operational efficiency as well as the quality of service delivery and ensure that the Company's risk profile is transparent to all stakeholders.

Risk Management practices at the Company centre around building a sustainable business where an acceptable risk profile is consistently maintained, given risk capacity and tolerance levels per time.

Therefore, its approach is driven by the following key objectives:

- **Business sustainability:** This represents resiliency over time. It involves the organisation's ability to survive significant internal and external shocks.
- **Accountability:** This represents the directors' obligations to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner.
- **Risk/reward alignment:** This is an optimization concept that seeks to achieve maximum possible return for each unit of risk taken.
- **Operational efficiency:** This represents the Company's ability to deliver services in the most cost-effective manner possible while maintaining the highest feasible quality standards.

(c) Risk management framework

The Company's risk management philosophy is premised on the belief that aggressive and yet guarded risk attitude will ensure sustainable growth in shareholders value and corporate reputation. To this end, the Board and Management are committed to establishing and sustaining tested practices in risk management. The Board of Directors determines the Company's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Company to incur risk, weighed against the expected rewards.

The risk policy is detailed in the Risk Management & Guarantee Policies, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity and operational risks.

The evolving nature of risk management practices necessitates regular review of the effectiveness of each enterprise risk management component. In the light of this, the Company's Risk Management & Guarantee Policies is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways:

(i) Continuous self evaluation and monitoring by the Risk Management Unit

(ii) Independent evaluation and reviews

The Head, Credit Risk has the primary responsibility for risk management and for the review of the Risk Management & Guarantee Policies. All amendments to the Company's Risk Management & Guarantee Policies require the Board's approval. The unit also has the responsibility to enforce the risk policy of the Company by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

The different risk exposures faced by the Company are summarized into the broad risk categories below;

Risk type	Description	Loss characteristics
Market risk	The risk of loss due to unfavourable movements in the prices of assets.	This could result in loss of value to the Company's investment portfolio.
Credit risk	The risk of loss arising from counterparty's inability or unwillingness to fulfil contractual obligations to the Company.	This could result in impairment in the Company's credit assets and could invariably affect its short to long-run liquidity needs.
Liquidity risk	The risk that the Company will not be able to meet its financial obligations as they fall due.	This could result in significant business disruption or could hinder normal operations of the Company.

(d) Valuation of financial instruments

The Company measures fair values for disclosure purposes using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques based on significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

(e) Significant risks

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. In guaranteeing certain debts of its client companies, the Company also becomes indirectly exposed to the market risks of those companies.

The objective of market risk management is to control and bring market risk exposures within acceptable parameters to ensure the Company's solvency, while optimising the return on risk.

The Company's market risk management practice seeks to achieve an appropriate balance between risks and returns in its investment decisions thereby reducing volatility to its earnings. The Company has no trading financial instruments.

Interest rate risk:

Interest rate risk is the risk of loss in the fair value of investment positions due to unfavourable movements in interest rate spreads. The Company's exposure to interest rate risk is majorly from its financial assets such as money market placements, treasury bills, Eurobonds and financial liabilities such as the unsecured subordinated long term loan from KFW and AFDB.

The investment policy of the Company restricts its investment portfolio to 60% in highly rated/liquid securities with weighted average duration of 2 years and 40% in highly rated/liquid securities with weighted average duration of 5 years.

Notes to the financial statements

The table below summarizes the Company's interest rate gap position, analysed by the earlier contractual re-pricing or maturity date is as follows:

31 December 2022			Interest bearing instruments				Non-interest
In thousands of Naira	Note	Carrying amount	Less than 3 months	3 months - 6 months	6 months - 1 year	Over 1 year	Bearing instruments
Assets							
Cash and cash equivalents	15	6,319,690	6,319,687	-	-	-	3
Investment securities	16	72,297,037	1,768,735	1,124,192	4,507,832	64,896,278	-
Guarantee fee receivable	17	6,521,354	-	-	-	-	6,521,354
Trade and other receivables	18	263,462	-	-	-	-	263,462
		85,401,543	**8,088,422**	**1,124,192**	**4,507,832**	**64,896,278**	**6,784,819**
Liabilities							
Financial guarantee liability	23	7,382,654	-	-	-	-	7,382,654
Other liabilities	25	617,820	-	-	-	-	617,820
Lease liability	27	104,155	-	-	-	-	104,155
Unsecured subordinated long term loan	30	32,986,699	-	17,218	1,652,846	31,316,636	-
Total liabilities		**41,091,328**	**-**	**17,218**	**1,652,846**	**31,316,636**	**8,104,629**
Total interest re-pricing gap		**44,310,215**	**8,088,422**	**1,106,974**	**2,854,986**	**33,579,642**	**(1,319,810)**

31 December 2021			Interest bearing instruments				Non-interest
In thousands of naira	Note	Carrying amount	Less than 3 months	3 months - 6 months	6 months - 1 year	Over 1 year	bearing instruments
Assets							
Cash and cash equivalents	15	1,760,697	1,760,694	-	-	-	3
Investment securities	16	67,040,896	5,326,943	2,880,555	8,332,913	50,500,485	-
Guarantee fee receivable	17	4,558,673	-	-	-	-	4,558,673
Trade and other receivables	18	229,107	-	-	-	-	229,107
		73,589,373	**7,087,637**	**2,880,555**	**8,332,913**	**50,500,485**	**4,787,783**
Liabilities							
Financial guarantee liability	23	5,353,627	-	-	-	-	5,353,627
Other liabilities	25	534,294	-	-	-		534,294
Lease liability	27	84,225	-	-	-	-	84,225
Unsecured subordinated long term loan	30	30,333,140	158,049	-	3,688,609	26,486,483	-
		36,305,286	158,049	-	3,688,609	26,486,483	5,972,146
Total interest re-pricing gap		**37,284,087**	**6,929,588**	**2,880,555**	**4,644,304**	**24,014,002**	**(1,184,363)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Company's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

The sensitivity of the Company's profit or loss & equity to an increase or decrease in market rates by 200 basis points is as follows:

In thousands of Naira	31 December 2022	31 December 2021
Profit or loss & equity		
Increase	912,600	769,369
Decrease	912,600	(769,369)

Foreign Exchange rate risk

Foreign exchange risk is the exposure of the Company's financial condition to fluctuation in exchange rates. Where the Company invests in financial instruments that are denominated in currencies other than its functional currency, it is exposed to foreign exchange risk. In this scenario, the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Company's financial assets and liabilities denominated in currencies other than Nigerian Naira. The Company's exposure to foreign exchange rate risk arises majorly from its USD denominated bank balance, money market placement, Eurobonds, due to related parties and other financial liabilities that are denominated in foreign currency.

The table below shows the Company's exposure to foreign exchange rate risk:

31 December 2022

In thousands of Naira	Note	Naira	US Dollar	Total
Assets				
Cash and cash equivalents	15	4,259,181	2,060,509	6,319,690
Investment securities	16	2,117,879	70,179,158	72,297,037
Guarantee fee receivable	17	6,521,354	-	6,521,354
Trade and other receivables	18	263,462	-	263,462
		13,161,876	**72,239,667**	**85,401,543**
Liabilities				
Financial guarantee liability	23	7,382,654	-	7,382,654
Unsecured subordinated long term loan	30	-	32,986,699	32,986,699
Lease liability	27	104,155	-	104,155
Other liabilities	25	610,371	7,449	617,820
		8,097,180	**32,994,148**	**41,091,328**
		5,064,695	**39,245,519**	**44,310,214**

31 December 2021

In thousands of Naira	Note	Naira	US Dollar	Total
Assets				
Cash and cash equivalents	15	938,767	821,310	1,760,077
Investment securities	16	4,631,303	62,409,594	67,040,897
Guarantee fee receivable	17	4,558,673	-	4,558,673
Trade and other receivables	18	229,107	-	229,107
		10,357,850	**63,230,904**	**73,588,754**
Liabilities				
Financial guarantee liability	23	5,353,627	-	5,353,627
Unsecured subordinated long term loan	30	-	30,333,140	30,333,140
Lease liability	27	84,225	-	84,225
Other liabilities	25	530,533	3,761	534,294
		5,968,385	30,336,901	36,305,286
Net financial assets		**4,389,465**	**32,894,003**	**37,283,468**

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables held constant.

In thousands of Naira	Exchange rate	31 December 2022	Exchange rate	31 December 2021
10% increase	461.10	3,924,552	424.11	3,289,400
10% decrease	461.10	(3,924,552)	424.11	(3,289,400)

(ii) Credit risk

Credit risk is the risk of loss arising from claims on guarantees provided by the Company as a result of default by obligors and also the risk of loss arising from counterparty's inability or unwillingness to fulfil contractual obligations to the Company. Other key areas where the Company is exposed to credit risk are:

- **Cash and cash equivalents:** The risk of these exposures are tied to the financial health of the Company's banking counterparties.
- **Investment securities:** The risk of this exposure is also tied to the financial health of the counterparty or financial institution.
- **Other assets:** These exposures represent receivables due from clients and related parties.
- **Guarantee fee receivables:** These exposures represent receivables due from Viathan Funding Plc relating to the guarantee fees due from the financial guarantee contract.

Management of credit risk

The Company has instituted a set of credit and investment policies governing underwriting and investment criteria and a robust credit evaluation and approval process in its bid to mitigate credit risk. The following principles form the basis of the Company's credit risk management with respect to its guarantee contracts:

- appropriate risk diversification within its eligible transactions
- thorough risk assessment at the credit appraisal stage of the guarantee process
- risk-based pricing and risk mitigation strategies
- continuous risk monitoring at the individual counterparty level as well as the portfolio level
- avoidance of undesirable risks to the extent possible

The Credit Guarantee Policy of the Company also details the use of other approved credit mitigant facilities such as reinsurance from highly rated counterparties, refinancing creditworthy brownfield eligible infrastructure related assets, co-guaranteeing transactions with other entities, partial guarantees, tranching of debt issuances and guaranteeing the senior debt tranche, non-acceleration of guarantee obligations, guaranteeing long term amortising debt and avoiding 'bullet maturities' and ensuring adequate cover on the nature and type of security package. The Board of Directors has overall responsibility for all aspects of Risk Management within the Company.

The table below shows the exposure of credit risk based on financial assets held by the Company

In thousands of Naira	Note	31 December 2022	31 December 2021
Cash and cash equivalents	15	6,319,690	1,760,077
Investment securities	16	72,297,037	67,040,896
Guarantee fee receivable	17	6,521,354	4,558,673
Trade and other receivables	18	263,462	229,107
Total exposure to credit risk		**85,401,542**	**73,588,753**

With respect to proprietary management of investment portfolio, the Company only transacts with financial institutions and other counterparties that are rated the equivalent of investment grade. Where the counterparties have minimum of investment grade rating, they are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Furthermore, although the value of trade receivables are grossly insignificant at the end of the year, the Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made in line with IFRS 9. In this regard, the directors of the Company consider that the Company's credit risk with respect to trade receivables is significantly reduced. Trade receivables consist of receivables for upfront fees from clients in respect of due diligence on proposed guarantee of infrastructure bonds.

The credit risk on liquid funds is grossly immaterial because the counterparties are banks with high credit-ratings assigned by reputable credit-rating agencies. Thus, no loss allowance was recognized on cash and bank balances at the end of the reporting period.

As noted above, the Company is exposed to credit risk in relation to financial guarantees given to customers which are companies engaged in infrastructure development. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantees are called on. As at 31 December 2022, there was nil expected credit losses (2021: nil).

Collateral held as security and other credit enhancements

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial guarantee contracts. Below shows the nature and value of collaterals held as securities for the guarantee contracts issued as at 31 December 2022:

Viathan Funding Ltd

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	14,646,326	15,368,142
Reserve account (Bank balance)	6,306	332,974
Total value of the collateral held	**14,652,633**	**15,701,116**
Outstanding value of the guarantee at the end of the year	(8,875,158)	(10,037,176)
Excess of collateral over outstanding value of the guarantee	**5,777,475**	**5,663,940**

Other than the reserve account and bank balances; the valuation for Viathan's assets was undertaken by Diya Fatimilehin & Co: FRC/2013/NIESV/00000000754. This valuation falls in category 3 of the fair value hierarchy.

North South Power (NSP)

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	72,750,000	72,750,000
Reserve account (Bank balance)	1,838,405	1,660,441
Total value of the collateral held	**74,588,405**	**74,410,441**
Outstanding value of the guarantee at the end of the year	(9,037,432)	(9,409,289)
Excess of collateral over outstanding value of the guarantee	**65,550,973**	**65,001,152**

Other that the reserve account and bank balances; the valuation for NSP's assets was undertaken by Deloitte & Touche (Tope Odukoya- FRC/2012/ICAN/00000000422). This valuation falls in category 3 of the fair value hierarchy.

GEL Utility

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	17,259,470	17,259,470
Reserve account (Bank balance)	2,346,040	1,995,617
Total value of the collateral held	**19,605,510**	**19,255,087**
Outstanding value of the guarantee at the end of the year	(12,639,849)	(13,000,000)
Excess of collateral over outstanding value of the guarantee	**6,965,661**	**6,255,087**

Other than the reserve account and bank balances; the valuation for GEL Utility's assets was undertaken by Jide Taiwo & Co. (FRC/2012/0000000000254). This valuation falls in category 3 of the fair value hierarchy.

Transport Service Limited (TSL)

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	32,304,141	20,901,588
Reserve account (Bank balance)	115,027	389,507
Total value of the collateral held	**32,419,168**	**21,291,095**
Outstanding value of the guarantee at the end of the year	(13,500,000)	(12,000,000)
Excess of collateral over outstanding value of the guarantee	**18,919,168**	**9,291,095**

Other than the reserve account and bank balances; the valuation for TSL's assets was undertaken by James Garuba & Co. This valuation falls in category 3 of the fair value hierarchy.

Lagos Free Zone Company (LFZC)

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	195,516,843	195,516,843
Reserve account (Bank balance)	-	-
Total value of the collateral held	195,516,843	195,516,843
Outstanding value of the guarantee at the end of the year	(35,500,000)	(10,500,000)
Excess of collateral over outstanding value of the guarantee	**160,016,843**	**185,016,843**

Other than the reserve account and bank balances; the valuation for LFZC's assets was undertaken by Knight Frank. The valuation report was signed by Sunny Akpodiogaga. This valuation falls in category 3 of the fair value hierarchy.

GPC Energy & Logistics Limited

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	41,070,212	20,901,588
Reserve account (Bank balance)	810,653	650,000
Total value of the collateral held	**41,880,865**	**21,551,588**
Outstanding value of the guarantee at the end of the year	(20,000,000)	(20,000,000)
Excess of collateral over outstanding value of the guarantee	**21,880,865**	**1,551,588**

Other than the reserve account and bank balances; the valuation for GPC's assets was undertaken by Pat Obianwu & Co (FRC/2014/NIESV/00000007136) signed by ESV. Patrick Obianwu. This valuation falls in category 3 of the fair value hierarchy.

Asiko Power Limited

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	2,625,955	-
Reserve account (Bank balance)	139,109	-
Total value of the collateral held	**2,765,064**	**-**
Outstanding value of the guarantee at the end of the year	(1,500,000)	-
Excess of collateral over outstanding value of the guarantee	**1,265,064**	**-**

Other than the reserve account and bank balances; the valuation for Asiko's assets was undertaken by Ubosi Eleh & Co. This valuation fall in category 3 of the fair value hierarchy.

Gas Terminalling Ltd

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	7,143,819	-
Reserve account (Bank balance)	249,681	-
Total value of the collateral held	**7,393,500**	**-**
Outstanding value of the guarantee at the end of the year	(3,500,000)	-
Excess of collateral over outstanding value of the guarantee	**3,893,500**	**-**

Other than the reserve account and bank balances; the valuation for Gas Terminalling Ltd's assets was undertaken by Ubosi Eleh & Co. This valuation falls in category 3 of the fair value hierarchy.

PAN African Towers Limited

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	37,583,000	-
Reserve account (Bank balance)	699,031	-
Total value of the collateral held	**38,282,031**	**-**
Outstanding value of the guarantee at the end of the year	(10,000,000)	-
Excess of collateral over outstanding value of the guarantee	**28,282,031**	**-**

Other than the reserve account and bank balances; the valuation for PAN's assets was undertaken by United Capital Investment Banking, signed by Babatunde Obaniyi. This valuation falls in category 3 of the fair value hierarchy.

DARWAY COAST

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	1,600,000	-
Reserve account (Bank balance)	112,000	-
Total value of the collateral held	**1,712,000**	**-**
Outstanding value of the guarantee at the end of the year	(800,000)	-
Excess of collateral over outstanding value of the guarantee	**912,000**	**-**

Other than the reserve account and bank balances; the facility size has been taken as the collateral size.

GLNG

In thousands of Naira	31 December 2022	31 December 2021
Open Market value of property held	7,727,430	-
Reserve account (Bank balance)	45,986	-
Total value of the collateral held	**7,773,416**	**-**
Outstanding value of the guarantee at the end of the year	(4,650,000)	-
Excess of collateral over outstanding value of the guarantee	**3,123,416**	**-**

Other than the reserve account and bank balances; the valuation for GLNG's assets was undertaken by Dan Odiete & Co, signed by Dan Odiete. This valuation falls in category 3 of the fair value hierarchy.

In respect of the nature and value of collaterals held as securities for the respective guarantee contracts issued as at 31 December 2022 detailed above:

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its investment securities.

There was no change in the Company's collateral policy during the period.

Overview of the Company's exposure to credit risk

As at 31 December 2022, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the financial guarantee disclosed in the notes below

In order to minimise credit risk, the Company has tasked its Board and Management Credit Committees to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by reputable independent rating agencies where available and, if not available, the Credit Committees use other publicly available financial information and the Company's own records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Basis for recognising expected credit losses (ECLs)
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets and financial guarantee contracts (off-balance sheet) as well as the Company's maximum exposure to credit risk by credit risk rating grades. Current credit ratings were assigned by Agusto & Co., GCR, Fitch and S&P.

Notes to the financial statements

31 December 2022	Note	External credit rating	"Internal credit rating"	"12-month or lifetime ECL"	"Gross carrying amount (i)"	Loss allowance	"Net carrying amount (i)"
Cash and cash equivalents	15	A1 - AAA*	Performing	12-month ECL	6,330,960	(11,270)	6,319,690
Investment securities	16	A1 - AAA*	Performing	12-month ECL	72,858,704	(561,667)	72,297,037
Guarantee fee receivables	17	BBB-*	Performing	12-month ECL	6,521,354	-	6,521,354
Trade and other receivables	18	BBB- AA*	Performing	12-month ECL	406,175	(142,713)	263,462
Total exposure to credit risk					**86,117,193**	**(715,650)**	**85,401,543**

31 December 2021	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount (i)
Cash and cash equivalents	15	A1 - AAA*	Performing	12-month ECL	1,760,698	(620)	1,760,078
Investment securities	16	A1 - AAA*	Performing	12-month ECL	67,371,335	(330,439)	67,040,896
Guarantee fee receivables	17	BBB-*	Performing	12-month ECL	4,558,673	-	4,558,673
Trade and other receivables	18	BBB- AA*	Performing	12-month ECL	290,810	(125,457)	165,353
Total					**73,981,516**	**(456,516)**	**73,525,000**

*Assigned by Fitch, Agusto and GCRIncorporation of forward-looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Company uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Company applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Company has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2022 for the years 2022 to 2024

	2022	2023	2024
Crude oil price (USD)	105.00	100.00	88.00
GDP growth rate (%)	2.40	2.50	3.90
Exchange Rate	415.00	475.00	512.50
Inflation (%)	20.00	17.10	13.00

Source: Fitch Solutions

Below is the disclosure of scenario probability weightings applied in measuring ECL for both 2021 and 2022

	Probability of Default	
Scenarios	2022	2021
Best Case	50%	50%
Best Case	30%	30%
Worst Case	20%	20%

Measurement of expected credit losses (ECLs)

The key inputs used for measuring ECL are: probability of default (PD); loss given default (LGD); and exposure at default (EAD).

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on external rating model, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures . The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the instrument.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice.

Concentration of credit risk

Most of the financial assets which are exposed to credit risks are from transactions with counterparty companies in the banking industry in Nigeria and public sector (Federal Government of Nigeria). The credit risk that the Company is exposed to as a result of the financial assets is considered low as the counterparties have consistently been rated above average by reputable credit rating agencies such as Fitch, Agusto, GCR and S&P . These counterparties include Federal Government of Nigeria, Stanbic Bank, Access Bank, Ecobank, United Bank for Africa, Zenith Bank and GuarantCo. As at the reporting date, none of these financial assets have shown objective evidence of impairment.

Notes to the financial statements

Concentration by Sector

In thousands of Naira	Rating	Location	Cash Equivalents 31 December 2022	Cash Equivalents 31 December 2021	Investment Securities 31 December 2022	Investment Securities 31 December 2021
Financial Institutions						
Stanbic IBTC Bank limited	AAA **	Nigeria	1,715,879	644,750	-	-
Access Bank Plc	A+ **	Nigeria	4,362,067	379,825	-	-
Zenith Bank Plc	AA- **	Nigeria	-	-	-	1,440,278
United Bank for Africa Plc	AA- ***	Nigeria	8,713	8,093	-	1,619,073
Ecobank Ltd	A- ***	Nigeria	762	13,912	4,726,563	4,241,094
Guaranty Trust Bank	AA **	Nigeria	206,978	171,043	-	-
Standard Chartered Bank	AAA **	Nigeria	36,108	500,481	-	-
Others		Nigeria	452	42,590	-	277,973
			6,330,957	**1,760,694**	**4,726,563**	**7,578,418**
Sovereign/ Government						
Federal government of Nigeria	B+**	Nigeria	-	-	67,570,474	67,040,896
			6,330,957	**1,760,694**	**72,297,037**	**74,619,314**

Concentration by product

In thousands of Naira	31 December 2022	31 December 2021
Bank balances	2,961,254	1,760,694
Placement with banks	3,369,703	-
Commercial papers	-	277,973
Eurobonds	70,179,158	62,755,419
FGN bonds	2,117,879	4,007,505
Total	**78,627,994**	**68,801,591**

Concentration by region

In thousands of Naira	31 December 2022	31 December 2021
Nigeria	78,627,994	68,801,591
Total	**78,627,994**	**68,801,591**

Guarantee fee receivables at amortised cost

Concentration by sector

In thousands of Naira	Rating	Location	31 December 2022	31 December 2021
Power Sector				
Viathan Funding Plc	BBB- *	Nigeria	206,861	328,417
North South Power Company Limited	A+ ***	Nigeria	422,766	641,842
GEL Utility Limited	BBB+ *	Nigeria	680,808	854,656
Asiko Energy Holding Limited	BBB+ *	Nigeria	328,860	-
Darway	BBB+ *	Nigeria	71,761	-
GLNG	BBB+ *	Nigeria	138,464	-
			1,849,520	**1,824,915**
Transport sector				
TSL	BBB+ *	Nigeria	647,514	835,864
GPC	BBB+ *	Nigeria	911,548	1,177,036
			1,559,062	**2,012,900**
Input to infrastructure				
LFZC	BBB+ *	Nigeria	2,137,840	720,858
PAN African Towers Limited	BBB *	Nigeria	974,926	-
			3,112,766	**720,858**
Total			**6,521,353**	**4,558,673**

* Assigned by Agusto
** Assigned by Fitch
*** Assigned by GCR

Concentration by region

In thousands of Naira	31 December 2022	31 December 2021
Nigeria	3,112,766	720,858
Total	**3,112,766**	**720,858**

Notes to the financial statements

Financial guarantee contracts (off balance sheet)

In thousands of Naira	31 December 2022	31 December 2021
Viathan Funding Ltd	7,580,840	10,037,176
North South Power	7,809,761	9,409,289
GEL Utility	12,639,849	13,000,000
Transport Services Ltd (TSL)	12,000,000	12,000,000
North South Power	1,227,671	10,500,000
Viathan Funding Ltd	1,294,678	20,000,000
Lagos Free Zone Company	10,500,000	-
GPC Energy and Logistics	20,000,000	-
LFZC II Funding SPV Plc	25,000,000	-
PAN African Towers Limited	10,000,000	-
Asiko Power Limited	1,500,000	-
Gas Terminalling Ltd	3,500,000	-
Darway	800,000	-
GLNG	650,000	-
Transport Services Ltd (TSL)	1,500,000	-
GLNG	4,000,000	-
	120,002,799	**74,946,465**

Loss allowance by financial instrument

In thousands of naira	Note	Carrying amount	Amortised Cost
Cash and cash equivalent	15	11,270	620
Investment securities at amortised cost	16	561,667	330,439
Trade and other receivables	18	142,713	125,457
		715,650	**456,516**

(A) Analysis of movement in loss allowance

The tables below analyse the movement of the loss allowance during the period per class of assets.

In thousands of Naira	Trade and other receivables 12-month ECL	Guarantee fee receivable 12-month ECL	Cash Equivalents 12-month ECL	Investment Securities 12-month ECL	Total
As at 1 January 2021	8,813	-	46,121	228,580	283,514
New financial assets originated or purchased	125,457	-	620	330,439	456,516
Financial assets that have been derecognised	(8,813)	-	(46,121)	(228,580)	(283,514)
Impairment loss/(write back) for the period (see note 10)	116,644	-	(45,501)	101,859	173,002

As at 31 December 2021	**125,457**	**-**	**620**	**330,439**	**456,516**
New financial assets originated or purchased	142,713	-	11,270	561,667	715,650
Financial assets that have been derecognised	(125,457)	-	(620)	(330,439)	(456,516)
Impairment loss for the period (see note 10)	**17,256**	**-**	**10,650**	**231,228**	**259,134**
As at 31 December 2022	**142,713**	**-**	**11,270**	**561,667**	**715,650**

(i) For financial guarantee contract, the gross carrying amount represents the maximum amount the Company has guaranteed under the contract. No impairment allowance was recognised in the profit or loss (2021: Nil).

(ii) For trade receivables, the Company has estimated impairment based loss rates, days past due and applying experienced credit judgement. The estimation resulted in an impairment charge of N17.2 million (2021: N116.60 million) which has been recognised in profit or loss.

(iii) The loss allowance of N231.2 million (2021: N101.86 million) on investment securities measured at amortised cost is determined based on the credit ratings of the institutions in which the securities are held and is recognised in profit or loss.

(iv) The loss allowance of N10.65 million (2021: impairment reversal of N45.50 million) on cash and cash equivalents is determined based on the credit ratings of the institutions in which the cash are held and is recognised in profit or loss.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will be unable to efficiently meet both expected and unexpected current and future cash flow without affecting either its daily operations or its financial condition. The key objectives for the Company's liquidity risk management are to ensure that the liquidity position is strong enough to enable the Company carry out its core activities for a defined period of time under stressed market conditions without access to new funding, secure the highest possible credit rating by rating agencies and to fulfil the ratio requirements as specified in the capital requirements of the contingent capital facility where applicable.

Management of liquidity risk

The Company's Risk Management Framework is designed to ensure that the Company would always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring prohibitive finance costs.

In the management of its liquidity risk position, the Company employs the following:

- Conducting the liquidity stress tests of the Company's guarantee portfolio quarterly to ensure that the sufficient liquidity can be raised by the Company to service contingent guarantee claims. The outcome of the stress test is reported to and approved by the Board of Directors.
- Maintaining a contingency funding plan.

Notes to the financial statements

Residual contractual maturities of financial assets

The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows at maturity date.

31 December 2022

In thousands of naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 months to 6 months	6 months to 12 months	Over 12 months
Cash equivalents	15	6,319,690	6,330,960	6,330,960	-	-	-
Investment securities	16	72,297,037	75,157,853	1,768,735	1,124,192	4,507,832	67,757,094
Guarantee fee receivable	17	6,521,354	6,521,354	-	-	1,356,074	5,165,280
Trade and other receivables	18	263,462	406,175	406,175	-	-	-
		85,401,543	**88,416,342**	**8,505,870**	**1,124,192**	**5,863,906**	**72,922,374**
Financial guarantee liability	23	7,382,654	7,382,654	-	-	1,526,446	5,856,208
Other liabilities	25	617,820	617,820	617,820	-	-	-
Lease liability	27	104,155	104,155	-	-	33,333	70,822
Unsecured subordinated long term loan	30	32,986,699	37,766,625	87,595	-	86,166	37,592,864
Gap (assets-liabilities)		44,310,215	42,545,088	7,800,455	1,124,192	4,217,961	29,402,480
Cumulative liquidity gap				**7,800,455**	**8,924,647**	**13,142,608**	**42,545,088**

31 December 2021

In thousands of naira	Note	Carrying amount	Gross nominal	Less than 3 months	3 months to 6 months	6 months to 12 months	Over 12 months
Cash and cash equivalents	15	1,760,077	1,760,697	1,760,697	-	-	-
Investment securities	16	67,040,896	67,371,335	5,326,943	2,880,555	8,332,913	50,830,924
Guarantee fee receivable	17	4,558,673	4,558,673	-	-	1,005,926	3,552,747
Trade and other receivables	18	229,107	229,107	229,107	-	-	-
		73,588,753	**73,919,812**	**7,316,747**	**2,880,555**	**9,338,839**	**54,383,671**

31 December 2021

In thousands of naira	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	3 months to 6 months	6 months to 12 months	Over 12 months
Financial guarantee liability	23	5,353,627	5,353,627	-	-	1,109,629	4,243,998
Other liabilities	25	534,294	534,294	534,294	-	-	-
Lease liability	27	84,225	84,225	-	-	-	84,225
Unsecured subordinated long term loan	30	30,333,140	30,333,140	-	-	3,688,609	26,644,531
Gap (assets-liabilities)		37,283,467	37,614,526	6,782,453	2,880,555	4,540,601	23,410,917
Cumulative liquidity gap				**6,782,453**	**9,663,008**	**14,203,609**	**37,614,526**

(iv) Capital management

"The strategy for assessing and managing the impact of the business plans on both core and contingent capital forms an integral part of the Company's strategic plan. The fundamental driver in determining capital adequacy for a credit guarantor is the sufficiency of capital to cover the expected losses on the portfolio given an assumed worst case expected loss scenario with adequate consideration given to the leverage levels and the ability of the Company to access its capital - both the invested qualifying capital and if necessary the unfunded contingent capital facility to make payment for losses under a financial guarantee.

The strategy and approach to capital management is to operate with a conservative policy which is centred around ensuring that the capital structure of the company is resilient and able to absorb losses and recapitalize from internal cashflows without external fundings.

The Company is not exposed to any externally imposed capital requirement.

The Company is expected to maintain an appropriate level of qualifying capital to support issuance of its guarantees.

Qualifying capital is defined as:

- The amount of qualifying core capital, plus
- Unfunded contingent capital, less
- Loss provisions, and
- any other non-credit guarantee related liabilities

Qualifying core capital means an amount equal to:

- the cash value of all permitted investments together with all cash and bank balances; plus
- any cash balance; less
- projected operating expenses for the immediately succeeding quarter; less
- Projected expected guarantee payments for the immediately succeeding quarter.

The Company's capital risk is measured and monitored using capital leverage ratio. Capital leverage ratio is "Notional amount guaranteed" divided by (÷) "Qualifying capital

"Notional amount guaranteed" means an amount equal to:

- The aggregate value of the maximum liability set out in the credit guarantees, less
- The value of the relevant utilized approved credit risk mitigant facilities

In thousands of Naira	31 December 2022	31 December 2021
Qualifying capital		
Investment securities	72,297,037	67,040,896
Cash and bank balances	6,330,960	1,760,077
Projected operating expenses	(718,689)	(648,640)
Qualifying core capital	**77,909,308**	**68,152,333**
Unfunded contingent capital	11,527,500	10,602,750
Other non-credit guarantee related liabilities	(2,191,276)	(1,225,280)
Qualifying capital	**87,245,533**	**77,529,803**
Notional amount guaranteed		
Amount guaranteed	120,002,799	74,946,465
Co-guarantee (USAID) & Insured Value with (ATIA)	(11,139,850)	(6,500,000)
Accrued interest	3,315,718	-
Credit risk mitigant/reserve account	(6,548,692)	(5,028,538)
Notional amount guaranteed	**105,629,975**	**63,417,927**
Net capital leverage ratio	**1.21**	**0.82**
Gross capital leverage ratio	**1.34**	**0.90**

Based on capital management policy, the Company's capital leverage ratio shall not be higher than "5" (five) within the fourth year anniversary from 31 December 2020 and thereafter, "7.5" (seven point five). The Company has kept in line with its management policy on its leverage ratio.

(f) Category of financial instruments and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities.

31 December 2022

In thousands of naira	Note	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)
Cash and cash equivalents	15	6,319,690	6,319,690	-
Investment securities	16	72,297,037	72,297,037	-
Guarantee fee receivable	17	6,521,354	6,521,354	-
Trade and other receivables	18	263,462	263,462	-
Total financial assets		**85,401,543**	**85,401,543**	**-**

Unsecured subordinated long term loan	30	32,986,699	-	32,986,699
Financial guarantee liability	23	7,382,654	-	7,382,654
Other liabilities	25	617,820	-	617,820
Total financial liabilities		**40,987,173**	**-**	**40,987,173**

31 December 2021

In thousands of naira	Note	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)
Cash and cash equivalents	15	1,760,077	1,760,077	-
Investment securities	16	67,040,896	67,040,896	-
Guarantee fee receivable	17	4,558,673	4,558,673	-
Trade and other receivables	18	229,107	229,107	-
Total financial assets		**73,588,753**	**73,588,753**	**-**
Unsecured subordinated long term loan	30	30,333,140	-	30,333,140
Financial guarantee liability	23	5,353,627	-	5,353,627
Other liabilities	25	534,294	-	534,294
Total financial liabilities		**36,221,061**	**-**	**36,221,061**

7 Guarantee fee income

In thousands of Naira	31 December 2022	31 December 2021
Mandate fees (a)	44,500	100,000
Guarantee fees (b)	1,868,831	1,129,524
Monitoring fees (c)	36,500	21,333
	1,949,831	**1,250,857**

(a) Amount represents the fees earned from clients for the preliminary analysis and due diligence done by the Company for providing guarantees for the issued and proposed infrastructure bonds.

(b) Amount represents the amortized portion of the non-refundable fee calculated as a percentage of the guaranteed amount earned from customers. See Note 32 for breakdown of all guarantees issued.

(c) Amount represents the amortized portion of fixed non-refundable annual fees for providing monitoring services for guarantees issued.

8 Guarantee fee expense

In thousands of Naira	31 December 2022	31 December 2021
Guarantee fee expense (a)	133,339	76,548
Re-guarantee fee expense (a)	55,889	-
Upfront fee expense (a)	3,003	3,003
Monitoring fee expense (a)	8,361	7,916
Due diligence/project development expense (b)	97,189	136,568
	297,781	**224,035**

(a) Amounts represent the fee expenses incurred by the Company in respect of the callable capital funding facility agreement with GuarantCo. And other direct due diligence and project development cost directly attributable to the deals in the pipeline. Re-guarantee fees represents fee paid to Africa Trade Insurance Agency in respect of Pan African towers Ltd's re-guarantee transaction.

(b) Amount represents directly attributable costs incurred with respect to due diligence/project development activities on guarantee transactions.

9 Net investment income

	In thousands of Naira	31 December 2022	31 December 2021
(a)	**Interest income**		
	Bank placements	-	504,306
	Others	12,021	-
	Eurobonds	4,865,632	4,038,456
	FGN Bonds	465,911	-
	Commercial papers	1,068	-
		5,344,633	**4,542,762**

The total interest income calculated using the effective interest rate (EIR) method for financial assets at amortised cost is N5.3 billion (2021: N4.5 billion)

In thousands of Naira	31 December 2022	31 December 2021
(b) Interest expense		
Interest expense long-term unsecured subordinated loans	1,869,077	1,801,398
Interest expenses leased Liabilities (see note (21))	19,930	17,812
Investment management fee expenses	59,234	43,216
	1,948,240	1,862,426
Net interest income (a)-(b)	**3,396,392**	**2,680,336**

The total interest expense calculated using the effective interest rate (EIR) method for financial liabilities measured at amortised cost is N1.9 billion (2021: N1.8 billion).

10 Impairment charge on financial instruments

In thousands of Naira	31 December 2022	31 December 2021
Investment securities (see note 16(a))	231,228	101,858
Other receivables (see note 18(b))	17,256	116,645
Cash equivalents (see Note 15(b))	10,650	(45,501)
	259,134	**173,002**

11 Foreign exchange gains

In thousands of Naira	31 December 2022	31 December 2021
Exchange (loss)/gain	**4,041,310**	**1,713,712**

This largely represents the net foreign exchange loss on the translation of the USD denominated financial assets and liabilities as at the reporting date using NAFEX rate.

12 Personnel expenses

(a) Employee costs, including those of executive directors, during the period amounted to:

In thousands of Naira	31 December 2022	31 December 2021
Wages and salaries	400,517	469,865
Other staff costs (See note (i) below)	584,628	437,546
Long term incentive scheme (see note (26))	440,000	-
Pension cost	54,375	53,223
	1,479,519	**960,634**

(b) The average number of persons in employment in the Company during the period comprise:

	31 December 2022	31 December 2021
Managerial	14	17
Other staff	14	8
	28	**25**

(c) Employees, other than Directors, earning more than N5 million per annum (excluding pension and other benefits), whose duties were wholly or mainly discharged in Nigeria, received remuneration in the following ranges:

	31 December 2022	31 December 2021
N5 million - N10 million	4	4
N10 million - N25 million	11	11
N25 million and above	13	11
	28	**26**

(d) Directors' remuneration

Remuneration paid to Directors of the Company (excluding pension contributions and other benefits) was as follows:

In thousands of Naira	31 December 2022	31 December 2021
Non-executive Directors		
Fees	122,906	113,085
Total	**122,906**	**113,085**

The emoluments of all Non-Executive Directors fell within the following ranges:

In thousands of Naira	31 December 2022	31 December 2021
N10 million and above	9	8

13 Other operating expenses

In thousands of Naira	31 December 2022	31 December 2021
Directors remuneration (Non-executive)	122,906	113,085
Marketing and advertising	81,353	38,007
Stationery and printing	11,949	7,657
Traveling and entertainment	91,870	26,740
Auditors remuneration	34,826	24,000
Information technology expenses	55,536	71,934
Training expenses	24,061	42,490

In thousands of Naira	31 December 2022	31 December 2021
Administration and membership fees	37,852	25,738
Professional fees (See note (a) below)	326,899	215,502
Maintenance expenses	4,661	13,961
Insurance expenses	28,659	25,306
Utility and electricity	16,998	16,126
Other expenses (See note (b) below)	126,994	90,244
	964,565	**710,790**

(a) Professional fees

In thousands of Naira	31 December 2022	31 December 2021
Legal and secretarial fees	55,374	31,440
Other professional fees (see note (i) below)	220,044	136,228
HR consultancy	15,031	22,084
Credit rating expenses	36,450	25,750
	326,899	**215,502**

(i) Included in the other professional fees is an amount of N14.7 million. This amount represents the total fees earned by the Company's Auditor on the provision of non-audit services during the period.

(b) Other expenses

In thousands of Naira	31 December 2022	31 December 2021
Bank charges	20,412	14,621
Board meeting expenses	40,421	18,820
Recruitment costs	16,349	5,248
Gain on disposal of property and equipment	-	(69)
ITF Levy	13,356	17,016
Lunch Expenses	3,688	291
Development Expenses	5,160	-
Other expenses (i)	27,605	34,317
	126,991	**90,244**

(i) other expenses relate to office maintenance expenses &VAT

14 Taxation

(a) Tax Credit

	In thousands of Naira	31 December 2022	31 December 2021
i	**Minimum tax**		
	Minimum tax	36,472	14,484
		36,472	**14,484**
ii	**Current tax**		
	Company income tax	-	-
	Information technology tax	62,787	34,675
	Police Trust Fund levy	314	173
	Current Income tax expense (See note 14(c))	**63,101**	**34,848**
iii	**Deferred tax**		
	Deferred tax credit (see note 24)	(163,708)	(24,505)
	Income tax credit	**(100,607)**	**10,343**
	Total income tax credit	**(64,134)**	**24,827**

The applicable tax rates for companies income tax, tertiary education tax and information technology tax are 30%, 2% and 1% respectively.

(b) Reconciliation of effective income tax rate

In thousands of Naira	31 December 2022		31 December 2021	
	Amount	Rate	Amount	Rate
Profit before tax	6,278,615		3,467,457	
Income tax @ 30% tax rate	1,883,585	30%	1,040,237	30%
Non-deductible expenses	623,456	10%	(1,745,616)	-50%
Tax exempt income	(2,602,695)	-41%	626,077	18%
Information technology tax (see note 14(a))	62,788	1%	34,675	1%
Tax losses	95,654	2%	79,302	2%
Nigeria Police Trust Fund Levy (see note 14(a))	314	0%	173	0%
Recognition of additional deductible temporary difference (see note 24(a))	(163,708)	-3%	(24,504)	-1%
	(100,607)	**-2%**	**10,343**	**0.3%**

(c) Current tax liability

In thousands of Naira	31 December 2022	31 December 2021
Balance as at 1 January	49,030	24,363
Charge for the year see note 14(a):		
Minimum tax	36,472	14,484
Current tax	63,101	34,850
Payment during the year	(49,332)	(24,667)
At end of year	**99,272**	**49,030**

15 Cash and cash equivalents

In thousands of Naira	31 December 2022	31 December 2021
Cash in hand	3	3
Cash Equivalents:		
Balances with banks	2,961,254	1,760,694
Bank placement (see note (a) below)	3,369,703	-
Cash equivalents (gross)	**6,330,957**	**1,760,694**
Impairment allowance on cash equivalents (see note (b) below)	(11,270)	(620)
Cash equivalents (net)	**6,319,687**	**1,760,074**
Cash and cash equivalents in the statement of financial position	**6,319,690**	**1,760,077**
Impairment allowance on cash equivalents (see note (b) below)	11,270	620
Cash and cash equivalents in the statement of cash flows	**6,330,960**	**1,760,697**
Current	**6,319,690**	**1,760,077**

(a) Bank placements consist of both Naira and USD denominated assets with the banks. The bank placements have an average interest rate of 7.7% (2021: 4.5%) and are less than three months to maturity.

(b) The movement in impairment allowance on cash and cash equivalents is as follows:

In thousands of Naira	31 December 2022	31 December 2021
Opening balance	620	46,121
Recognised in income statement (See note 10)	10,650	(45,501)
Closing balance	**11,270**	**620**

16 Investment securities

In thousands of Naira	31 December 2022	31 December 2021
Commercial papers	-	298,932
FGN Eurobonds at amortised cost (i)	66,014,262	54,635,356
Corporate Eurobonds at amortised cost (i)	4,726,563	7,805,744
FGN Bonds (ii)	2,117,879	4,631,303
	72,858,704	**67,371,335**
Impairment allowance on investment securities (see note (a) below)	(561,667)	(330,439)
Investment securities	**72,297,037**	**67,040,896**
Current	7,400,759	16,540,411
Non-Current	64,896,278	50,500,485
Total	**72,297,037**	**67,040,896**

(i) FGN and Corporate Eurobonds have stated yields of 6.5% to 9.5% respectively and mature in five months to nine years (December 2021: a month to nine years).

(ii) FGN Bonds have stated yields of 12.5% to 16.4% and mature in a month to six years (December 2021: a month to six years).

The movement in impairment allowance on investment securities is as follows:

(a)

In thousands of Naira	31 December 2022	31 December 2021
Opening balance	330,439	228,581
Recognised in income statement (See note 10)	231,228	101,858
Closing balance	**561,667**	**330,439**

17 Guarantee fee receivable

In thousands of Naira	31 December 2022	31 December 2021
Opening Balance	4,558,673	3,298,324
Present value of guarantee fee received	(1,156,382)	(1,168,027)
Addition during the year	3,119,063	2,428,376
Gross guarantee fee receivable	**6,521,354**	**4,558,673**
Impairment allowance	-	-
Guarantee fee receivable (see (a) below)	**6,521,354**	**4,558,673**
Current	1,456,997	1,005,926
Non-current	5,064,357	3,552,747
Total	**6,521,354**	**4,558,673**

(a) Amount represents the present value of guarantee fees receivable under the contracts undertaken by the Company to provide financial guarantee contracts. See Note 32 for the guarantees issued by the Company.

18 Trade and other receivables

In thousands of Naira	31 December 2022	31 December 2021
Other financial assets		
Trade receivable (a)	385,974	340,308
Receivable from GuarantCo	18,055	12,112
Other receivables	2,145	2,144
	406,175	**354,564**
Impairment (see note (b) below)	(142,713)	(125,457)
	263,462	**229,107**
Non financial assets		
Cash advance	2,422	1,192
	2,422	**1,192**
Total- Trade and other receivables	**265,884**	**230,299**
Current	**265,884**	**230,299**
Non-Current	-	-
Total	**265,884**	**230,299**

(a) Trade receivables relates to unpaid mandate fees billed to clients. The average credit period is 30 days. No interest is charged on outstanding trade receivables.

(b) The movement in impairment allowance on other assets is as follows:

In thousands of Naira	31 December 2022	31 December 2021
Opening balance	125,457	8,812
Recognised in income statement (See note 10)	17,256	116,645
Closing balance	**142,713**	**125,457**

19 Prepayments

In thousands of Naira	31 December 2022	31 December 2021
Prepayments	57,535	60,511
Current	57,535	60,511
Non-Current	**-**	**-**
Total	**57,535**	**60,511**

Notes to the financial statements

20 Property and equipment

In thousands of Naira	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Work in progress	Leasehold improvement	Total
Cost							
Balance as at 1 January 2021	34,610	85,163	58,564	81,800	5,883	101,983	368,003
Additions	15,403	6,617	9,338	42,384	-	26,505	100,247
Disposals	-	(470)	(534)	-	-	-	(1,004)
Transfer from WIP	2,560	1,217	-	-	(3,777)	-	-
Balance as at 31 December 2021	**52,573**	**92,527**	**67,368**	**124,184**	**2,106**	**128,488**	**467,246**
Balance as at 1 January 2022	52,573	92,527	67,368	124,184	2,106	128,488	467,246
Additions	30,373	12,635	1,151	41,925	3,532	389	90,005
Transfer from WIP	-	-	293	-	(3,600)	1,813	(1,494)
Balance as at 31 December 2022	**82,946**	**105,162**	**68,812**	**166,109**	**2,039**	**130,690**	**555,758**
Accumulated depreciation							
Balance as at 1 January 2021	25,099	49,110	33,017	51,607	-	10,032	168,865
Depreciation for the year	8,597	15,734	12,444	23,117	-	11,762	71,654
Disposal	-	(450)	(534)	-	-	-	(984)
Balance as at 31 December 2021	**33,696**	**64,394**	**44,927**	**74,724**	**-**	**21,794**	**239,535**
Balance as at 1 January 2022	33,696	64,394	44,927	74,724	-	21,794	239,535
Depreciation for the year	13,406	13,918	10,868	18,840	-	12,988	70,020
Disposal	-	-	-	-	-	-	-
Balance as at 31 December 2022	**47,102**	**78,312**	**55,795**	**93,564**	**-**	**34,782**	**309,555**
Carrying amounts							
Disposals	**18,877**	**28,133**	**22,441**	**49,460**	**2,106**	**106,694**	**227,711**
Balance as at 31 December 2021	**35,844**	**26,850**	**13,017**	**72,545**	**2,039**	**95,908**	**246,203**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021:Nil).

(ii) There were no impairment losses on any class of property and equipment during the period (2021:Nil).

(iii) There are no restrictions on the Company's title to its property and equipment in the period (2021:Nil)

(iv) All property and equipment are non-current.

21 Right of use asset

In thousands of Naira	31 December 2022	31 December 2021
Cost		
Balance as at beginning of the year	218,966	218,966
Balance at end of the year	**218,966**	**218,966**
Accumulated Depreciation		
Balance as at beginning of the year	45,619	23,722
Charge for the period	21,897	21,897
Balance at end of the year	**67,516**	**45,619**
Carrying amount	**151,450**	**173,347**
Amounts recognised in profit or loss		
Interest on lease liabilities	19,930	17,812
Balance as at the year	**19,930**	**17,812**

There was no cash outflow in respect of leases in the period (2021: Nil).

22 Intangible assets

Purchased software

In thousands of Naira	31 December 2022	31 December 2021
Cost		
Balance as at beginning of the year	70,167	61,726
Additions	32,910	6,426
Reclassification from P&E -Work in progress- ERP	1,429	2,015
Balance at end of the year	**104,506**	**70,167**
Accumulated Amortisation		
Balance as at beginning of the year	26,313	10,875
Charge for the period/year	16,003	15,438
Balance at end of the year	**42,316**	26,313
Carrying amount	**62,190**	**43,854**

All intangible assets are non-current. The Company does not have internally generated intangible assets.

The Company's intangible assets are not impaired

No commitment in respect of the Company's intangible assets

23 Financial guarantee liability

In thousands of Naira	31 December 2022	31 December 2021
Opening balance	5,353,627	3,821,543
Amortised guarantee liability during the year	(810,883)	(1,043,289)
Addition during the year	2,839,910	2,575,373
Financial guarantee liability	**7,382,654**	**5,353,627**
Current	1,356,074	1,109,629
Non-current	6,026,580	4,243,998
	7,382,654	**5,353,627**

Financial guarantee liability represents the present value of guarantee fees receivable less the cumulative amount of guarantee fee income recognised. See Note 32 for the guarantees issued by the Company.

24 Deferred tax asset

In thousands of Naira	31 December 2022	31 December 2021
Property and equipment	59,303	3,225
Tax losses	341,914	249,590
Allowance for expected credit losses	82,604	67,297
	483,820	**320,112**

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2021: 30%).

(a) **Movements in temporary differences during the year:**

In thousands of Naira	1 January 2022	Recognised in profit or loss	31 December 2022
Property and equipment	3,225	56,078	59,303
Tax losses	249,590	92,324	341,914
Allowance for expected credit losses & other deferred tax items	67,297	15,307	82,604
	320,112	**163,709**	**483,820**

(b) **Movements in temporary differences 1 January 2022 to 31 December 2022:**

In thousands of Naira	1 January 2021	Recognised in profit or loss	31 December 2021
Property and equipment	40,303	(37,078)	3,225
Tax losses	170,251	79,339	249,590
Allowance for expected credit losses & other deferred tax items	85,054	(17,757)	67,297
	295,608	**24,504**	**320,112**

25 Other liabilities

In thousands of Naira	31 December 2022	31 December 2021
Financial liabilities		
Due to GuarantCo (see note (i) below)	7,449	3,761
Accruals (see note (ii) below)	610,371	530,533
	617,820	**534,294**
Non financial liabilities		
Employee liabilities (see note (iii) below)	275,825	294,884
Other payables (see note (iv) below)	449,869	24,329
Output VAT	66,407	46,478
Deferred revenue	322,264	192,040
	1,114,365	**557,731**
Total - Other Liabilities	**1,732,185**	**1,092,025**
Current	1,724,736	1,088,264
Non current	7,449	3,761
	1,732,185	**1,092,025**

(i) This represents guarantee fee accrual in respect of callable capital provided by GuarantCo.

(ii) This represents the payables in respect of services rendered to the Company by different professional services firms and vendors.

(iii) This represents performance pay provisions, vacation allowance, car allowance, mortgage subsidy allowance and provisions for other staff benefits.

(iv) This represents statutory deductions payable to the Government such as PAYE, pension, NSITF, NHF and WHT.

26 Employee benefit obligation

In thousands of Naira	31 December 2022	31 December 2021
Opening Balance		
Accruals during the year	440,468	
Payment during the year	(184,844)	
Long term incentive scheme (see note (i) below)	**255,664**	**-**
	255,664	**-**

(i) Long term incentive scheme represents a long term bonus scheme instituted for the legacy staff (engaged between December 2017 and December 2020) and all currently employed permanent employees on the level of Assistant Vice President (AVP) – Chief Executive Officer (CEO) level with at least one (1) year of service and no pending disciplinary action. The allocation of the long term incentive scheme is within the range of 5% - 15% (based on the approval of the board each year) of net guarantee fee income and net investment income weighted 80:20 if all required targets are met. The deferral period is set at 5 years, at the end of which, employees may cash out or choose to hold them for longer. Pay-outs from the plan will be taxed according to the applicable tax laws in the Federal Republic of Nigeria.

27 Lease liabilities

In thousands of Naira	31 December 2022	31 December 2021
Opening	84,225	126,413
Unwinding of discount	19,930	17,812
Payment	-	(60,000)
	104,155	**84,225**

The above lease is a 5 year lease effective November 2019, with an option to extend for another 5 years. Management has decided that it is most likely to exercise the extension option. The payment for the 5 year period was completed in 2021.

In thousands of Naira	31 December 2022	31 December 2021
Non-current	71,155	84,225
Current	33,000	-
	104,155	**84,225**

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's Finance function.

28 Share capital

	In thousands of Naira	31 December 2022	31 December 2021
(a)	**Authorised and Issued shares:**		
	50,000,000,000 shares of N1 each (2021: 50,000,000,000 shares of N1 each)	**50,000,000**	**50,000,000**
	Called up & fully paid shares @ NGN 1 each		
	33,435,605,476 shares of N1 each (2021: 31,802,045,000 shares of N1 each)	**33,435,605**	**31,802,045**

Ordinary shares		
Issued and fully paid		
3,497,636,698 ordinary shares of N1 each (2021:3,497,636,698 ordinary shares of N1 each)		
Movement in the year		
Opening balance	3,497,637	2,974,785
Issue of ordinary shares	-	522,852
	3,497,637	**3,497,637**

During the year, 16,564,394,524 shares were issued to United Capital Trustees Limited to comply with section 124 of CAMA 2020 which provides that no company shall have a share capital which is less than its minimum issued share capital and requires that every company with unissued shares, must not later than six months from the commencement of CAMA 2020, issue up to an amount not below the minimum issued share capital.

Discounting the non-voting right shares, NSIA, AFC, InfraCo and Leadway respectively have 31.88%, 30.69%, 31.56% and 5.87% voting rights as at end of 31st December 2022.

(b) **Preference shares (irredeemable)**

Authorised, issued and fully paid irredeemable preference shares

Preference Shares (irredeemable)	**8,022,905**	**8,022,905**

Irredeemable preference shares have no repayment date and there is no obligation on the part of the Company to repay the capital. Dividend payment on irredeemable preference shares is discretionary based on the recommendation of the Board and subject to the approval of the shareholders.

(c) **Preference shares (redeemable)**

Authorised, issued and fully paid redeemable preference shares

Opening balance	20,281,503	18,841,917
Issue of redeemable preference shares (see 28 (e))	426,819	-
Capitalisation of preference dividends (see 29 (a))	1,206,743	1,439,586
	21,915,065	**20,281,503**

Following receipt of total shares consideration of N10.6 billion (USD27 million) on 9 December 2020, InfraCo Africa Investment Limited was allotted 9,119,770,195 units of preference shares of N1 each by a Board Resolution dated 10 December 2020. In September 2021, 1,439,586 preference shares of N1 each were allotted to Leadway Assurance Company Limited. In June 2022, by a Board Resolution, additional preference share of N426,819 was allotted to InfraCo Africa Investment Limited from its' deposit for shares.

The terms of the redeemable preference shares confer on the Company the discretion to use its best effort to provide an exit option for AFC and InfraCo Africa Investment Limited as soon as practicable. Dividend payment on redeemable preference shares is discretionary based on the recommendation of the Board and subject to the approval of the shareholders. Redemption is solely at the option of the Company.

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(d) In December 2016, the Company entered into a Naira equivalent of USD50,000,000 Callable Capital Funding Facility Agreement with GuarantCo Limited (the "Callable Capital"). The Callable Capital is the unfunded second loss component of the Company's capital structure and acts as a liquid credit backstop to the Company's paid in share capital (the "Core Capital"). The Callable Capital is a 15-year unconditional and irrevocable obligation of GuarantCo and can be called on demand by the Company to replenish the Company's Core Capital if at any time the Company determines that as a result of actual or expected credit losses on its guaranteed portfolio, its Core Capital will become impaired by 80%. The Callable Capital is a revolving facility, subject to a cumulative outstanding limit of USD 50 million Naira equivalent of which USD25 million is available based on the terms of the agreement and the balance USD 25 million cancelled. The Callable capital agreement became effective on 12 December 2017.

31 December 2022	Number of ordinary shares held	Number of preference shares held	Total number of shares held
Shareholders:			
Nigeria Sovereign Investment Authority (NSIA)	991,595,001	9,666,004,625	10,657,599,626
Africa Finance Corporation (AFC)	991,595,001	9,270,963,490	10,262,558,491
InfraCo Africa Investment Limited (InfraCo)	991,595,001	9,561,415,663	10,553,010,664
Leadway Assurance Company Limited	522,851,695	1,439,585,000	1,962,436,695
	3,497,636,698	**29,937,968,778**	**33,435,605,476**
Shares held in trust:			
United Capital Assets Trustees Limited (UCTL)	11,502,363,302	5,062,031,222	16,564,394,524
	15,000,000,000	**35,000,000,000**	**50,000,000,000**

During the year, 16,564,394,524 shares were issued to United Capital Trustees Limited to comply with section 124 of CAMA 2020 which provides that no company shall have a share capital which is less than its minimum issued share capital and requires that every company with unissued shares, must not later than six months from the commencement of CAMA 2020, issue up to an amount not below the minimum issued share capital. (Refer to note 28 for further details on the Share Capital). These shares are devoid of all rights and liabilities including right to dividends. Also, included in the 16,564,394,524 shares issued to United Capital Trustees Limited are the 3,500,000,000 shares previously issued to NSIA by virtue of a Board resolution dated 14 September 2018.

However, with the non-voting right shares taken into consideration, the shareholdings of NSIA, AFC, InfraCo, Leadway and United Capital are respectively 21.3%, 20.5%, 21.1%, 3.9% and 33.1% as at end of 31st December 2022. (Refer to note 28 for further details on the Share Capital).

(e) Deposit for Shares

In thousands of Naira	31 December 2022	31 December 2021
Opening balance	426,819	426,819
Additions	-	-
Issue of redeemable preference shares (see 28 (c))	(426,819)	-
Closing balance	**-**	**426,819**

Deposit for shares represents contribution by InfraCo Africa Investment Limited for allotment of preference shares. In June 2022, by a Board Resolution, the deposit of shares of N426,819 was allotted as preference shares to InfraCo Africa Investment Limited.

(f) Share premium

	113,945	**113,945**

The gross proceeds from the 991,595,001 units of ordinary shares allotted to InfraCo Africa Investment Limited at N1.02 per share was N1.01 billion and 522,851,695 units of ordinary shares allotted to Leadway at N1.18 per share. This was applies as detailed below:

In thousands of Naira	31 December 2022	31 December 2021
991,595,001 ordinary shares of N0.02k each	19,832	19,832
522,851,695 ordinary shares of N0.18k each	94,113	94,113
Gross proceeds	**113,945**	**113,945**

29 Retained earnings

In thousands of Naira	31 December 2022	31 December 2021
Balance as at 1 January	5,160,624	1,717,994
Preference dividend (see note (a))	(1,208,390)	-
	3,952,234	1,717,994
Profit for the year	6,342,749	3,442,630
Balance at the end of year	**10,294,981**	**5,160,624**

(a) At the 22nd Board Meeting of the Company, held on 21 March 2022, the Board approved the declaration and capitalisation of dividend of N1.208 billion based on preference dividend rates of 5.319%, 7.246% and 2.956% respectively for NSIA: 546.2 million (exempted from WHT), AFC: N645.7 million (exempted from WHT), and InfraCo: N16.5 million (i.e N14.8 million net of WHT@10%).

30 Unsecured subordinated long term loans

In thousands of Naira	31 December 2022	31 December 2021
Opening	30,333,140	28,613,973
Accrued Interest	1,670,312	1,633,519
Revaluation loss	2,103,338	1,627,328
Interest repayment	(1,120,091)	(1,541,680)
	32,986,699	**30,333,140**
Current	2,430,135	1,795,975
Non-current	30,556,564	28,537,165
	32,986,699	**30,333,140**

(a) In addition to the N9.6 billion (USD 26 million) and N12.8 billion (USD 35 million) unsecured subordinated loans KFW provided in 2019 and 2018 at simple interest rates of 5.25% and 6% respectively, in 2020, Africa Development Bank (AfDB) advanced an unsecured subordinated 10-year loan of USD 10 million (N3.86 billion) at a simple interest rate of 4.07%.

See summary of the loan below:

	Amount disbursed	Date disbursed	Maturity date	Interest rate	Balance as at December 2022	Balance as at Dec 2021
KFW 1	35,116,800	31 Dec 2018	19 Dec 2028	6.00%	35,183,153	35,184,848
KFW 2	26,196,548	20 Dec 2019	30 Nov 2029	5.25%	26,252,515	26,246,793
AFDB	10,000,000	14 Sept 2020	1 Feb 2030	4.07%	10,102,866	10,090,228

31 Related parties transactions

(a) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures and the Company's pension schemes, as well as key management personnel.

(i) Parent and ultimate controlling party

Until 20 December 2018, the parent and ultimate controlling party of the Company was Nigeria Sovereign Investment Authority (NSIA). Thereafter, the Company is owned by NSIA, Africa Finance Corporation (AFC), InfraCo Africa Investment Limited and Leadway Assurance Company Limited (See Note 8 of Directors' Report and Note 26 for details of shareholdings).

(ii) Transactions with related party

Related party transactions and outstanding balances as at period end are as follows:

Related entity	Nature of transactions	Note	31 December 2022	31 December 2021
Guarantco	Payables - Fee accrual in respect of callable capital provided by GuarantCo.	25	7,449	3,761

32 Contingent liabilities, litigations and claims

As at 31 December 2022, the Company had issued the following Guarantees which represent contingent liabilities outstanding:

Client	Guaranteed amount	Outstanding balance December 2022	Outstanding balance December 2021	*Amount due within 12 Months	*Amount due over 12 months	Duration
Viathan Funding Ltd	10,000,000	7,580,840	8,514,025	2,259,537	5,321,303	15 December 2017 - 14 December 2027
North South Power	8,500,000	7,809,761	8,045,210	1,481,663	6,328,098	28 February 2019 - 27 February 2034
GEL Utility	13,000,000	12,639,849	13,000,000	2,316,507	10,323,342	28 August 2019 - 27 August 2034
Transport Services Ltd (TSL)	12,000,000	12,000,000	12,000,000	2,662,500	9,337,500	6 October 2020 - 5 October 2030
North South Power	1,364,079	1,227,671	1,364,079	385,352	842,319	18 May 2021 - 30 June 2027
Viathan Funding Ltd	1,523,151	1,294,678	1,523,151	410,870	883,808	30 September 2021 - 30 March 2028
Lagos Free Zone Company	10,500,000	10,500,000	10,500,000	1,391,250	10,500,000	16 September 2021 - 16 September 2041
GPC Energy and Logistics	20,000,000	20,000,000	20,000,000	2,600,000	20,000,000	23 November 2021 - 23 November 2031
LFZC II Funding SPV Plc	25,000,000	25,000,000	-	3,312,500	25,000,000	10 March 2022 - 16 March 2042
PAN African Towers Limited	10,000,000	10,000,000	-	1,325,000	10,000,000	2 February 2022 - 2 February 2032
Asiko Power Limited	1,500,000	1,500,000	-	302,641	1,500,000	13 April 2022 - 30 April 2029
Gas Terminalling Ltd	3,500,000	3,500,000	-	350,000	3,500,000	31 October 2022 - 31 October 2029
Darway	800,000	800,000	-	112,000	800,000	30 September 2022 - 30 September 2029
GLNG	650,000	650,000	-	90,000	650,000	28 September 2022 - 30 September 2029
Transport Services Ltd (TSL)	1,500,000	1,500,000	-	1,500,000	-	30 September 2022 - 30 September 2029
GLNG	4,000,000	4,000,000	-	4,000,000	-	30 December 2022 - 31 December 2023
	123,837,230	**120,002,799**	**74,946,465**	**24,499,820**	**104,986,370**	

There was no claim against the Company as at 31 December 2022 (2021:Nil) in respect of the issued guarantees. Also there was no litigation against the Company during the financial period (2021: Nil).

*Amount due within and over 12 months is inclusive of interest charged

33 Events after reporting date

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2022 and its financial performance for the year ended which have not been adequately provided for or disclosed.

34 Statement of cash flow notes

(a) Purchase and redemption of investment securities

In thousands of Naira	Notes	31 December 2022	31 December 2021
At the beginning of the year		67,040,896	49,330,362
Interest Income	9	5,344,633	4,542,762
Interest received		(3,897,607)	(3,982,774)
Exchange gain on investment securities		6,144,648	3,341,040
Impairment loss on investment securities	10	(231,228)	(101,858)
Closing balance	16	(72,297,037)	(67,040,896)
Cash outflow/(inflow)		**2,104,306**	**(13,911,364)**

(b) Changes in financial guarantee liability

In thousands of Naira		31 December 2022	31 December 2021
At the beginning of the year		5,353,627	3,821,543
Net movement (cash outflow)		2,029,027	1,532,084
At the end of the period	**23**	**7,382,654**	**5,353,627**

(c) Changes in trade and other receivables

In thousands of Naira	Notes	31 December 2022	31 December 2021
At the beginning of the year		230,299	169,227
Impairment loss on other assets (see note 10)		(17,256)	(116,645)
Net movement (cash outflow)		52,841	177,717
At the end of the period	**18**	**265,884**	**230,299**

(d) Changes in guarantee fee receivable

In thousands of Naira	31 December 2022	31 December 2021
At the beginning of the year	4,558,673	3,298,324
Net movement (cash inflow)	1,962,681	1,260,349
At the end of the period	**6,521,354**	**4,558,673**

(e) Changes in other liabilities

In thousands of Naira	31 December 2022	31 December 2021
Balance at the beginning of the year	1,092,025	845,720
Net movement (cash inflow)	640,160	246,305
At the end of the period	**1,732,185**	**1,092,025**

(f) Movement in ordinary share capital

In thousands of Naira	31 December 2022	31 December 2021
At the beginning of the year (see note 28)	3,497,637	2,974,785
Net movement (net inflow)	-	522,852
At the end of the period	**3,497,637**	**3,497,637**

(g) Movement in irredeemable preference shares

In thousands of Naira	31 December 2022	31 December 2021
Irredeemable preference shares at the beginning of the period (see note 28(b))	8,022,905	8,022,905
Net movement (net inflow) dividend capitalisation	-	-
At the end of the period	**8,022,905**	**8,022,905**

(h) Movement in redeemable preference shares

In thousands of Naira	31 December 2022	31 December 2021
At the beginning of the year (see note 28(c))	20,281,503	18,841,917
Net movement (net inflow)	1,633,562	1,439,586
At the end of the period	**21,915,065**	**20,281,503**

(i) Gain on disposal of property and equipment

In thousands of Naira	31 December 2022	31 December 2021
Cost (see note 20)	-	1,004
Accumulated depreciation (see note 20)	-	(984)
Net book value	-	20
Sales proceed	-	89
Gain on disposal of property and equipment	**-**	**69**

Notes to the financial statements

(j) Unrealised foreign exchange gain / (loss)

In thousands of Naira	31 December 2022	31 December 2021
Exchange (gain)/loss on unsecured subordinated long term loan	2,103,338	1,627,328
Exchange (gain)/loss on investment securities	(6,144,648)	(3,341,040)
At the end of the period	**4,041,310**	**1,713,712**

(k) Movement in Unsecured Subordinated Capital

In thousands of Naira	Notes	31 December 2022	31 December 2021
At the beginning of the year		30,333,140	28,446,094
Interest expenses (see note (9)(b))		1,869,077	1,801,398
Repayment (see note 30)		(1,120,091)	(1,541,680)
Exchange loss (see note 30)		2,103,338	1,627,328
Balance at the end of the period	**30**	**32,986,699**	**30,333,140**

(l) Changes in prepayments

In thousands of Naira	Notes	31 December 2022	31 December 2021
At the beginning of the year		60,511	61,913
Net movement (cash outflow)		(2,976)	(1,402)
At the end of the period	**19**	**57,535**	**60,511**

Other national disclosures

Value added statement

In thousands of Naira	31 December 2022	%	31 December 2021	%
Gross income	11,335,774	116	7,507,331	117
Bought in goods and services - Local	(1,521,480)	(16)	(1,107,827)	(17)
Value added	**9,814,294**	**100**	**6,399,504**	**100**
Applied to pay:				
Providers of finance				
Interest expense	1,948,240	20	1,862,426	29
Employees				
Wages, salaries and other benefits	1,479,519	15	960,634	15
Government				
Tax (credit)/charge	(64,134)	(1)	24,827	-
Retained in the business				
For replacement of property and equipment and ROU assets (depreciation)	91,917	1	93,551	1
For replacement of computer software (amortisation)	16,003	-	15,438	-
To augment reserves	6,342,749	65	3,442,628	54
Value added	**9,814,294**	**100**	**6,399,504**	**99**

Five Year Financial summary

Statement of Financial Position

In thousands of Naira	Notes	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Assets:						
Cash and cash equivalents	15	6,319,690	1,760,077	11,587,896	13,025,708	13,763,541
Investment securities	16	72,297,037	67,040,896	49,586,875	29,092,303	17,413,427
Guarantee fee receivable	17	6,521,354	4,558,673	3,298,324	2,772,403	836,826
Trade and other receivables	18	265,884	230,299	222,328	122,030	97,133
Prepayments	19	57,535	60,511	-	-	-
Property and equipment	20	246,203	227,711	199,138	240,912	122,379
Right of use asset	21	151,450	173,347	195,244	217,141	-
Intangible assets	22	62,190	43,854	50,851	47,866	2,133
Deferred tax asset	24	483,820	320,112	295,608	30,528	38,307
Total assets		**86,405,162**	**74,415,480**	**65,436,264**	**45,548,891**	**32,273,746**
Liabilities:						
Current tax liability	14(c)	99,272	49,030	24,363	10,401	639
Financial guarantee liability	23	7,382,654	5,353,627	3,821,543	3,173,458	1,073,895
Other liabilities	25	1,987,849	84,225	126,413	344,757	680,996
Employee benefit obligation	26	255,664	-	-	-	-
Lease liability	27	104,155	1,092,025	845,720	110,801	-
Unsecured subordinated long term loan	30	32,731,035	30,333,140	28,613,973	23,170,389	12,813,690
Total liabilities		**42,560,629**	**36,912,047**	**33,432,012**	**26,809,806**	**14,569,220**
Net assets		**43,844,532**	**37,503,433**	**32,004,252**	**18,739,085**	**17,704,526**
Capital and reserves:						
Ordinary share capital	28(a)	3,497,637	3,497,637	2,974,785	1,983,190	1,983,190
Irredeemable preference share capital	28(b)	8,022,905	8,022,905	8,022,905	8,022,905	8,022,905
Redeemable preference share capital	28(c)	21,915,065	20,281,503	18,841,917	8,022,905	8,022,905
Deposit for shares	28(e)	-	426,819	426,819	-	-
Share premium	28(f)	113,945	113,945	19,832	-	-
Retained earnings/(accumulated losses)	29	10,294,981	5,160,624	1,717,994	710,085	(324,474)
Total shareholders' funds		**43,844,533**	**37,503,433**	**32,004,252**	**18,739,085**	**17,704,526**

Statement of profit or loss and other comprehensive income

Income statement					
Operating income	8,830,619	5,281,478	4,068,943	2,032,331	776,155
Operating expenses	(2,552,004)	(1,814,021)	(1,602,383)	(979,592)	(605,058)
Profit before minimum tax and income tax expense	6,278,615	3,467,457	2,466,560	1,052,739	171,097
Minimum taxation	(36,472)	(14,484)	-	-	-
Profit after minimum tax	6,242,143	3,452,973	2,466,560	1,052,739	171,097
Tax charge/(credit)	100,607	(10,343)	240,591	(18,180)	37,668
Profit for the year	**6,342,749**	**3,442,630**	**2,707,151**	**1,034,559**	**208,765**

Other information - Supplementary financial information

Statement of financial position

As at:

	Notes	31 December 2022	31 December 2021
		$'000	$'000
Assets			
Cash and cash equivalents	9	13,111	3,101
Investment securities	10	156,793	153,050
Guarantee fee receivable	11	14,143	10,749
Trade and other receivables	12	576	528
Prepayments	13	125	143
Property and equipment	14	533	538
Right of use asset	15	329	408
Intangible asset	16	135	103
Deferred tax asset	18	1,049	755
Total assets		**186,794**	**169,375**
Liabilities			
Current tax liability	8(c)	215	116
Financial guarantee liability	17	16,011	12,623
Other liabilities	19	3,843	2,565
Employee benefit obligation	20	554	-
Lease liability	21	226	199
Unsecured subordinated long term loans	24	71,539	69,635
Total liabilities		**92,388**	**85,138**
Equity			
Ordinary share capital	22(a)	9,275	9,275
Irredeemable preference share capital	22(b)	22,250	22,250
Redeemable preference share capital	22(c)	57,921	53,507
Deposit for shares	22(e)	-	1,092
Share premium	22(f)	280	280
Retained earnings	23	5,767	3,693
Translation reserves	25	(1,087)	(5,860)
Total equity		**94,406**	**84,237**
Total liabilities and equity		**186,794**	**169,375**

Other information - Supplementary financial information

Statement of profit or loss and other comprehensive income

For the year ended:

	Notes	31 December 2022	31 December 2021
		$'000	**$'000**
Gross revenue		**17,088**	**14,148**
Guarantee fee income	1	4,568	3,054
Guarantee fee expenses	2	(698)	(547)
		3,870	**2,507**
Interest income	3(a)	12,520	11,094
Interest expense	3(b)	(4,564)	(4,548)
Impairment loss on financial instruments	4	(607)	(422)
Other income	5	-	-
		11,219	**8,631**
Personnel expenses	6(a)	(3,465)	(2,388)
Depreciation of property and equipment	14	(165)	(174)
Depreciation of right of use asset	15	(51)	(53)
Amortisation of intangible asset	16	(37)	(38)
Other operating expenses	7	(2,260)	(1,695)
		(5,978)	**(4,348)**
Profit before minimum tax and income tax expense		5,241	4,283
Minimum taxation	8(a)	(85)	(36)
Profit after minimum tax		**5,156**	**4,247**
Tax (expense)/credit	8(a)	235	(25)
Profit for the period		**5,391**	**4,222**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference	25(b)	4,773	480
Total comprehensive profit		**10,164**	**4,702**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Irredeemable preference capital	Redeemable preference capital	Deposit for share	Share premium	Translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2022	**9,275**	**22,250**	**53,507**	**1,092**	**280**	**(5,860)**	**3,693**	**84,237**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	5,391	5,391
Other Comprehensive income (see note 25 (b))						4,773	10	4,783
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**4,773**	**5,401**	**10,174**
Transactions with owners of company:								
Issue of redeemable preference shares	-	-	1,092	(1,092)	-		-	-
Capitalisation of preference dividend (See note 22 (c))	-	-	3,322	-	-		(3,327)	(5)
Total comprehensive income for the period	**-**	**-**	**4,414**	**(1,092)**	**-**		**(3,327)**	**(5)**
Balance at 31 December 2022	**9,275**	**22,250**	**57,921**	**-**	**280**	**(1,087)**	**5,767**	**94,406**
Balance as at 1 January 2021	**9,275**	**22,250**	**53,507**	**1,092**	**280**	**(6,340)**	**(406)**	**79,658**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	4,222	4,222
Other Comprehensive income (see note 25 (b))						480	(123)	357
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**480**	**4,099**	**4,579**
Balance at 31 December 2021	**9,275**	**22,250**	**53,507**	**1,092**	**280**	**(5,860)**	**3,693**	**84,237**

Statement of cash flows

For the year ended

In thousands of US Dollars	Notes	31 December 2022	31 December 2021
		$'000	**$'000**
Cash flow from operating activities:			
Profit after tax		5,391	4,222
Minimum tax		85	36
Tax (credit)/charge	8(a)	(235)	25
Profit before tax		5,241	4,283
Adjustment for:			
Depreciation of property and equipment	14	165	174
Depreciation of right of use asset	15	51	53
Amortisation of intangible asset	16	37	38
Impairment loss on financial instruments	4	607	422
Interest expense	3(b)	4,425	4,443
		(1,994)	**(1,681)**
Changes in :			
Trade and other receivables	29(d)	(115)	(419)
Prepayments	29(r)	7	3
Guarantee fee receivable	29(e)	(4,257)	(2,972)
Financial guarantee liability	29(c)	4,400	3,612
Lease liability	29(p)	47	43
Employee benefit obligation	20	554	-
Other liabilities	29(f)	1,388	581
		2,024	**848**
Interest received	29(b)	10,404	9,391
Tax paid	8(c)	(116)	(60)
Net cash flows generated from operating activities		**10,318**	**8,497**
Cash flow from investing activities:			
Acquisition of property and equipment	29(k)	(195)	(236)
Acquisition of intangible asset	29(l)	(71)	(15)
Acquisition of investment securities	29(a)	4,564	(32, 801)
Net cashflows used in investing activities		**4,298**	**(33,055)**
Cash flow from financing activities:			
Interest paid	29(m)	(2,624)	(3,635)
Net cashflows from financing activities		**(2,624)**	**(3,635)**
Increase in cash and cash equivalents		11,992	(28,193)
Cash and cash equivalents at beginning of the year	9	3,102	33,957
Effect of movement in exchange rates on cash held	29(r)	(1,959)	(2,662)
Cash and cash equivalents at the end of the year	**9**	**13,135**	**3,102**

The accompanying notes form an integral part of these financial statements.

1 Guarantee fee income

In thousands of Dollars	31 December 2022	31 December 2021
Mandate fees (a)	104	244
Guarantee fees (b)	4,378	2,758
Monitoring fees (c)	86	52
	4,568	**3,054**

(a) Amount represents the fees earned from clients for the preliminary analysis and due diligence done by the Company for providing guarantees for the issued and proposed infrastructure bonds.

(b) Amount represents the amortized portion of the non-refundable fee calculated as a percentage of the guaranteed amount earned from customers. See Note 27 for breakdown of all guarantees issued.

(c) Amount represents the amortized portion of fixed non-refundable annual fees for providing monitoring services for guarantees issued.

2 Guarantee fee expense

In thousands of Dollars	31 December 2022	31 December 2021
Guarantee fee expense (a)	312	187
Re-guarantee fee expense (a)	131	334
Upfront fee expense (a)	7	7
Monitoring fee expense (a)	20	19
Due diligence/project development expense (b)	228	-
	698	**547**

(a) Amounts represent the fee expenses incurred by the Company in respect of the callable capital funding facility agreement with GuarantCo. And other direct due diligence and project development cost directly attributable to the deals in the pipeline. Re-guarantee fees represents fee paid to Africa Trade Insurance Agency in respect of Pan African towers Ltd's re-guarantee transaction.

(b) Amount represents directly attributable costs incurred with respect to due diligence/project development activities on guarantee transactions.

3 Net investment income

	In thousands of Dollars	31 December 2022	31 December 2021
(a)	**Interest income**		
	Bank placements	664	51
	Eurobonds	11,398	861
	FGN Bonds	427	3,002
	Commercial papers	31	7,179
		12,520	**11,094**

The total interest income calculated using the effective interest rate (EIR) method for financial assets at amortised cost is USD 12.5 million (2021: USD 11 Million)

(b) Interest expense

In thousands of Dollars	31 December 2022	31 December 2021
Interest expense long-term unsecured subordinated loans	4,378	4,399
Interest expenses leased liabilities (see note (15))	47	43
Investment management fee expenses	139	106
	4,564	**4,548**
Net interest income (a)-(b)	**7,956**	**6,546**

The total interest expense calculated using the effective interest rate (EIR) method for financial liabilities measured at amortised cost is USD 4.6 Million (2021: USD 4.5 Million).

4 Impairment charge on financial instruments

In thousands of Dollars	31 December 2022	31 December 2021
Investment securities (see note 10(a))	542	249
Other receivables (see note 12(b))	40	285
Cash equivalents (see Note 9(b))	25	(111)
	607	**422**

5 Other Income

In thousands of Dollars	31 December 2022	31 December 2021
Other income	**-**	**-**

6 Personnel expenses

(a) Employee costs, including those of executive directors, during the period amounted to:

In thousands of Dollars	31 December 2022	31 December 2021
Wages and salaries	938	722
Other staff costs (See note (i) below)	1,368	1,441
Long term incentive scheme (see note 20)	1,032	95
Pension cost	127	130
	3,465	**2,388**

(b) The average number of persons in employment in the Company during the period comprise:

	31 December 2022	31 December 2021
Managerial	14	7
Other staff	14	19
	28	**26**

(c) Employees, other than Directors, earning more than USD 2,000 per annum (excluding pension and other benefits), whose duties were wholly or mainly discharged in Nigeria, received remuneration in the following ranges:

	31 December 2022	31 December 2021
USD 10,000 - USD 20,000	4	4
USD 20,000 - USD 50,000	11	11
USD 50,000 and above	13	13
	28	**26**

(d) Directors' remuneration

Remuneration paid to Directors of the Company (excluding pension contributions and other benefits) was as follows:

In thousands of Dollars	31 December 2022	31 December 2021
Non-executive Directors		
Fees	288	63
Total	**288**	**63**

The emoluments of all Non-Executive Directors fell within the following ranges:

	31 December 2022	31 December 2021
USD 20,000 and above	9	8

7 Other operating expenses

In thousands of Dollars	31 December 2022	31 December 2021
Directors remuneration (Non-executive)	288	63
Marketing and advertising	191	141
Stationery and printing	28	215
Traveling and entertainment	202	151
Auditors remuneration	82	13
Information technology expenses	130	25
Training expenses	56	-
Administration and membership fees	94	112
Professional fees (See note (a) below)	766	463
Maintenance expenses	11	8
Insurance expenses	67	6
Utility and electricity	41	77
Other expenses (See note (b) below)	304	421
	2,260	**1,695**

(a) Professional fees

In thousands of Dollars	31 December 2022	31 December 2021
Legal and secretarial fees	130	333
Other professional fees (see note (i) below)	515	-
HR consultancy	35	77
Credit rating expenses	85	54
	766	**463**

(i) Included in the other professional fees is an amount of USD35 thousand. This amount represents the total fees earned by the Company's Auditor on the provision of non-audit services during the period.

(b) Other expenses

In thousands of Dollars	31 December 2022	31 December 2021
Bank charges	48	28
Board meeting expenses	95	1
ITF Levy	31	61
Lunch Expenses	9	4
Development Expenses	12	-
Other expenses (i)	109	327
	304	**421**

(i) other expenses relate to office maintenance expenses &VAT

8 Taxation

(a) Tax Credit

	In thousands of Dollars	31 December 2022	31 December 2021
i	**Minimum tax**		
	Minimum tax	85	36
		85	36
ii	**Current tax**		
	Company income tax	-	-
	Information technology tax	147	85
	Police Trust Fund levy	1.00	-
	Current Income tax expense (See note 9 (c))	148	85
iii	**Deferred tax**		
	Deferred tax credit (see note 18)	(383)	(60)
	Income tax credit	**(235)**	**25**
	Total income tax credit	**(150)**	**61**

The applicable tax rates for companies income tax, tertiary education tax and information technology tax are 30%, 2% and 1% respectively.

(b) Reconciliation of effective income tax rate

	31 December 2022		31 December 2021	
In thousands of Dollars	**Amount**	**Rate**	**Amount**	**Rate**
Profit before tax	5,241		**3,754**	
Income tax @ 30% tax rate	1,572	30%	1,136	30%
Non-deductible expenses	198	4%	729	19%
Tax exempt income	(6,097)	-116%	(4,298)	-114%
Information technology tax (see note 8(a))	147	3%	37	1%
Tax losses	224	4%	195	5%
Effect of movement in exchange rate	(18)	0%	(5)	0%
Recognition of additional deductible temporary difference (see note 18(b))	(349)	-7%	(60)	-1%
	(4,322)	**-82%**	**(2,266)**	**-60%**

(c) Current tax liability

In thousands of Dollars	31 December 2022	31 December 2021
Balance as at 1 January	116	61
Charge for the year see note 8(a):		
Minimum tax	85	35
Current tax	148	85
Payment during the year	(116)	(60)
Effect of movement in exchange rate	(18)	(5)
At end of year	**215**	**116**

9 Cash and cash equivalents

In thousands of Dollars	31 December 2022	31 December 2021
Cash Equivalents:		
Balances with banks	5,827	3,002
Bank placement	7,308	100
Cash equivalents (gross)	13,135	3,102
Impairment allowance on cash equivalents (see note (a) below)	(24)	(1)
Cash equivalents (net)	**13,111**	**3,101**
Cash and cash equivalents in the statement of financial position	**13,111**	**3,101**
Impairment allowance on cash equivalents (see note (a) below)	24	1
Cash and cash equivalents in the statement of cash flows	**13,135**	**3,102**
Current	**13,111**	**3,101**

(a) The movement in impairment allowance on cash and cash equivalents is as follows:

In thousands of Dollars	31 December 2022	31 December 2021
Opening balance	1	115
Recognised in income statement (See note 4)	25	(111)
Effect of movement in exchange rate	(2)	(3)
Closing balance	**24**	**1**

10 Investment securities

In thousands of Dollars	31 December 2022	31 December 2021
Commercial papers		705
FGN Eurobonds at amortised cost (i)	143,167	125,049
Corporate Eurobonds at amortised cost (i)	10,251	17,135
FGN Bonds (ii)	4,593	10,940
	158,011	**153,829**
Impairment allowance on investment securities (see note (a) below)	(1,218)	(779)
Investment securities	**156,793**	**153,050**
Current	17,450	40,392
Non-Current	139,343	112,658
Total	**156,793**	**153,050**

(i) FGN and Corporate Eurobonds have stated yields of 6.5% to 9.5% and mature in five months to nine years (December 2021: a month to nine years).

(ii) FGN Bonds have stated yields of 12.5% to 16.4% and mature in a month to six years (December 2021: a month to six years).

The movement in impairment allowance on investment securities is as follows:

(a)

In thousands of Dollars	31 December 2022	31 December 2021
Opening balance	779	571
Recognised in income statement (See note 4)	542	249
Effect of movement in exchange rate	(103)	(41)
Closing balance	**1,218**	**779**

11 Guarantee fee receivable

In thousands of Dollars	31 December 2022	31 December 2021
Opening Balance	10,749	8,239
Present value of guarantee fee received	(2,508)	(2,754)
Addition during the year	6,764	5,726

Effect of movement in exchange rate	(862)	(462)
Gross guarantee fee receivable	14,143	10,749
Impairment allowance	-	-
Guarantee fee receivable (see (a) below)	14,143	10,749
Current	3,160	2,372
Non-current	10,983	8,377
Total	**14,143**	**10,749**

(a) Amount represents the present value of guarantee fees receivable under the contracts undertaken by the Company to provide financial guarantee contracts. See Note 25 for the guarantees issued by the Company.

12 Trade and other receivables

In thousands of Dollars	31 December 2022	31 December 2021
Other financial assets		
Trade receivable (a)	837	787
Receivable from GuarantCo	39	29
Other receivables	5	5
	881	821
Impairment (see note (b) below)	(310)	(296)
	571	525
Non financial assets		
Cash advance	5	3
	5	3
Total- Other assets	**576**	**528**
Current	576	528
Non-Current	-	-
Total	**576**	**528**

(a) Trade receivables relates to unpaid mandate fees billed to clients. The average credit period is 30 days. No interest is charged on outstanding trade receivables.

(b) The movement in impairment allowance on other assets is as follows:

In thousands of Dollars	31 December 2022	31 December 2021
Opening balance	296	22
Recognised in income statement (See note 4)	40	285
Effect of movement in exchange rate	(27)	(11)
Closing balance	**310**	**296**

13 Prepayments

In thousands of Dollars	31 December 2022	31 December 2021
Prepayments	125	143
Current	**125**	**143**
Non-Current	**-**	**-**
Total	**125**	**143**

14 Property and equipment

In thousands of Dollars	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Work in progress	Leasehold improvement	Total
Cost							
Balance as at 1 January 2021	86	213	146	204	15	255	919
Additions	36	16	22	100	-	62	236
Disposals	-	(1)	(1)	-	-	-	(2)
Transfer from WIP	6	3	-	-	(9)	-	-
Effect of movement in exchange rate	(4)	(13)	(9)	(11)	(1)	(14)	(52)
Balance as at 31 December 2021	**124**	**218**	**158**	**293**	**5**	**303**	**1,101**
Balance as at 1 January 2022	124	218	158	293	5	303	1,101
Additions	66	27	2	91	8	1	195
Transfer from WIP	-	-	1	-	(5)	4	-
Effect of movement in exchange rate	(10)	(17)	(12)	(24)	(4)	(25)	(92)
Balance as at 31 December 2022	**180**	**228**	**149**	**360**	**4**	**283**	**1,204**
Accumulated depreciation							
Balance as at 1 January 2021	63	123	82	129	-	25	422
Depreciation for the year	21	38	30	56	-	29	174
Disposal	-	(1)	(1)	-	-	-	(2)
Effect of movement in exchange rate	(5)	(8)	(6)	(9)	-	(3)	(31)
Balance as at 31 December 2021	**79**	**152**	**105**	**176**	**-**	**51**	**563**
Balance as at 1 January 2022	79	152	105	176	-	51	563
Depreciation for the year	31	33	25	44	-	32	165
Effect of movement in exchange rate	(8)	(15)	(9)	(17)	-	(8)	(57)
Balance as at 31 December 2022	**102**	**170**	**121**	**203**	**-**	**75**	**671**
Carrying amounts							
Balance as at 31 December 2021	**45**	**66**	**53**	**117**	**5**	**252**	**538**
Balance at 31 December 2022	**78**	**58**	**28**	**157**	**4**	**208**	**533**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2021:Nil).

(ii) There were no impairment losses on any class of property and equipment during the period (2021:Nil).

(iii) There are no restriction on the Company's title to its property and equipment in the period (2021:Nil).

(iv) All property and equipment are non-current.

15 Right of use asset

	In thousands of Dollars	31 December 2022	31 December 2021
	Cost		
	Balance as at beginning of the year	516	547
	Effect of movement in exchange rate	USD41	(31)
	Balance at end of the period/year	**328**	**516**
	Accumulated Depreciation		
	Balance as at beginning of the year	108	59
	Charge for the period	USD51	53
	Disposals		
	Effect of movement in exchange rate	13	(4)
	Balance at end of the period/year	**146**	**108**
	Carrying amount	**329**	**408**
	Amounts recognised in profit or loss		
	Interest on lease liabilities	47	43
	Lease expense	-	-
	Disposals		
	Balance as at the period/year	**47**	**43**
	Current	-	-
	Non-Current	**329**	**408**
(a)	**Trade and other receivables**		
	Trade receivables		
	Loss allowance		
	Total	**329**	**408**

There was no cash outflow in respect of leases in the period (2021: Nil).

16 Intangible assets

Purchased software

In thousands of Dollars	31 December 2022	31 December 2021
Cost		
Balance as at beginning of the year	165	154
Additions	71	15
Reclassification from P&E -Work in progress- ERP	3	5
Effect of movement in exchange rate	(12)	(9)
Balance at end of the year	**227**	**165**
Accumulated Amortisation		
Balance as at beginning of the year	62	27
Charge for the period//year	37	38
Effect of movement in exchange rate	(7)	(3)
Balance at end of the year	**92**	**62**
Carrying amount	**135**	**103**

All intangible assets are non-current. The Company does not have internally generated intangible assets.

The Company's intangible assets are not impaired

No commitment in respect of the Company's intangible assets

17 Financial guarantee liability

In thousands of Dollars	31 December 2022	31 December 2021
Opening balance	12,623	9,546
Amortised guarantee liability during the period	(1,759)	(2,460)
Addition during the year	6,159	6,072
Effect of movement in exchange rate	(1,012)	(535)
Financial guarantee liability	16,011	12,623
Current	2,941	2,616
Non-current	13,070	10,007
	16,011	**12,623**

Financial guarantee liability represents the present value of guarantee fees receivable less the cumulative amount of guarantee fee income recognised. See Note 27 for the guarantees issued by the Company.

18 Deferred tax asset

In thousands of Dollars	31 December 2022	31 December 2021
Property and equipment	129	8
Tax losses	742	589
Allowance for expected credit losses	179	158
	1,049	**755**

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2021: 30%).

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2021: 30%).

(a) Movements in temporary differences during the period:

In thousands of Dollars	1 January 2022	Recognised in profit or loss	Effect of movement in exchange rate	31 December 2022
Property and equipment	8	97	24	129
Tax losses	589	216	(63)	742
Allowance for expected credit losses & other deferred tax items	158	36	(15)	179
	755	**349**	**(54)**	**1,049**

(b) Movements in temporary differences 1 January 2022 to 31 December 2021:

In thousands of Dollars	1 January 2022	Recognised in profit or loss	Effect of movement in exchange rate	31 December 2022
Property and equipment	101	(91)	(2)	8
Tax losses	425	194	(30)	589
Allowance for expected credit losses & other deferred tax items	212	(43)	(11)	158
	738	**60**	**(43)**	**755**

19 Other liabilities

In thousands of Dollars	31 December 2022	31 December 2021
Financial liabilities		
Due to GuarantCo (see note (i) below)	16	9
Accruals (see note (ii) below)	1,410	1,381
	1,426	**1,390**
Non financial liabilities		
Employee liabilities (see note (iii) below)	598	525
Other payables (see note (iv) below)	976	203
Output VAT	144	430
Deferred revenue	699	17
	2,417	**1,175**
Total - Other Liabilities	**3,843**	**2,565**

Current	3,827	2,556
Non current	16	9
	3,843	**2,565**

(i) This represents guarantee fee accrual in respect of callable capital provided by GuarantCo.

(ii) This represents the payables in respect of services rendered to the Company by different professional services firms and vendors.

(iii) This represents performance pay provisions, vacation allowance, car allowance, mortgage subsidy allowance and provisions for other staff benefits.

(iv) This represents statutory deductions payable to the Governments such as PAYE, pension, NSITF, NHF and WHT.

20 Employee benefit obligation

In thousands of Dollars	31 December 2022	31 December 2021
Other long term employee benefits		
Long term incentive scheme (see note (i) below)	1,032	-
Effect of movement in exchange rate	(478)	-
	554	**-**

(i) Long term incentive scheme represents a long term bonus scheme instituted for all permanent employees on Assistant Vice President – Managing Director level with at least one (1) year of service and no pending disciplinary action. The allocation of the long term incentive scheme is within the range of 5% - 15% (based on the approval of the board each year) of net guarantee fee income and net investment income weighted 80:20 if all required targets are met. The deferral period is set at 5 years, at the end of which, employees may cash out or choose to hold them for longer. Pay-outs from the plan will be taxed according to the applicable tax laws in the Federal Republic of Nigeria.

21 Lease liabilities

In thousands of Dollars	31 December 2022	31 December 2021
Opening	199	316
Unwinding of discount (see note 3b)	47	43
Effect of movement in exchange rate	(20)	(160)
	226	**199**

The above lease is a 5 year lease with an option to extend for another 5 years. Management has decided that it is most likely to exercise the extension option. A three year upfront payment has been made

In thousands of Dollars	31 December 2022	31 December 2021
Non-current	226	199
Current	-	-
	226	**199**

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's Finance function.

22 Share capital

	In thousands of Dollars	31 December 2022	31 December 2021
(a)	**Authorised**		
	50,000,000,000 shares of USD 0.003284 each (2021: 50,000,000,000 shares of USD 0.003284 each)	**164,204**	**164,204**
	Called up & fully paid shares	**109,805**	**104,440**

Ordinary shares

Issued and fully paid

3,497,636,698 ordinary shares of USD 0.002652 each (2021: 3,497,636,698 ordinary shares of USD 0.002652 each)		
Movement in the year		
Opening balance	9,275	8,004
Issue of ordinary shares	-	1,271
	9,275	**9,275**

Following receipt of total shares consideration of USD 27 million on 9 December 2020, InfraCo Africa Investment Limited was allotted 991,595,001 units of ordinary shares of USD 0.002558 each by a Board Resolution dated 10 December 2020. In 2021, 522,851,695 units of ordinary shares of USD 0.002431 each were allotted to Leadway Assurance Company Limited.

By a Board resolution dated 14 September 2018, the Company allotted additional 3,500,000,000 (Three Billion, Five Hundred Million) ordinary shares of USD 0.002758 each (the Specified Shares) to NSIA in order to meet the statutory requirement of allotting 25% of authorised share capital within six (6) months of an increase in share capital. NSIA has agreed to hold the Specified Shares devoid of all rights and liabilities pending the instruction of the Company in relation to further dealings with the Specified Shares.

NSIA may only deal with the Specified Shares in accordance with the terms and conditions of the Supplemental Agreement and not otherwise; and has no active or independent duties to perform in respect of the Specified Shares. Any disposal of the Specified Shares in violation of this Supplemental Shareholders' Agreement will be void ab initio and the Company shall not register such disposal in its register of members.

(b) Preference shares (irredeemable)

Authorised, issued and fully paid irredeemable preference shares

Preference Shares (irredeemable)	**22,250**	**22,250**

Irredeemable preference shares have no repayment date and there is no obligation on the part of the Company to repay the capital. Dividend payment on irredeemable preference shares is discretionary based on the recommendation of the Board and subject to the approval of the shareholders.

(c) Preference shares (redeemable)

Authorised, issued and fully paid redeemable preference shares

Opening balance	53,507	53,507
Issue of redeemable preference shares (see 22 (e))	1,092	-
Capitalisation of preference dividends (see 23 (a))	3,322	-
	57,921	**53,507**

Following receipt of total shares consideration of USD27 million on 9 December 2020, InfraCo Africa Investment Limited was allotted 9,119,770,195 units of preference shares of USD 0.002558 each by a Board Resolution dated 10 December 2020. In September 2021, 1,439,586 preference shares of USD0.002431 each was allotted to Leadway Assurance Company Limited. In June 2022, by a Board Resolution, additional preference share of N426,819 was allotted to InfraCo Africa Investment Limited from its' deposit for shares.

The terms of the redeemable preference shares confer on the Company the discretion to use its best effort to provide an exit option for AFC and InfraCo Africa Investment Limited as soon as practicable. Dividend payment on redeemable preference shares is discretionary based on the recommendation of the Board and subject to the approval of the shareholders. Redemption is solely at the option of the Company.

(d) In December 2016, the Company entered into USD50,000,000 Callable Capital Funding Facility Agreement with GuarantCo Limited (the "Callable Capital"). The Callable Capital is the unfunded second loss component of the Company's capital structure and acts as a liquid credit backstop to the Company's paid in share capital (the "Core Capital"). The Callable Capital is a 15-year unconditional and irrevocable obligation of GuarantCo and can be called on demand by the Company to replenish the Company's Core Capital if at any time the Company determines that as a result of actual or expected credit losses on its guaranteed portfolio, its Core Capital will become impaired by 80%. The Callable Capital is a revolving facility, subject to a cumulative outstanding limit of USD 50 million of which USD25 million is available based on the terms of the agreement. The Callable capital agreement became effective on 12 December 2017.

(e) Deposit for Shares

In thousands of Dollars	**31 December 2022**	**31 December 2021**
Opening balance	1,092	1,092
Additions	-	-
Issue of redeemable preference shares (see 22 (c))	(1,092)	-
Closing balance	**-**	**1,092**

Deposit for shares represents contribution by InfraCo Africa Investment Limited for allotment of preference shares. In June 2022, by a Board Resolution, the deposit of shares of USD1,092,000 was allotted as preference shares to InfraCo Africa Investment Limited.

(f) Share premium

The gross proceeds from the 991,595,001 units of ordinary shares allotted to InfraCo Africa Investment Limited at USD 0.002609 per share was USD 2.6 Million and 522,851,695 units of ordinary shares allotted to Leadway at USD 0.002869 per share. This was applies as detailed below:

In thousands of Dollars	31 December 2022	31 December 2021
991,595,001 ordinary shares of USD 0.0000512 each	51	51
522,851,695 ordinary shares of USD 0.0004376 each	229	229
Gross proceeds	**280**	**280**

23 Retained earnings

In thousands of Dollars	31 December 2022	31 December 2021
Balance as at 1 January	3,693	(406)
Preference dividend	(3,327)	-
	366	**(406)**
Profit for the year	5,391	4,222
Translation difference	10	(123)
Balance at the end of year	**5,767**	**3,693**

(a) At the 22nd Board Meeting of the Company, held on 21 March 2022, the Board approved the declaration and capitalization of dividend of USD 3.3 million; NSIA: USD 1.5 million (exempted from WHT), AFC: USD 1.8 million (exempted from WHT), Infraco: USD 42,138 (i.e. USD 37,924 net of WHT @10%).

24 Unsecured subordinated long term loans

In thousands of Dollars	31 December 2022	31 December 2021
Unsecured subordinated long-term loan at amortised cost		
Opening	69,635	71,476
Accrued Interest	3,913	3,852
Interest repayment	(2,624)	(3,635)
Effect of movement in exchange rate	4,386	(2,058)
	71,539	**69,635**
Current	3,913	3,852
Non-current	67,626	65,783
	71,539	**69,635**

25 Translation reserves

(a) Translation reserves represent foreign currency difference arising from the translation of the results from the functional currency of Naira to the presentation currency of US Dollar.

(b) Movement in translation reserves

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the year		**5,860**	**6,340**
Cash and cash equivalent	29(r)	1,959	2,662
Investment securities	29(a)	(6,296)	(595)
Financial guarantee liability	29(c)	(1,012)	(535)
Trade and other receivables	29(d)	27	29
Prepayments	29(r)	11	-
Guarantee fee receivable	29(e)	862	462
Other liabilities	29(f)	(110)	(129)
Employee benefit obligation	18(b)	(478)	-
Unsecured Subordinated Capital	29(n)	150	(2,186)
Property and equipment	29(k)	35	19
Right of use asset	29(m)	41	31
Intangible asset	29(l)	12	9
Deferred tax asset	29(o)	55	43
Lease liability	29(p)	(20)	(160)
Current tax liability	29(q)	(19)	(6)
Retained earnings	23	10	(123)
		(4,773)	(480)
At the end of the period		**1,087**	**5,860**

26 Related parties transactions

(a) Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes associates, joint ventures and the Company's pension schemes, as well as key management personnel.

(i) Parent and ultimate controlling party

Until 20 December 2018, the parent and ultimate controlling party of the Company was Nigeria Sovereign Investment Authority (NSIA). Thereafter, the Company is owned by NSIA, Africa Finance Corporation (AFC), InfraCo Africa Investment Limited and Leadway Assurance Company Limited (See Note 9 of Directors' Report for details of shareholdings).

(ii) Transactions with related party

Related party transactions and outstanding balances as at year end are as follows:

Related entity	Nature of transactions	Note	31 December 2022 ($'000)	31 December 2021 ($'000)
Guarantco	Payables - Fee accrual in respect of callable capital provided by GuarantCo.	18	2	-

27 Contingent liabilities, litigations and claims

As at 31 December 2022, the Company had issued the following Guarantees which represent contingent liabilities outstanding:

Client	Guaranteed amount	Outstanding balance Dec 2022	Outstanding balance Dec 2021	*Amount due within 12 Months	*Amount due over 12 months	Issue date
Viathan Funding Ltd	21,687	16,441	20,075	4,900	11,540	15 December 2017 - 14 December 2027
North South Power	18,434	16,937	18,970	3,213	13,724	28 February 2019 - 27 February 2034
GEL Utility	28,193	27,412	30,652	5,024	22,389	28 August 2019 - 27 August 2034
Transport Services Ltd (TSL)	26,025	26,025	28,295	5,774	20,250	6 October 2020 - 5 October 2030
North South Power	2,958	2,662	3,216	836	1,827	18 May 2021 - 30 June 2027
Viathan Funding Ltd	3,303	2,808	3,591	891	1,917	30 September 2021 - 30 March 2028
Lagos Free Zone Company	22,772	22,772	24,758	3,017	22,772	16 September 2021 - 16 September 2041
GPC Energy and Logistics	43,375	43,375	47,158	5,639	43,375	23 November 2021 - 23 November 2031
LFZC II Funding SPV Plc	54,218	54,218	-	7,184	54,218	10 March 2022 - 16 March 2042
PAN African Towers Limited	21,687	21,687	-	2,874	21,687	2 February 2022 - 2 February 2032
Asiko Power Limited	3,253	3,253	-	656	3,253	13 April 2022 - 30 April 2029
Gas Terminalling Ltd.	7,591	7,591		759	7,591	31 October 2022 - 31 October 2029
Darway	1,735	1,735		243	1,735	30 September 2022 - 30 September 2029
GLNG	1,410	1,410		195	1,410	28 September 2022 - 30 September 2029
Transport Services Ltd (TSL)	3,253	3,253		3,253	-	30 September 2022 - 30 September 2029
GLNG	8,675	8,675		8,675	-	30 December 2022 - 31 December 2023
	268,569	**260,253**		**53,133**	**227,687**	

There was no claim against the Company as at 31 December 2022 (2021:Nil) in respect of the issued guarantees.

Also there was no litigation against the Company during the financial period (2021: Nil).

*Amount due within and over 12 months is inclusive of interest charged

28 Events after reporting date

There were no events after the reporting period which could have a material effect on the financial position of the Company as at 31 December 2022 and its financial performance for the year ended which have not been adequately provided for or disclosed.

29 Statement of cash flow notes

(a) Purchase and redemption of investment securities

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the year		153,050	123,224
Interest Income (See note 3)		12,520	11,094
Interest received		(10,404)	(9,391)
Effect of movement in exchange rate		(7,517)	595
Impairment loss on investment securities (see note 4)		(542)	(249)
Closing balance	10	(142,980)	(158,074)
Cash outflow/(inflow)		**4,564**	**(32,801)**

(b) Interest received

In thousands of Dollars		31 December 2022	31 December 2021
Interest income (see note 3)		12,520	11,094
Interest receivable on investment securities		(1,187)	(1,320)
Effect of movement in exchange rate		(929)	(383)
Cash inflow		**(10,404)**	**9,391**

(c) Changes in financial guarantee liability

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		12,623	9,546
Net movement (cash outflow)		4,400	3,612
Effect of movement in exchange rate		(1,012)	(535)
At the end of the period	**17**	**16,011**	**12,623**

(d) Changes in trade and other receivables

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		528	423
Impairment loss on other assets (see note 4)		(40)	(285)
Net movement (cash outflow)		115	419
Effect of movement in exchange rate		(27)	(29)
At the end of the period	**12**	**576**	**528**

(e) Changes in guarantee fee receivable

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		10,749	8,239
Net movement (cash inflow)		4,257	2,972
Effect of movement in exchange rate		(862)	(462)
At the end of the period	**11**	**14,143**	**10,749**

(f) Changes in other liabilities

In thousands of Dollars		31 December 2022	31 December 2021
Balance at the beginning of the period		2,565	2,113
Net movement (cash inflow)		1,943	581
Effect of movement in exchange rate		(665)	(129)
At the end of the period	**19**	**3,843**	**2,565**

(g) Movement in ordinary share capital

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period (see note 22)		9,275	8,004
Net movement (net inflow)		-	1,271
At the end of the period	**22a**	**9,275**	**9,275**

(h) Movement in irredeemable preference shares

In thousands of Dollars		31 December 2022	31 December 2021
Irredeemable preference shares at the beginning of the year (see note 22(b))		22,250	22,250
Net movement (net inflow) Dividend capitalisation		-	-
At the end of the period	**22b**	**22,250**	**22,250**

(i) Movement in redeemable preference shares

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period (see note 22(c))		53,507	53,507
Dividend capitalisation		3,322	-
Issue of redeemable preference shares (see 22 (e))		1,092	
At the end of the period	**22c**	**57,921**	**53,507**

(j) **Gain on disposal of property and equipment**

In thousands of Dollars		31 December 2022	31 December 2021
Cost (see note 14)		-	2
Accumulated depreciation (see note 14)		-	(2)
Gain on disposal of property and equipment		**-**	**-**

(k) **Movement in property and equipment**

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		538	497
Depreciation		(165)	(174)
Additions		195	236
Disposal		-	(2)
Effect of movement in exchange rate		(35)	(19)
At the end of the period	**14**	**533**	**538**

(l) **Movement in intangible asset**

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		103	127
Amortisation		(37)	(38)
Additions		71	15
Reclassification		3	5
Effect of movement in exchange rate		(5)	(6)
At the end of the period	**16**	**135**	**103**

(m) **Movement in Right of Use Asset**

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period			
Charge for the period			
Additions			
Reclassification			
Effect of movement in exchange rate			
At the end of the period	**15**		

(n) **Movement in Unsecured Subordinated Capital**

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		69,635	71,057
Interest expenses (see note (3)(b))		4,378	4,399
Repayment (see note 22)		(2,624)	(3,635)
Effect of movement in exchange rate		(4,852)	(2,186)
Balance at the end of the period	**24**	**66,537**	**69,635**

(o) Movement in Deferred Tax Asset

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		755	738
Addition		349	60
Effect of movement in exchange rate		(55)	(43)
Balance at the end of the period	**18**	**1,049**	**755**

(p) Movement in Lease Liability

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		199	316
Unwinding of discount (see note 3b)		47	43
Effect of movement in exchange rate		(20)	(160)
Balance at the end of the period	**21**	**226**	**199**

(q) Movement in Current Tax Liability

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		116	61
Charge for the year see note 8(a):			
Minimum tax		85	36
Current tax		148	85
Payment during the year		(116)	(60)
Effect of movement in exchange rate		(19)	(6)
Balance at the end of the period	**8(c)**	**215**	**116**

(r) Changes in prepayments

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the period		143	146
Net movement (cash outflow)		(7)	(3)
Effect of movement in exchange rate		(11)	-
At the end of the period	**12**	**125**	**143**

(s) Effect of movement in exchange rates on cash held

In thousands of Dollars		31 December 2022	31 December 2021
At the beginning of the year - Translation reserves	25(b)	5,860	6,340
Investment securities	29(a)	(6,296)	(595)
Financial guarantee liability	29(c)	(1,012)	(535)
Trade and other receivables	29(d)	27	29
Prepayments	29(r)	11	-

Guarantee fee receivable	29(e)	862	462
Other liabilities	29(f)	(110)	(129)
Employee benefit obligation	18(b)	(478)	-
Unsecured Subordinated Capital	29(n)	150	2,186
Property and equipment	29(k)	35	19
Right of use asset	29(m)	41	31
Intangible asset	29(l)	12	9
Deferred tax asset	29(o)	55	43
Lease liability	29(p)	(20)	(160)
Current tax liability	29(q)	(19)	(6)
Retained earnings	23	10	(123)
At the end of the period - Translation reserves	25(b)	(1,087)	(5,860)
Effect of movement in exchange rates on cash held		**(1,959)**	**(2,662)**

30 Financial risk management

(a) Introduction

This note presents information about the Company's exposure to different types of risks, the objectives, systems, policies and processes for identifying, measuring and managing risks, and the Company's management of capital. The Company's activities expose it to a variety of risks, and those activities principally involve creation of financial assets and liabilities. Risk taking is the core of the company's business and operational risks amongst others are an inevitable consequence of being in the financial services industry. The Company's aim is to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Company's financial performances. The Company has therefore built its business around sound risk management practices, so that as it actively seeks opportunities to create value for its clients and stakeholders, there is also a deliberate, concerted effort to preserve value. The Company has adopted encompassing Risk Management & Guarantee Policies that consider risk from a comprehensive and integrated standpoint.

(b) Risk management objectives

The primary objective of risk management is to ensure efficient risk/return decision-making, reduce volatility in operating performance, improve operational efficiency as well as the quality of service delivery and ensure that the Company's risk profile is transparent to all stakeholders.

Risk Management practices at the Company centre around building a sustainable business where an acceptable risk profile is consistently maintained, given risk capacity and tolerance levels per time.

Therefore, its approach is driven by the following key objectives:

Business sustainability: This represents resiliency over time. It involves the organisation's ability to survive significant internal and external shocks.

Accountability: This represents the directors' obligations to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner.

Risk/reward alignment: This is an optimization concept that seeks to achieve maximum possible return for each unit of risk taken.

Operational efficiency: This represents the Company's ability to deliver services in the most cost-effective manner possible while maintaining the highest feasible quality standards.

(c) Risk management framework

The Company's risk management philosophy is premised on the belief that aggressive and yet guarded risk attitude will ensure sustainable growth in shareholders value and corporate reputation. To this end, the Board and Management are committed to establishing and sustaining tested practices in risk management. The Board of Directors determines the Company's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Company to incur risk, weighed against the expected rewards.

The risk policy is detailed in the Risk Management & Guarantee Policies, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity and operational risks.

The evolving nature of risk management practices necessitates regular review of the effectiveness of each enterprise risk management component. In the light of this, the Company's Risk Management & Guarantee Policies is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways:

(i) Continuous self evaluation and monitoring by the Risk Management Unit

(ii) Independent evaluation and reviews

The Head, Credit Risk has the primary responsibility for risk management and for the review of the Risk Management & Guarantee Policies. All amendments to the Company's Risk Management & Guarantee Policies require the Board's approval. The unit also has the responsibility to enforce the risk policy of the Company by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

The different risk exposures faced by the Company are summarized into the broad risk categories below;

Risk type	Description	Loss characteristics
Market risk	The risk of loss due to unfavourable movements in the prices of assets.	This could result in loss of value to the Company's investment portfolio.
Credit risk	The risk of loss arising from counterparty's inability or unwillingness to fulfil contractual obligations to the Company.	This could result in impairment in the Company's credit assets and could invariably affect its short to long-run liquidity needs.
Liquidity risk	The risk that the Company will not be able to meet its financial obligations as they fall due.	This could result in significant business disruption or could hinder normal operations of the Company.

(d) Valuation of financial instruments

The Company measures fair values for disclosure purposes using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques based on significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

(i) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. In guaranteeing certain debts of its client companies, the Company also becomes indirectly exposed to the market risks of those companies. The objective of market risk management is to control and bring market risk exposures within acceptable parameters to ensure the Company's solvency, while optimising the return on risk.

The Company's market risk management practice seeks to achieve an appropriate balance between risks and returns in its investment decisions thereby reducing volatility to its earnings. The Company has no trading financial instruments.

Interest rate risk:

Interest rate risk is the risk of loss in the fair value of investment positions due to unfavourable movements in interest rate spreads. The Company's exposure to interest rate risk is majorly from its financial assets such as money market placements, treasury bills, Eurobonds and financial liabilities such as the unsecured subordinated long term loan from KFW and AFDB.

The investment policy of the Company restricts its investment portfolio to 60% in highly rated/liquid securities with weighted average duration of 2 years and 40% in highly rated/liquid securities with weighted average duration of 5 years.

The table below summarizes the Company's interest rate gap position, analysed by the earlier contractual re-pricing or maturity date is as follows:

31 December 2022			Interest bearing instruments				Non-interest
In thousands of Dollars	Note	Carrying amount	Less than 3 months	3 months - 6 months	6 months - 1 year	Over 1 year	Bearing instruments
Assets							
Cash and cash equivalents	9	13,111	24,561	-	-	-	-
Investment securities	10	156,793	3,836	2,438	9,776	140,743	-
Guarantee fee receivable	11	14,143	-				14,143
Trade and other receivables	12	571	-	-	-	-	571
		184,618	**28,397**	**2,438**	**9,776**	**140,743**	**14,714**
Liabilities							
Financial guarantee liability	17	16,011	-	-	-	-	16,011
Other liabilities	19	1,426					1,426
Lease liability	21	226	-	-	-	-	226
Unsecured subordinated long term loan	24	71,539	-	37	1,858	69,644	-
		89,202	-	37	1,858	69,644	17,663
Total interest re-pricing gap		**95,416**	**28,397**	**2,401**	**7,918**	**71,099**	**(2,949)**

31 December 2021			Interest bearing instruments				Non-interest
In thousands of Dollars	Note	Carrying amount	Less than 3 months	3 months - 6 months	6 months - 1 year	Over 1 year	Bearing instruments
Assets							
Cash and cash equivalents	9	3,101	3,101	-	-	-	-
Investment securities	10	153,050	13,009	7,034	20,349	112,658	-
Guarantee fee receivable	11	10,749	-	-	-	-	10,749
Trade and other receivables	12	525	-	-	-	-	525
		167,425	**16,110**	**7,034**	**20,349**	**112,658**	**11,274**
Liabilities							
Financial guarantee liability	17	12,623	-	-	-	-	12,623
Other liabilities	19(a)	1,390	-	-	-		1,390.00
Lease liability	21	199	-	-	-	199	-
Unsecured subordinated long term loan	24	69,635	373	-	8,697	60,565	-
		83,847	373	-	8,697	60,764	14,013
Total interest re-pricing gap		**83,578**	**15,737**	**7,034**	**11,652**	**51,894**	**(2,739)**

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Company's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

The sensitivity of the Company's profit or loss & equity to an increase or decrease in market rates by 200 basis points is as follows:

In thousands of Dollars	31 December 2022	31 December 2021
Profit or loss & equity		
Increase	1,967	1,726
Decrease	(1,967)	(1,726)

(ii) Credit risk

Credit risk is the risk of loss arising from claims on guarantees provided by the Company as a result of default by obligors and also the risk of loss arising from counterparty's inability or unwillingness to fulfil contractual obligations to the Company. Other key areas where the Company is exposed to credit risk are:

- **Cash and cash equivalents:** The risk of these exposures are tied to the financial health of the Company's banking counterparties.
- **Investment securities:** The risk of this exposure is also tied to the financial health of the counterparty or financial institution.
- **Other assets:** These exposures represent receivables due from clients and related parties.
- **Guarantee fee receivables:** These exposures represent receivables due from Viathan Funding Plc relating to the guarantee fees due from the financial guarantee contract.

Management of credit risk

The Company has instituted a set of credit and investment policies governing underwriting and investment criteria and a robust credit evaluation and approval process in its bid to mitigate credit risk. The following principles form the basis of the Company's credit risk management with respect to its guarantee contracts:

- appropriate risk diversification within its eligible transactions
- thorough risk assessment at the credit appraisal stage of the guarantee process
- risk-based pricing and risk mitigation strategies
- continuous risk monitoring at the individual counterparty level as well as the portfolio level
- avoidance of undesirable risks to the extent possible

The Credit Guarantee Policy of the Company also details the use of other approved credit mitigant facilities such as reinsurance from highly rated counterparties, refinancing creditworthy brownfield eligible infrastructure related assets, co-guaranteeing transactions with other entities, partial guarantees, tranching of debt issuances and guaranteeing the senior debt tranche, non-acceleration of guarantee obligations, guaranteeing long term amortising debt and avoiding 'bullet maturities' and ensuring adequate cover on the nature and type of security package. The Board of Directors has overall responsibility for all aspects of Risk Management within the Company.

The table below shows the exposure of credit risk based on financial assets held by the Company

In thousands of Dollars	Note	31 December 2022	31 December 2021
Cash and cash equivalents	9	13,111	3,101
Investment securities	10	156,793	153,050
Guarantee fee receivable	11	14,143	10,749
Trade and other receivables	12	571	525
Total exposure to credit risk		**184,618**	**167,425**

With respect to proprietary management of investment portfolio, the Company only transacts with financial institutions and other counterparties that are rated the equivalent of investment grade. Where the counterparties have minimum of investment grade rating, they are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Furthermore, although the value of trade receivables are grossly insignificant at the end of the year, the Company reviews the recoverable amount of each trade receivable on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made in line with IFRS 9. In this regard, the directors of the Company consider that the Company's credit risk with respect to trade receivables is significantly reduced. Trade receivables consist of receivables for upfront fees from clients in respect of due diligence on proposed guarantee of infrastructure bonds.

The credit risk on liquid funds is grossly immaterial because the counterparties are banks with high credit-ratings assigned by reputable credit-rating agencies. Thus, no loss allowance was recognized on cash and bank balances at the end of the reporting period.

As noted above, the Company is exposed to credit risk in relation to financial guarantees given to customers which are companies engaged in infrastructure development. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantees are called on. As at 31 December 2022, there was nil expected credit losses (2021: nil).

Collateral held as security and other credit enhancements

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial guarantee contracts. Below shows the nature and value of collaterals held as securities for the guarantee contracts issued as at 31 December 2022:

Viathan Funding Ltd

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	31,764	36,236
Reserve account (Bank balance)	14	785
Total value of the collateral held	**31,778**	**37,021**
Outstanding value of the guarantee at the end of the year	(19,248)	(23,666)
Excess of collateral over outstanding value of the guarantee	**12,530**	**13,355**

Other than the reserve account and bank balances; the valuation for Viathan's assets was undertaken by Diya Fatimilehin & Co: FRC/2013/NIESV/00000000754. This valuation fall in category 3 of the fair value hierarchy.

North South Power (NSP)

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	157,775	171,536
Reserve account (Bank balance)	3,987	3,915
Total value of the collateral held	**161,762**	**175,451**
Outstanding value of the guarantee at the end of the year	(19,600)	(22,186)
Excess of collateral over outstanding value of the guarantee	**142,162**	**153,265**

Other that the reserve account and bank balances; the valuation for NSP's assets was undertaken by Deloitte & Touche (Tope Odukoya- FRC/2012/ICAN/00000000422). This valuation fall in category 3 of the fair value hierarchy.

GEL Utility

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	37,431	40,696
Reserve account (Bank balance)	5,088	4,705
Total value of the collateral held	**42,519**	**45,401**
Outstanding value of the guarantee at the end of the year	(27,412)	(30,652)
Excess of collateral over outstanding value of the guarantee	**15,107**	**14,749**

Other than the reserve account and bank balances; the valuation for GEL Utility's assets was undertaken by Jide Taiwo & Co. (FRC/2012/0000000000254). This valuation fall in category 3 of the fair value hierarchy.

Transport Service Limited (TSL)

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	70,059	49,283
Reserve account (Bank balance)	249	918
Total value of the collateral held	**70,308**	**50,201**
Outstanding value of the guarantee at the end of the year	(29,278)	(28,295)
Excess of collateral over outstanding value of the guarantee	**41,030**	**21,906**

Other than the reserve account and bank balances; the valuation for TSL's assets was undertaken by James Garuba & Co. This valuation fall in category 3 of the fair value hierarchy.

Lagos Free Zone Company (LFZC)

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	424,023	461,005
Reserve account (Bank balance)	-	-
Total value of the collateral held	**424,023**	**461,005**
Outstanding value of the guarantee at the end of the year	(76,990)	(24,758)
Excess of collateral over outstanding value of the guarantee	**347,033**	**436,247**

Other than the reserve account and bank balances; the valuation for LFZC's assets was undertaken by Knight Frank. The valuation report was signed by Sunny Akpodiogaga. This valuation fall in category 3 of the fair value hierarchy.

GPC Energy & Logistics Limited

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	89,070	49,283
Reserve account (Bank balance)	1,758	1,533
Total value of the collateral held	**90,828**	**50,816**
Outstanding value of the guarantee at the end of the year	(43,375)	(47,158)
Excess of collateral over outstanding value of the guarantee	**47,453**	**3,658**

Other than the reserve account and bank balances; the valuation for GPC's assets was undertaken by Pat Obianwu & Co (FRC/2014/NIESV/00000007136) signed by ESV. Patrick Obianwu. This valuation fall in category 3 of the fair value hierarchy.

Asiko Power Limited

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	5,695	-
Reserve account (Bank balance)	302	-
Total value of the collateral held	**5,997**	**-**
Outstanding value of the guarantee at the end of the year	(3,253)	-
Excess of collateral over outstanding value of the guarantee	**2,744**	**-**

Other than the reserve account and bank balances; the valuation for Asiko's assets was undertaken by Ubosi Eleh & Co. This valuation fall in category 3 of the fair value hierarchy.

Gas Terminalling Ltd

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	15,493	-
Reserve account (Bank balance)	541	-
Total value of the collateral held	**16,034**	**-**
Outstanding value of the guarantee at the end of the year	(7,591)	-
Excess of collateral over outstanding value of the guarantee	**8,444**	**-**

Other than the reserve account and bank balances; the valuation for Gas Terminalling Ltd's assets was undertaken by Ubosi Eleh & Co. This valuation fall in category 3 of the fair value hierarchy.

PAN African Towers Limited

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	81,507	-
Reserve account (Bank balance)	1,516	-
Total value of the collateral held	**83,023**	**-**
Outstanding value of the guarantee at the end of the year	(21,687)	-
Excess of collateral over outstanding value of the guarantee	**61,336**	**-**

Other than the reserve account and bank balances; the valuation for PAN's assets was undertaken by United Capital Investment Banking signed by Babatunde Obaniyi. This valuation fall in category 3 of the fair value hierarchy.

Darway Coast

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	3,470	-
Reserve account (Bank balance)	243	-
Total value of the collateral held	**3,713**	**-**
Outstanding value of the guarantee at the end of the year	(1,735)	-
Excess of collateral over outstanding value of the guarantee	**1,978**	**-**

Other than the reserve account and bank balances; the facility size has been taken as the collateral size.

GLNG

In thousands of Dollars	31 December 2022	31 December 2021
Open Market value of property held	16,759	-
Reserve account (Bank balance)	100	-
Total value of the collateral held	**16,858**	**-**
Outstanding value of the guarantee at the end of the year	(10,085)	-
Excess of collateral over outstanding value of the guarantee	**6,774**	**-**

Other than the reserve account and bank balances; the valuation for GLNG's assets was undertaken by Dan Odiete & Co, signed by Dan Odiete. This valuation fall in category 3 of the fair value hierarchy.

In respect of the nature and value of collaterals held as securities for the respective guarantee contracts issued as at 31 December 2022 detailed above:

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its investment securities.

There was no change in the Company's collateral policy during the period.

Overview of the Company's exposure to credit risk

As at 31 December 2022, the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position; and
- the financial guarantee disclosed in the notes below

In order to minimise credit risk, the Company has tasked its Board and Management Credit Committees to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by reputable independent rating agencies where available and, if not available, the Credit Committees use other publicly available financial information and the Company's own records to rate its major customers and other debtors. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company's current credit risk grading framework comprises the following categories:

Internal credit rating	Description	Basis for recognising expected credit losses (ECLs)
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

The tables below detail the credit quality of the Company's financial assets and financial guarantee contracts (off-balance sheet) as well as the Company's maximum exposure to credit risk by credit risk rating grades. Current credit ratings were assigned by Agusto & Co., GCR, Fitch and S&P.

31 December 2022	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount (i)
Cash and cash equivalents	9	A1 - AAA*	Performing	12-month ECL	13,135	(24)	13,111
Investment securities	10	A1 - AAA*	Performing	12-month ECL	158,011	(1,218)	142,980
Guarantee fee receivables	11	BBB-*	Performing	12-month ECL	14,143	-	14,143
Trade and other receivables	12	BBB- AA*	Performing	12-month ECL	881	(310)	571
Total exposure to credit risk					**186,170**	**(1,552)**	**170,805**

31 December 2021	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount (i)	Loss allowance	Net carrying amount (i)
Cash and cash equivalents	9	A1 - AAA*	Performing	12-month ECL	3,102	(1)	3,101
Investment securities	10	A1 - AAA*	Performing	12-month ECL	153,829	(779)	153,050
Guarantee fee receivables	11	BBB-*	Performing	12-month ECL	10,749	-	10,749
Trade and other receivables	12	BBB- AA*	Performing	12-month ECL	821	(296)	525
Total					**168,501**	**(1,076)**	**167,425**

**Assigned by Fitch, Agusto and GCR*

Incorporation of forward-looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Company uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Company applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Company has not made changes in the estimation techniques or significant assumptions made during the reporting period.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2022 for the years 2022 to 2024

	2022	2023	2024
Crude oil price (USD)	105	100	88
GDP growth rate (%)	2.40	2.50	3.90
Exchange Rate	415.00	475.00	512.50
Inflation	20.00	17.10	13.00

Source: Fitch Solutions

Below is the disclosure of scenario probability weightings applied in measuring ECL for both 2021 and 2022

	Probability of Default	
Scenarios	**2022**	**2021**
Best Case	50%	50%
Base Case	30%	30%
Worst Case	20%	20%

Measurement of expected credit losses (ECLs)

The key inputs used for measuring ECL are: probability of default (PD); loss given default (LGD); and exposure at default (EAD).

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on external rating model, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures . The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the instrument.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contact extension or renewal is common business practice.

Concentration of credit risk

Most of the financial assets which are exposed to credit risks are from transactions with counterparty companies in the banking industry in Nigeria and public sector (Federal Government of Nigeria). The credit risk that the Company is exposed to as a result of the financial assets is considered low as the counterparties have consistently been rated above average by reputable credit rating agencies such as Fitch, Agusto, GCR and S&P . These counterparties include Federal Government of Nigeria, Stanbic Bank, Access Bank, Ecobank, United Bank for Africa, Zenith Bank and GuarantCo . As at the reporting date, none of these financial assets have shown objective evidence of impairment.

Concentration by Sector

			Cash Equivalents		Investment Securities	
In thousands of Dollars	**Rating**	**Location**	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
Financial Institutions						
Stanbic IBTC Bank limited	AAA **	Nigeria	3,721	1,520	-	-
Access Bank Plc	A+ **	Nigeria	9,460	896	-	-
Zenith Bank Plc	AA- **	Nigeria	-	-	-	3,396
United Bank for Africa Plc	AA- ***	Nigeria	19	19	-	3,084
Ecobank Ltd	A- ***	Nigeria	2	33	10,251	10,000
Guaranty Trust Bank	AA **	Nigeria	449	403	-	-
Standard Chartered Bank	AAA **	Nigeria	(493)	131	-	-
Others	A+ **	Nigeria	-	100	-	655
			13,159	**3,102**	**10,251**	**17,135**
Sovereign/ Government						
Federal government of Nigeria	B+**	Nigeria	-	-	147,760	136,694
Total			**13,159**		**158,010**	**153,829**

Concentration by product

In thousands of Dollars	31 December 2022	31 December 2021
Bank balances	5,827	3,002
Placement with banks	7,308	-
Commercial papers	-	705
Eurobonds	152,199	17,135
FGN bonds	4,593	135,990
Total	**169,927**	**156,832**

* Assigned by Agusto
** Assigned by Fitch
*** Assigned by GCR

Concentration by region

In thousands of Dollars	31 December 2022	31 December 2021
Nigeria	169,927	156,832
Total	**169,927**	**156,832**

Guarantee fee receivables at amortised cost

Concentration by sector

In thousands of Dollars	Rating	Location	31 December 2022	31 December 2021
Power Sector				
Viathan Funding Plc	BBB- *	Nigeria	449	774
North South Power Company Limited	A+ ***	Nigeria	917	1,513
GEL Utility Limited	BBB+ *	Nigeria	1,476	2,015
Asiko Energy Holding Limited	BBB+ *	Nigeria	713	-
Darway	BBB+ *	Nigeria	156	-
GLNG	BBB+ *	Nigeria	300	-
			4,011	**4,302**
Transport sector				
TSL	BBB+ *	Nigeria	1,982	1,972
GPC	BBB+ *	Nigeria	1,977	2,775
			3,959	**4,747**
Input to infrastructure				
LFZC	BBB+ *	Nigeria	4,636	1,700
PAN African Towers Limited	BBB*	Nigeria	2,114	-
			6,750	1,700
Total			**14,264**	**10,749**

* Assigned by Agusto
** Assigned by Fitch
*** Assigned by GCR

Concentration by region

In thousands of Dollars	31 December 2022	31 December 2021
Nigeria	6,751	1,700
	6,751	**1,700**

Financial guarantee contracts (off balance sheet)

In thousands of Dollars	31 December 2022	31 December 2021
Viathan Funding Ltd	24,990	23,666
North South Power	21,392	22,186
GEL Utility	28,193	30,652
Transport Services Ltd (TSL)	26,025	28,295
LFZC	76,990	24,758
GPC	43,375	47,158
Asiko Power Limited	3,253	-
Gas Terminalling Ltd	7,591	-

Darway	1,735	-
GLNG	10,085	-
PAN African Towers Limited	21,687	-
	265,316	**176,715**

Loss allowance by financial instrument

In thousands of Dollars	Note	31 December 2022	31 December 2021
Cash and cash equivalent	9	24	1
Investment securities at amortised cost	10	1,218	779
Trade and other receivables	12	310	296
		1,552	**1,076**

(A) Analysis of movement in loss allowance

The tables below analyse the movement of the loss allowance during the period per class of assets.

In thousands of Dollars	Trade and other receivables 12-month ECL	Guarantee fee receivable 12-month ECL	Cash Equivalents 12-month ECL	Investment Securities 12-month ECL	Total
As at 1 January 2021	22	-	115	571	708
New financial assets originated or purchased	296	-	-	779	1,075
Financial assets that have been derecognised	(11)	-	-	(530)	(541)
Impairment loss/(write back) for the period (see note 4)	285	-	-	249	534
Effect of movement in exchange rate	(11)	-	-	(41)	(52)
As at 31 December 2021	296	-	115	779	1,191
New financial assets originated or purchased	336	-	140	1,321	1,798
Financial assets that have been derecognised	(296)	-	(115)	(779)	(1,191)
Impairment loss for the period (see note 4)	40	-	25	542	607
Effect of movement in exchange rate	(27)		-	(103)	(129)
As at 31 December 2022	**310**	**-**	**24**	**1,218**	**1,668**

(i) For financial guarantee contract, the gross carrying amount represents the maximum amount the Company has guaranteed under the contract. No impairment allowance was recognised in the profit or loss (2021: Nil).

(ii) For trade receivables, the Company has estimated impairment based on loss rates, days past due and applying experienced credit judgement. The estimation resulted in an impairment charge of USD 5 thousand (2021: USD 285 thousand) which has been recognised in profit or loss.

(iii) The loss allowance of USD 357 thousand (2021: USD 249 thousand) on investment securities measured at amortised cost is determined based on the credit ratings of the institutions in which the securities are held and is recognised in profit or loss.

(iv) The loss allowance of USD 26 thousand (2021: Nil) on cash and cash equivalents is determined based on the credit ratings of the institutions in which the cash are held and is recognised in profit or loss.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will be unable to efficiently meet both expected and unexpected current and future cash flow without affecting either its daily operations or its financial condition. The key objectives for the Company's liquidity risk management are to ensure that the liquidity position is strong enough to enable the Company carry out its core activities for a defined period of time under stressed market conditions without access to new funding, secure the highest possible credit rating by rating agencies and to fulfil the ratio requirements as specified in the capital requirements of the contingent capital facility where applicable.

Management of liquidity risk

The Company's Risk Management Framework is designed to ensure that the Company would always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring prohibitive finance costs.

In the management of its liquidity risk position, the Company employs the following:

- Conducting the liquidity stress tests of the Company's guarantee portfolio quarterly to ensure that the sufficient liquidity can be raised by the Company to service contingent guarantee claims. The outcome of the stress test is reported to and approved by the Board of Directors.
- Maintaining a contingency funding plan.

Residual contractual maturities of financial assets

The table below analyses the Company's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows at maturity date.

31 December 2022

In thousands of Dollars	Note	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	3 months to 6 months	6 months to 12 months	Over 12 months
Cash equivalents	9	13,111	13,135	13,135	-	-	-
Investment securities	10	156,793	162,997	3,836	2,438	9,776	146,947
Guarantee fee receivable	11	14,143	14,143		-	2,941	11,202
Trade and other receivables	12	571	881	881	-	-	-
		184,618	**191,156**	**17,852**	**2,438**	**12,717**	**158,149**
Financial guarantee liability	17	16,011	16,011	-	-	2,941	13,070
Other liabilities	19	1,426	1,426	1,426	-	-	-
Lease liability	21	226	226	-	-	-	226
Unsecured subordinated long term loan	24	71,539	89,645	208	-	205	89,232
Gap (assets-liabilities)		95,416	83,848	16,218	2,438	9,571	55,621
Cumulative liquidity gap				**16,218**	**18,656**	**28,227**	**83,848**

31 December 2021

In thousands of Dollars	Note	Carrying amount	Gross nominal	Less than 3 months	3 months to 6 months	6 months to 12 months	Over 12 months
Cash and cash equivalents	9	3,101	3,102	3,102	-	-	-
Investment securities	10	153,050	153,829	12,560	6,792	19,648	114,829
Guarantee fee receivable	11	10,749	10,749	-	-	2,372	8,377
Trade and other receivables	12	525	525	525	-	-	-
		167,425	**168,205**	**16,187**	**6,792**	**22,020**	**123,206**
Financial guarantee liability	17	12,623	12,623	-	-	2,616	10,007
Other liabilities	19(a)	1,390	1,390	1,390	-	-	-
Lease liability	21	199	199	-	-	-	199
Unsecured subordinated long term loan	24	69,635	69,635	-	-	8,697	60,938
Gap (assets-liabilities)		83,578	84,358	14,797	6,792	10,707	52,062
Cumulative liquidity gap				**14,797**	**21,589**	**32,296**	**84,358**

(iv) Capital management

The strategy for assessing and managing the impact of the business plans on both core and contingent capital forms an integral part of the Company's strategic plan. The fundamental driver in determining capital adequacy for a credit guarantor is the sufficiency of capital to cover the expected losses on the portfolio given an assumed worst case expected loss scenario with adequate consideration given to the leverage levels and the ability of the Company to access its capital - both the invested qualifying capital and if necessary the unfunded contingent capital facility to make payment for losses under a financial guarantee. The strategy and approach to capital management is to operate with a conservative policy which is centred around ensuring that the capital structure of the company is resilient and able to absorb losses and recapitalize from internal cashflows without external fundings. The Company is not exposed to any externally imposed capital requirement.

The Company is expected to maintain an appropriate level of qualifying capital to support issuance of its guarantees.

Qualifying capital is defined as:

- The amount of qualifying core capital, plus
- Unfunded contingent capital, less
- Loss provisions, and
- any other non-credit guarantee related liabilities

Qualifying core capital means an amount equal to:

- the cash value of all permitted investments together with all cash and bank balances; plus
- any cash balance; less
- projected operating expenses for the immediately succeeding quarter; less
- Projected expected guarantee payments for the immediately succeeding quarter.

The Company's capital risk is measured and monitored using capital leverage ratio. Capital leverage ratio is "Notional amount guaranteed" divided by (÷) "Qualifying capital"

"Notional amount guaranteed" means an amount equal to:

- The aggregate value of the maximum liability set out in the credit guarantees, less
- The value of the relevant utilized approved credit risk mitigant facilities

In thousands of Dollars	**31 December 2022**	**31 December 2021**
Qualifying capital		
Investment securities	156,793	153,050
Cash and bank balances	13,111	3,101
Projected operating expenses	(1,684)	(1,584)
Qualifying core capital	**168,220**	**154,567**
Unfunded contingent capital	25,000	25,000
Other non-credit guarantee related liabilities	4,284	2,880
Qualifying capital	**188,936**	**182,447**
Notional amount guaranteed		
Amount guaranteed	260,253	176,715
Co-guarantee (USAID)	(24,159)	(15,326)
Insured Value (ATIA)	-	-
Credit risk mitigant/reserve account	(14,202)	(11,857)
	229,083	**149,532**
Net capital leverage ratio	**1.21**	**0.82**
Gross capital leverage ratio	**1.34**	**0.90**

Based on capital management policy, the Company's capital leverage ratio shall not be higher than "5" (five) within the fourth year anniversary from 31 December 2020 and thereafter, "7.5" (seven point five). The Company has kept in line with its management policy on its leverage ratio.

31 Category of financial instruments and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities.

31 December 2022

In thousands of Dollars	**Note**	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)	Fair value
Cash and cash equivalents	9	13,111	13,111	-	13,111
Investment securities	10	156,793	156,793	-	156,793
Guarantee fee receivable	11	14,143	14,143	-	14,143
Trade and other receivables	12	571	571	-	571
Total financial assets		**184,618**	**184,618**	**-**	**184,618**
Unsecured subordinated long term loan	24	71,539	-	71,539	71,539
Financial guarantee liability	17	16,011	-	16,011	16,011
Other liabilities	19(a)	1,426	-	1,426	1,426
Total financial liabilities		**88,976**	**-**	**88,976**	**88,976**

31 December 2021

In thousands of Dollars	Note	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)	Fair value
Cash and cash equivalents	9	3,101	3,101	-	3,101
Investment securities	10	153,050	153,050	-	167,875
Guarantee fee receivable	11	10,749	10,749	-	10,749
Trade and other receivables	12	525	525	-	525
Total financial assets		**167,425**	**167,425**	**-**	**182,250**
Unsecured subordinated long term loan	24	69,635	-	69,635	69,635
Financial guarantee liability	17	12,623	-	12,623	12,623
Other liabilities	19(a)	1,390	-	1,390	1,390
Total financial liabilities		**83,648**	**-**	**83,648**	**83,648**

PROXY FORM FOR THE ANNUAL GENERAL MEETING OF INFRASTRUCTURE CREDIT GUARANTEE COMPANY LIMITED TO BE HELD VIA TELECONFERENCE ON MONDAY, 27TH OF MARCH 2023, AT 1:00PM (WAT)

I/We .... being a Member/ Members of Infrastructure Credit Guarantee Company Limited (the Company) hereby appoint .... of .... or failing him/her, the Chairman of the meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held via Teleconference on Monday, 27th March 2023, at 1:00pm (WAT) and at any adjournment thereof.

Dated this .... day of .... 2023 Signature: ....

Name: ....

NOTES:

1. A Shareholder is entitled to attend and vote at the Annual General Meeting of the Company. He/She/They are also entitled to appoint a proxy to attend and vote in his/her/their stead, and in this case, this Form may be used to appoint a proxy.
2. Please execute this Proxy Form and return it to the Company's office at 1, Adeyemo Alakija Street, Victoria Island, Lagos; or via email to secretariat@infracredit.ng,icgclegal@infracredit.ng, and conwubere@infracredit.ng not less than 48 hours before the time fixed for the meeting.
3. In the case of Joint Shareholders, any of such Shareholders may complete the Form, but the names of all Joint Shareholders must be stated.
4. If the Shareholder is a corporation, this Form must be under its common seal or under the hand of an officer or attorney duly authorized.
5. Provision has been made on this form for the Chairman of the meeting to act as your Proxy, but if you wish, you may insert in the blank space on this Form, the name of any person, whether a Shareholder or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

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