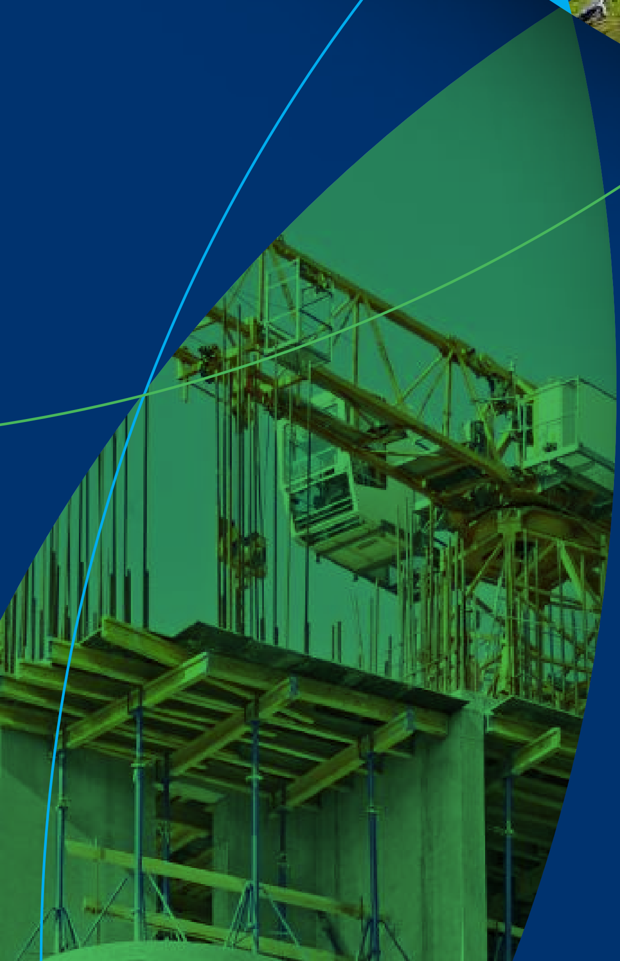
InfraCredit

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. / AAA (NG) June 2024; GCR / AAA (NG) June 2024; FitchRatings / AAA (NGA) July 2024
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, AIICO Insurance
CAPITAL	TOTAL CAPITAL 200m U$D; CORE CAPITAL 104m U$D; SUBORDINATED CAPITAL 71m U$D; CALLABLE CAPITAL 25m U$D
GUARANTEE CAPACITY	UP TO NGN 920 billion — $967 m USD EQUIVALENT
IMPACT	N204.8 bn TOTAL SIZE OF GUARANTEED DEBT ($436 MLN EQUIV); 19 NUMBER OF PENSION FUND INVESTORS; UP TO 20 yrs; 20 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
- 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 From the American People; Power Africa; AFD; USTDA; fsdafrica investments

RISK SHARING PARTNERS

ATIDI; USAID From the American People; GuarantCo

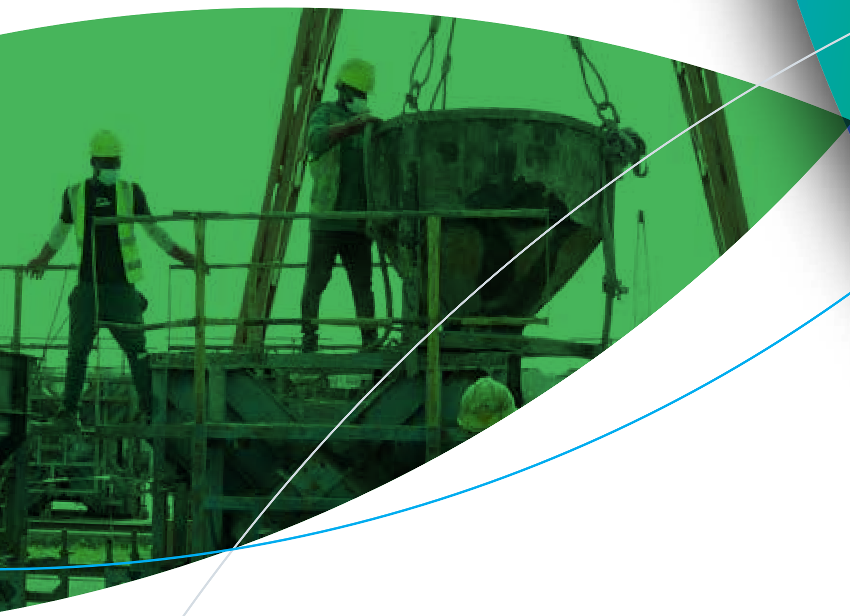
RECOGNITION

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.

www.infracredit.ng



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Read the Online Annual Report
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CHAPTER **ONE**

01

About InfraCredit

InfraCredit
Securing Infrastructure Finance

TO: ALL SHAREHOLDERS

NOTICE OF THE 7TH 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, 25th March 2024** 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 2023, together with the Reports of the Directors and Auditor
2. To declare Dividends
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

1. To consider and if deemed fit, pass a special resolution to amend clauses 16.2.1 and 16.2.1.3 of the Amended and Restated Shareholders' Agreement dated 10th December 2020, which both provide for the composition of the Board, particularly the maximum number of Directors.
2. To consider and if deemed fit, pass a special resolution to amend Article 12.1 of the Company's Articles of Association which provides for the composition of the Board, particularly the maximum number of Directors.
3. To consider and if deemed fit, pass a special resolution to approve the equity capital raise of up to NGN40 billion in such series and on such terms and conditions to be approved by the Board.
4. To consider and if deemed fit, pass a special resolution to approve the Listing by Introduction of the Company's shares on the Nigerian Exchange Group, on such terms and conditions to be approved by the Board.

By Order of the Board
Dated this 4th day of March 2024

Company Secretary
Chidinma Onwubere

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

Solicitor
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
www.kpmg.com.ng

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

ABOUT INFRACREDIT

BRIEF HISTORY

Infrastructure Credit Guarantee Company Limited (InfraCredit) is a specialized 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.

NSIA and GuarantCo entered this partnership to explore value-creation opportunities in the Nigerian infrastructure finance market by unlocking requisite long-term patient capital required by infrastructure projects to be commercially successful. It is expected that the successful operation of InfraCredit will address the constraints faced by the Nigerian pension market in investing in long-term bonds to finance infrastructure assets.

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

> Over the past six years, InfraCredit has through its guarantees, facilitated first-time access to local currency finance from the domestic debt market for nineteen infrastructure companies raising c. NGN205 billion, successfully connecting domestic pension funds to infrastructure finance through the debt capital markets in Nigeria and extending the yield curve for corporate debt securities to an unprecedented 20-year tenor. The issues were oversubscribed by up to 65%.

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 its investors to facilitate private investment in infrastructure to support sustained economic growth in Nigeria.

Capital Providers

Development Partners

InfraCredit's Anti-Bribery Management System has been certified as ISO 37001 compliant by Lloyd's Register. Securing this recognition reflects the robustness of its Compliance and Anti-bribery Program and further demonstrates the Company's commitment to upholding the highest international anti-bribery standards across our business and in a challenging frontier market in which we operate.

We are proud signatories of:

ISO 37001:2016
Anti-Bribery Management System

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, impact, 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.

Impact:
Influence one another and the society while constantly seeking opportunities to make a difference.

OUR JOURNEY & KEY MILESTONES

InfraCredit has made significant strides since its 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 issues Maiden guarantee which supports first 10-year corporate infrastructure bond in the Nigerian Market

JUL 2018
Joins league of Harvard Business school cases

DEC 2018
Africa Finance corporation invests $25 million

DEC 2018
KFW invests 31 million Euros subordinated Capital

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

Issues 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

Issues N25Bn guarantee to LFZC Series II bond

APR 2022

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

SEPT 2022

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

Nov 2022

Issues guarantee of BOI loan of N35bn for Gas Terminalling

MAR 2023

Issues N17.5Bn guarantee to LFZC Series III bond

MAY 2023

African Development Bank (AfDB) approves the provision of a $15mn subordinated loan

July 2023

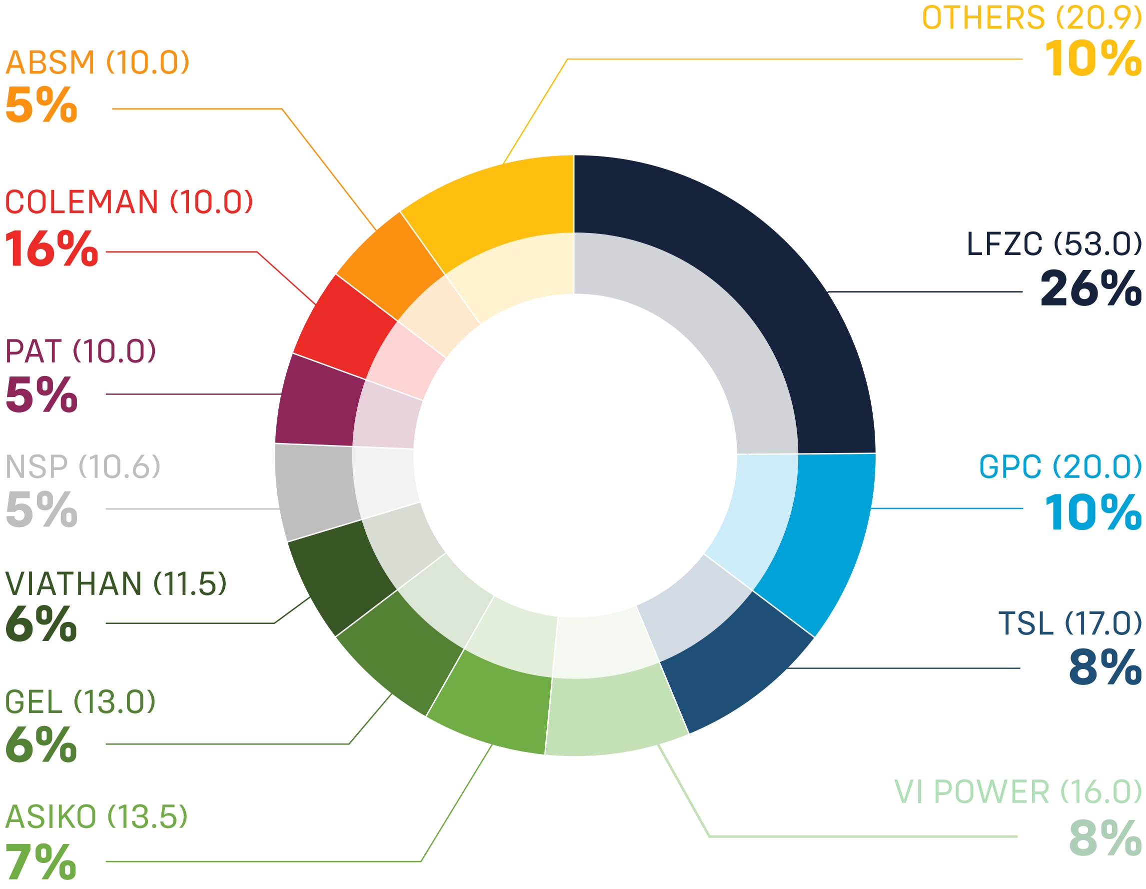
Guarantee of the first ever blended local currency green certified debt issue for a solar powered rural telephony project

DEC 2023

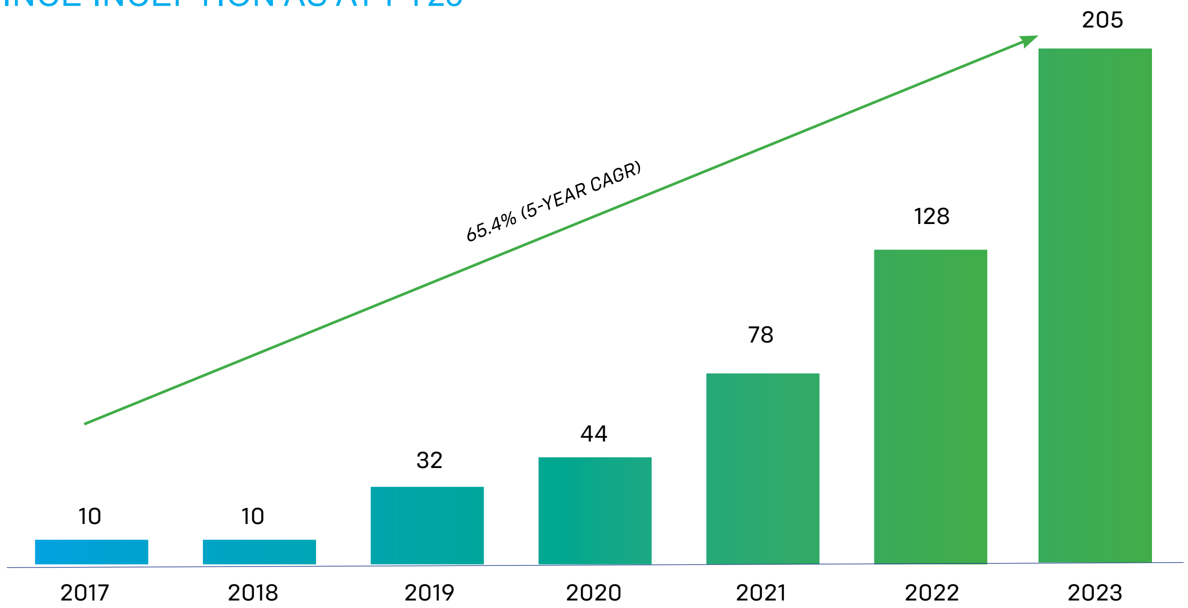
Approves Aiico Insurance as second domestic institutional Investor

HOW WE HAVE **PERFORMED**

INFRACREDIT GUARANTEE PORTFOLIO COMPANIES (N'BN)



INFRACREDIT GUARANTEE PORTFOLIO GROWTH (N'BILLION) SINCE INCEPTION AS AT FY23



AWARDS & ACCOLADES

BUSINESS ACHIEVEMENTS:

INFRACREDIT GUARANTEE SUPPORTS LAGOS FREE ZONE COMPANY'S ISSUANCE OF N17.5 BILLION "AAA-" RATED 20-YEAR SENIOR GUARANTEED FIXED RATE SERIES 3 INFRASTRUCTURE BONDS.

In March, InfraCredit announced its guarantee of Lagos Free Zone Company's ("LFZC") NGN17.5 billion 20-Year Series 3 Senior Guaranteed Fixed Rate Infrastructure Bonds Due 2043 (the "LFZC Series 3 Bond") under an upscaled NGN61 billion Debt Issuance Programme. Leveraging the irrevocable and unconditional guarantee of InfraCredit, the LFZC Series 3 Bond reinforces the benchmark set by LFZC Series I & 2
Bonds, as the third 20-year non-FGN Bond issue in the Nigerian debt capital market for the development of an industrial hub in Nigeria.

LFZC is the infrastructure development subsidiary of the Tolaram, the Singaporean conglomerate with more than 45 years of presence in Nigeria and business interests in consumer goods, infrastructure and fintech space. Lagos Free Zone (the "Zone") is being developed as the largest integrated port based special economic zone in Nigeria and shall serve as the beacon of industrial development across Nigeria and West Africa. Enterprises operating in the Zone will benefit from various policy incentives underpinned by the legislative framework applicable for free zones in the country. In line with its vision statement – "to be the preferred industrial hub in West Africa, with world-class infrastructure", the Zone is equipped with a host of shared industrial infrastructure necessary for attracting investments from the leading trade partners of Nigeria. Integrated with the Zone is the Lekki Deep Seaport whose construction was completed in October 2022 and commissioned by President Muhammadu Buhari on 23 January 2023 while the first commercial vessel berthed in January 2023.

Backed by an irrevocable and unconditional guarantee from InfraCredit, LFZC Series 3 Bond is accorded a 'AAA-' long term credit rating by Agusto and Co. and GCR, reflecting the highest degree of creditworthiness for these bonds. The Series 3 Bond, a 20-Year Guaranteed Fixed Bond, was oversubscribed by 206% from institutional investors including ten domestic pension funds and an insurance company.

INFRACREDIT'S GUARANTEE SUPPORTS GREEN LIQUIFIED NATURAL GAS LIMITED'S ISSUANCE OF N5BILLION 10-YEAR SENIOR GUARANTEED FIXED-RATE SERIES I INFRASTRUCTURE BONDS DUE 2033

In June, InfraCredit announced its guarantee of GLNG Funding SPV PLC's NGN5.0 billion 10-Year Series I Senior Guaranteed Fixed Rate Infrastructure Bonds Due 2033 (the "GLNG Series I Bonds" or "Bonds") under the NGN50 billion Debt Issuance Programme. GLNG Funding SPV PLC is a special purpose funding vehicle established by the promoters of Green Liquified Natural Gas Limited ("GLNG") and Green Fuels Limited ("GFL") as part of GLNG Group's capital-raising plan.

GLNG Group is a clean energy solutions provider, delivering natural gas and power-as-a-service to industrial and logistics customers which enable them reduce reliance on inefficient and environmentally damaging diesel, LPFO and petrol solutions. GFL has operated its compressed natural gas ("CNG") distribution business since 2011 and GLNG begin its power-as-a-service activities in 2018. The Group's two (2) gas compression and distribution facilities in Ogun State make it the largest in Nigeria with approximately 10.5mmscfd capacity, while its LNG business and solar power initiatives are currently in development stage with expected commissioning by 2024. The Group presently delivers an average of 4.2 million SCM of CNG per month to industrial and Autogas customers in Southwest Nigeria which lack access to piped gas infrastructure.

GLNG Group is a first-time issuer in the debt capital markets. With the support of InfraCredit's guarantee, the GLNG Series I Bonds were accorded a 'AAA' long term credit rating by Agusto & Co. and Datapro, reflecting the high degree of creditworthiness and the robust quality of the Bonds. The Bond issue was oversubscribed by 108% by ten institutional investors, including pension fund administrators. The Bond proceeds will be used to finance the development of its Liquified Natural Gas plant and expand its CNG distribution and power-as-a-service capabilities.

INFRACREDIT'S GUARANTEE SUPPORTED BY UK-FUNDED CLIMATE FINANCE BLENDING FACILITY MOBILISES LOCAL CURRENCY DEBT ISSUE FOR SOLAR POWERED RURAL TELEPHONY PROJECT IN NIGERIA

In August, InfraCredit announced the credit enhancement of Hotspot Network Limited's debt issue, under a co-financing arrangement with the £10 million Climate Finance Blending Facility (the "Climate Facility") funded by the United Kingdom Foreign, Commonwealth and Development Office (FCDO), the second transaction under the Facility.

The 7-year fixed-rate local currency debt issue will enable Hotspot to construct, install and commission 120 solar powered rural telecom base stations across 22 States in Nigeria (the "Project"). Hotspot is a telecommunication infrastructure and solar-powered rural telephony network provider, using renewable energy and climate-smart technology in operating telecom sites in off-grid rural parts of Nigeria. Under the Project, Hotspot established the special purpose vehicle, Micropolitan Mobile Connectivity Limited to raise local currency finance from the debt capital markets, to build, own, and operate solar-powered mobile network base stations in select rural communities in collaboration with MNOs in Nigeria.

It is the second transaction under the Climate Facility, and the first blended local currency debt issue for a solar-powered rural telephony project in Nigeria. The funding provides a flexible financial support mechanism to local digital infrastructure companies simultaneously addressing the challenges of rigor and cost of deploying off-grid telecoms infrastructure to the last mile in unserved communities in a climate-smart environment, especially as the perceived risk of limited purchasing power of customers in these rural areas has created insufficient incentives for traditional lenders.

The Climate Facility's subordinated first-loss capital helped de-risk and reduce the capital cost of the project by unlocking InfraCredit's "AAA"-rated guaranteed senior debt that crowded in first-time matching investments from nine (9) domestic institutional investors in a solar-powered rural telephony project for unconnected rural communities, resulting in a blended affordable interest rate.

INFRACREDIT'S GUARANTEE SUPPORTS AFFORDABLE HOUSING PROJECT WITH MODERN SHELTER'S DEBT TRANSACTION FUNDED BY SHELTER AFRIQUE DEVELOPMENT BANK

In December, InfraCredit announced the guarantee of NGN3 billion initial debt financing under a NGN12.5 billion debt programme for Modern Shelter Systems and Services Limited ("Modern Shelter" or the "Company") for the development of 370 affordable housing units according to IFC's green building standard (EDGE) in Nasarawa Technology Village under a co-financing structure with the Shelter Afrique Development Bank ("Shelter Afrique"). This project aims to develop up to 1,200 EDGE-certified housing units in Nasarawa State.

This transaction is the first housing project to be executed under the InfraCredit's Affordable Housing Funding Programme (the "Programme"). The Programme seeks to address the funding constraints faced by developers resulting from the lack of an institutional mechanism to provide both developers and homebuyers with access to affordable funding required to make both home financing and the final sale predictable and scalable. The Programme is being implemented in collaboration with development partners through technical assistance support.

InfraCredit has a pipeline of affordable housing developers under the Programme that will benefit from technical assistance support and transaction structuring towards a local currency bond issuance and incorporating E&S best practices. To date, InfraCredit has originated an initial pipeline of EDGE-compliant housing infrastructure projects sized at over NGN70 billion from six (6) housing developers, requiring InfraCredit's guarantee support for their respective construction debt issuances.

AWARDS

INFRACREDIT WON A HAT-TRICK OF AWARDS AT THE 2023 EMEA FINANCE ACHIEVEMENTS AWARDS

InfraCredit won a hat-trick of awards at the 2023 EMEA Finance Achievements Awards. The following category of awards were won by InfraCredit guaranteed infrastructure bond issuances that were issued in 2022.

The EMEA Finance Awards recognize the achievements of the best banks, asset managers and financial institutions in countries across the EMEA region that exemplify the innovative work taking place in the region's capital markets. Nominated by parties including banks and their clients and chosen by the EMEA Finance editorial team.

Best project bond:
Pan African Towers' ₦10bn 10-year InfraCredit-guaranteed infrastructure bond issuance

Best sustainability bond:
Darway Coast P1's ₦1.6bn InfraCredit-guaranteed green infrastructure bond issuance

Best naira bond:
Lagos Free Zone's ₦25bn, 20-year InfraCredit-guaranteed series 2 Infrastructure bond issuance.

INFRACREDIT'S STAR ACADEMY

Following the conclusion of two successful cohorts, the 3rd Cohort of the InfraCredit STAR Academy, consisting of 10 trainees, completed their internship program in May 2023.

The STAR Academy stands at the core of InfraCredit's People Strategy, forming an integral part of her medium to long-term approach aimed at strengthening our human capital to support a sustainable business.

The STAR Academy is designed to nurture high-potential individuals from Cradle to Growth, shaping them into world-class talent with the exceptional capabilities required for InfraCredit's unique business operations. The Academy focuses on equipping interns with technical, work, and soft skills, aligning their personal development with InfraCredit's strategic objectives.

INFRACREDIT'S ANTI-BRIBERY MANAGEMENT SYSTEM CERTIFIED AS ISO 37001 COMPLIANT BY LLOYD'S REGISTER

In March, the InfraCredit's Anti-Bribery Management System was certified as ISO 37001 compliant by Lloyd's Register.

Securing this recognition reflects the robustness of its Compliance and Anti-bribery Program and further demonstrates InfraCredit commitment to upholding the highest international anti-bribery standards across our business and in a challenging frontier market in which we operate.

The certification comes after a rigorous auditing process undertaken by the leading global assurance independent body, Lloyd's Register Quality Assurance (LRQA), the world's leading provider of independent assessment services. The audit involved examining our anti-bribery practices, including reporting procedures and transaction cycle, to ensure appropriate measures to prevent bribery have been implemented across our entire business.

THE BOARD OF THE AFRICAN DEVELOPMENT BANK GROUP APPROVED A USDS 15 MILLION 10 YEAR SUBORDINATED UNSECURED LOAN TO INFRACREDIT

In May, the Board of the African Development Bank approved a $15-million subordinated unsecured loan to InfraCredit to support infrastructure financing through the domestic debt capital markets in Nigeria.

Through this intervention, the African Development Bank is helping to stimulate local currency financing across diverse infrastructure transactions, thereby improving economic diversification and competitiveness, as well as promoting more equitable growth, strengthening local value chains and financial markets in Nigeria. InfraCredit's operations will catalyze infrastructure investments in critical sectors such as renewable energy, housing, transportation, agricultural infrastructure, and telecommunications, which are critical for the country's economic development. These also align with the Bank's High 5 agenda.

AIICO INSURANCE
AMERICAN INTERNATIONAL

INFRACREDIT ADMITS AIICO INSURANCE PLC AS ITS SECOND DOMESTIC INSTITUTIONAL INVESTOR

In November, InfraCredit announced the equity investment by AIICO Insurance Plc ("AIICO") representing five percent of total share capital of InfraCredit and joining Leadway Assurance Plc as the second private domestic institutional investor.

Further to this new equity investment, InfraCredit's paid-in capital base increased to US$175.14 million (c. NGN148.55 billion) translating to an aggregate guarantee issuing capacity of up to NGN742.77 billion (c.USD 875.7 million). The equity investment will be part of InfraCredit's core capital and will enhance InfraCredit's guarantee issuing capacity to sustain InfraCredit's 'AAA-' credit rating. It will also result in the diversification of InfraCredit's ownership structure in line with its envisioned capital structure. InfraCredit would continue to deploy innovative credit enhancement solutions in mobilizing private sector financing for infrastructure projects in key sectors of the Nigerian economy.

FSD AFRICA INVESTS £10M INTO INNOVATIVE RISK SHARING FACILITY WITH INFRACREDIT TO SUPPORT SUSTAINABLE CLIMATE-ALIGNED INFRASTRUCTURE DEVELOPMENT IN NIGERIA

FSD Africa has invested £10m into a first-of-its-kind risk sharing facility in collaboration with InfraCredit which is designed to unlock funding for sustainable infrastructure development in Nigeria.

By increasing the accessibility of finance for "climate-aligned" infrastructure projects, the facility will help to accelerate Nigeria's economic and social development, as well as deliver on its climate goals.

The Risk Sharing Backstop Facility (RSBF) aims to mobilize short and medium-term local institutional investment into critically needed and climate-aligned infrastructure projects that have a reliable business model and are ready to expand but struggle with a higher perception of risk without this form of credit enhancement.

NSIA INVESTS NGN10 BILLION INTO AN INNOVATIVE CONSTRUCTION FINANCE WAREHOUSE FACILITY IN COLLABORATION WITH INFRACREDIT TO SUPPORT BANKABLE GREENFIELD INFRASTRUCTURE PROJECT FINANCE IN NIGERIA

The Nigeria Sovereign Investment Authority (NSIA) has invested NGN10 billion into a Construction Finance Warehouse Facility (CFWF) in collaboration with InfraCredit, to enable project developers access construction finance on a sustainable basis on the back of InfraCredit's guarantee.

The CFWF is a multi-funder revolving facility that was established to facilitate the provision of construction finance with a maturity of up to three (3) years, for a portfolio of eligible greenfield infrastructure projects backed by InfraCredit's guarantees on a direct or contingent basis as applicable, and to be subsequently refinanced through an InfraCredit-guaranteed long term infrastructure debt financing from the domestic capital markets.

GUARANTCO PROVIDES USD25 MILLION COUNTER-GUARANTEE FOR INFRACREDIT ON LAGOS FREE TRADE ZONE COMPANY 20-YEAR SENIOR GUARANTEED FIXED RATE INFRASTRUCTURE BOND ISSUANCE

GuarantCo, part of the Private Infrastructure Development Group (PIDG), has provided an NGN(USD 25 million) counter-guarantee with a twenty-year tenor in support of Lagos Free Zone Company's three guaranteed infrastructure bond issuances totalling NGN53 billion (USD 150 million). This is part of a larger guarantee facility fronted by Infrastructure Credit Guarantee Company Limited (InfraCredit) Nigeria to support the bond programme. Owned and developed by the Tolaram Group, Lagos Free Zone Company raised the funds to finance continued development of the free zone, which is being developed as the largest integrated port based economic zone in Nigeria and shall serve as the beacon of industrial development across Nigeria and West Africa.

All three issuances have been fully guaranteed by InfraCredit.To manage single obligor limits, InfraCredit initiated the counter-guarantee partnership with GuarantCo across all three series.

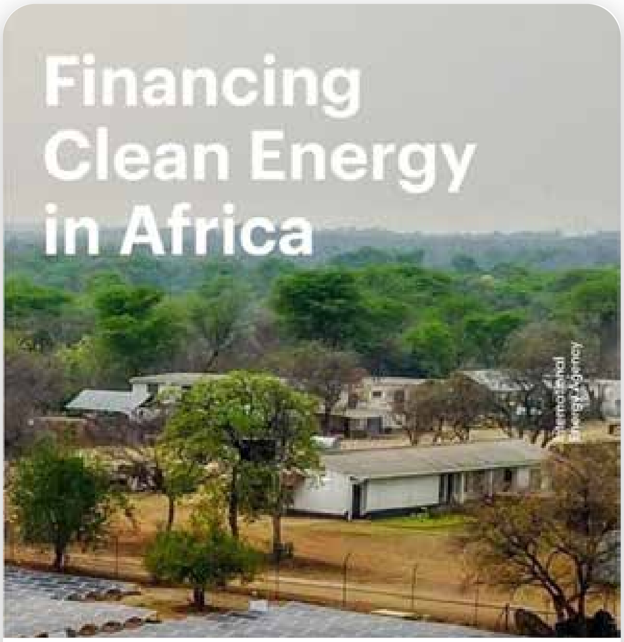
CASE STUDY ON "MOBILISING INVESTMENTS FOR CLEAN ENERGY IN NIGERIA"

In May, InfraCredit was featured as a case study solution on "Mobilizing Investments for Clean Energy in Nigeria", a community paper by the World Economic Forum in partnership with the Renewable Energy & Energy Efficiency Associations Alliance (REEEA-A) and Marsh.

The community paper was launched at the Nigeria Country Roundtable and summarizes key insights and recommendations on Nigeria's priority areas and possible solutions to address investment challenges.

The case study highlights InfraCredit's unique role in mobilizing long term funding for clean energy projects with local currency to enable the growth of community-based developers in Nigeria.

The paper also spotlights our Clean Energy Funding Programme, under which we supported the credit enhancement of Darway Coast's green debt issue for solar mini-grid rural electrification and the North South Power Company's green bond issue for a hydropower plant in Nigeria.



CASE STUDY ON FINANCING CLEAN ENERGY FOR AFRICA

InfraCredit's innovative financing approaches were featured in a case study published by the International Energy Agency (IEA)-African Development Bank (AfDB) in a Joint Report on Financing Clean Energy in Africa. This underscores the vast array of transformative climate finance solutions emerging from Africa's creative minds.

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	Bond: 15th December 2017 BOI: 30th August 2021
Bond: Principal Amount Outstanding (NGN)	6,492,372,923.08
BOI: Principal Amount Outstanding (NGN)	1,066,205,700.00
Sector	Off grid power
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

Sector:
Off-grid Power

Issue/Bond Rating
(2019)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

Gasco Marine

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

NORTH SOUTH POWER COMPANY LIMITED

North South Power Company Limited ("NSP") 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 were 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	Bond: 27th February 2019 BOI: 18th May 2021
Bond: Principal Amount Outstanding (NGN)	7,536,150,043
BOI: Principal Amount Outstanding (NGN)	842,357,146.71
Sector	On-grid power
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.

Sector:
On-grid Power

Issue/Bond Rating
(June 2019)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

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)	12,223,070,617
Sector	Off-grid power
Tenor	15 years
Location of Operation	South –South Nigeria
Asset Size/Capacity	Dual Fired Gas Turbines with an installed capacity of 84MW

Sector:
Off-grid Power

Issue/Bond Rating
(June 2019)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

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 years 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	Series I: 6th October 2020 Bridge: 30th December 2022
Principal Amount Outstanding (NGN)	Series I:10,500,000,000 Bridge: 5,000,000,000
Sector	Transportation
Tenor	10 years
Location of Operation	States across Nigeria
Asset Size/Capacity	Over 840 Trucks

Sector:
Transportation

Issue/Bond Rating
(Mar 2020)

Long-term:
AAA(NG)
(Agusto & Co. and DataPro)

Rating outlook:
Stable

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 will be 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.).

Issuer	LFZC FUNDING SPV Plc
Issue Date	Series I: 16th September 2021 Series II: 10th May 2022 Series III: 29th March 2023
Principal Amount Outstanding (NGN)	Series I:10,500,000,000 Series II: 25,000,000,000 Series III: 17,500,000,000
Sector	Inputs to Infrastructure
Tenor	20 years
Location of Operation	South – West Nigeria
Asset Size/Capacity	830 hectares of Land

Sector:
Logistics

Issue/Bond Rating
(August 2021)

Long-term:
AAA(NG)
(Agusto & Co. and GCR

Rating outlook:
Stable

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	Transportation
Tenor	10 years
Location of Operation	South-West, South-South, South-East, and North Central regions, Nigeria
Asset Size/Capacity	c. 860 Trucks

Sector:
Transportation

Issue/Bond Rating
(September 2021)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

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 were 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	PAT DIGITAL INFRA FUND SPV PLC
Issue Date	23rd November 2021
Principal Amount Outstanding (NGN)	10,000,000,000
Sector	ICT/Telecommunication
Tenor	10 years
Location of Operation	States across Nigeria
Asset Size/Capacity	c. 1000 Telecom Towers

Sector:
Telecommunication

Issue/Bond Rating
(September 2021)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

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 bond proceeds were used to finance capital expenditure that relate to the expansion of the company's power production capacity.

Issuer	Asiko Power Limited (Asiko)
Issue Date	Series 1: 13th April 2022
Co-Obligor	Asiko Power Limited
Principal Amount Outstanding (NGN)	1,500,000,000
Sector	Gas-to-power
Tenor	7 years each
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	5.5MVA

Sector:
Gas-to-Power

Issue/Bond Rating
(September 2021)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

APL Yard

GAS TERMINALLING STORAGE COMPANY LIMITED

Gas Terminalling Storage Company Limited ("Gas Terminalling") is a wholly indigenous midstream and downstream gas company incorporated as Lysium Properties Limited in 2013 before changing its name to Gas Terminalling Storage Company Limited to accurately reflect the new business direction of the Company. The Company is engaged in the provision of gas terminalling, storage and throughput services to sister companies within the group as well as third party customers.

In October 2022, Gas Terminalling raised N3.5bn debt from the Bank of Industry (BOI) to finance the development of a 5,000MT Liquefied Petroleum Gas (LPG) terminal in Ijora, Lagos.

Issuer	GAS TERMINALLING STORAGE LIMITED
Issue Date	BOI: 14th November 2022 Bridge to Bond: 22nd December 2023
Co-Obligor	Gas Terminalling Storage Limited
Principal Amount Outstanding (NGN)	BOI: 3,500,000,000 Bridge to Bond: 8,500,000,000
Sector	Gas-to-clean cooking
Tenor	7 years each
Location of Operation	South-West, Nigeria
Asset Size/Capacity	5,000 MT LPG Storage Facility

Sector:
Gas-to-clean cooking

Issue/Bond Rating
(N/A)

Long-term:
N/A (NG) (GCR)

Rating outlook:
Stable

DARWAY COAST NIGERIA LIMITED

Darway Coast Nigeria Limited ("Darway Coast") 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 issued an NGN 800 million 7-Year Series 1 Guaranteed Fixed Rate Senior Green Infrastructure Bonds Due 2029 under a NGN 200,000,000,000 Multi-issuer Infrastructure 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).

The nominated projects and assets are eligible for grant through the World Bank's NEP Performance Based Grant and designated as 'green' by the Climate Bonds Initiative. The bond proceed is to finance the development of 526.1 kW of solar PV capacity, Battery size 860 kWh and 7711 PPA connections in the communities of Abia and River states.

Issuer	DARWAY COAST INFRAFUNDING SPV LTD
Issue Date	30th September 2022
Co-Obligor	Darway Coast Nigeria Limited
Principal Amount Outstanding (NGN)	800,000,000
Sector	Renewable Energy
Tenor	7 years
Location of Operation	South-South and South-East, Nigeria
Asset Size/Capacity	526.1kW

Sector:
Clean/Renewable

Issue/Bond Rating
(June 2022)

Long-term:
AAA(NG)
(GCR)

Rating outlook:
Stable

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. This decision was driven by the increasing demand for natural gas by industrial users, including some of GFL's existing compressed natural gas customers such as C-way Food and Beverages, Paras Energy & Natural resource and Oshogbo Steel Rolling Mill etc.

On December 30, 2022, Green Liquified Natural Gas ("GNLG") issued a NGN 650 million 7-year Private Corporate Bond (PCB) due in 2029. Additionally, another NGN 4 billion bridge facility was issued.

Subsequently, on June 14, 2023, GNLG issued a NGN 5 billion 10-year Fixed Rate Guaranteed Senior Infrastructure Bond due 2033 ("the GNLG Series 1 Bond") under a NGN50 billion Debt Issuance Program.

The bonds proceed is 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	GNLG INFRAFUNDING SPV LTD
Issue Date	PCB: 29th December 2022 Bond: 14th June 2023
Co-Obligor	Green Fuels Limited("GFL")
Principal Amount Outstanding (NGN)	PCB: 650,000,000 Bond: 5,000,000,000 BOI 1: 208,000,000
Sector	Gas-to-power
Tenor	PCB : 7 years Bond: 10 years
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	200 000 SCM LNG plant

Sector:
Gas Processing and Distribution

Issue/Bond Rating
(September 2022)

Long-term:
AAA(NG)
(GCR)

Rating outlook:
Stable

VICTORIA ISLAND POWER LIMITED

Victoria Island Power Limited ("VI Power") is a special purpose vehicle formed by Elektron Power Infracom ("Elektron") and ARM Harith Infrastructure Fund Managers ("ARM Harith") for the specific purpose of developing, owning, and operating a 30MW gas-fired power plant in Victoria Island. As part of the agreement with EKEDC (Facilitation and Connection Agreements), VI Power will assume responsibility for overseeing and enhancing the associated distribution infrastructure, securing the necessary financing for network reinforcements and extensions, and managing customer billing and collections. Operating under an embedded power generation license, VI Power will provide electricity to customers in the Victoria Island region.

In June 2023, VI Power secured a NGN 9.2 billion debt from the Bank of Industry (BOI) on the back of InfraCredit irrevocable guarantee. The funds are designated for financing the infrastructure needed for energy generation, distribution, and transmission of 30MW, specifically catering to dedicated customers within the Victoria Island environment.

Additionally, VI Power secured NGN 3.8 billion Construction Finance Warehouse Facility ("CFWF") funded by the Nigerian Sovereign Investment Authority ("NSIA") and a NGN 3 billion bridge facility from Stanbic IBTC Infrastructure Fund (SIIF) in December 2023.

Issuer	V.I POWER INFRAFUNDING SPV LTD
Issue Date	BOI: 8th June 2023 CFWF: 25th September 2023 SIIF: 27th December 2023
Co-Obligor	Elektron Power Infracom ("Elektron")
Principal Amount Outstanding (NGN)	BOI: 9,200,000,000 CFWF: 3,800,000,000 SIIF: 3,000,000,000
Sector	On-Grid Power
Tenor	BOI: 7 years CFWF: 3 years SIIF: 1 year 6 months
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	30MW Power plant

Sector:
Gas-to-Power

Issue/Bond Rating
(September 2021)

Long-term:
AAA(NG)
(Agusto & Co. and GCR)

Rating outlook:
Stable

HOTSPOT NETWORK LIMITED

Hotspot Network Limited ("Hotspot"), founded in 2008, offers hosted voice and data infrastructure services to the ICT industry. It specializes in wireless communications and broadcast network infrastructure, providing collocation services, distributed antennae systems, Cell on Wheels, and other contractual services to Mobile Network Operators (MNOs). With over 100 leased base stations, it serves major MNOs such as MTN, Airtel, and 9Mobile. The company is regulated by the NCC and holds collocation and infrastructure licenses since 2012, as well as an Internet Services Provision License obtained in 2015.

On June 30, 2023, Hotspot issued a NGN 955 million 7-Year Series 1 Fixed Rate Guaranteed Senior Infrastructure Bonds Due in 2030 ("the Hotspot Series 1 Bond") under a under ₦200,000,000,000.00 multi-issuer Infrastructure debt issuance programme.

The bonds proceed is to fund the construction and deployment of 120 rural telecoms voice and data network base stations in specific preapproved rural communities through partnerships with key Mobile Network Operators (MNOs).

Issuer	HOTSPOT Network SPV LTD
Issue Date	23rd June 2023
Co-Obligor	Micropolitan Mobile Connectivity Limited ("MMCL")
Principal Amount Outstanding (NGN)	Series I: 955,000,000
Sector	ICT/ Telecommunication
Tenor	Series I: 7 years
Location of Operation	South-West, South-South and South-East, Nigeria
Asset Size/Capacity	120 telephony sites

Sector:
ICT/
Telecommunications

Issue/Bond Rating
(November 2023)

Long-term:
AAA(NG) (GCR)

Rating outlook:
Stable

FALCON CORPORATION LIMITED

Falcon Corporation Limited ("Falcon") is a wholly indigenous midstream and downstream gas company. It was incorporated in February 1994 and later rebranded to Falcon Corporation Limited on its 20th anniversary. FCL's main activities include distributing natural gas to industrial customers in the Ikorodu Natural Gas Distribution Zone and providing gas infrastructure, oil field engineering, procurement, construction, inspection, and consultancy services. FCL has established a distribution pipeline network spanning over 50km in the Ikorodu catchment area, with a current delivery capacity of 25 million standard cubic feet per day (MMscf/d).

On June 1st, 2023, Falcon raised NGN 3 billion debt from the Bank of Industry (BOI) on the back of InfraCredit irrevocable Guarantee to finance the development of a 10,000MT Liquefied Petroleum Gas (LPG) storage facility and dedicated jetty in Rumuolumeni, Port Harcourt.

Issuer	**FALCON INFRAFUNDING SPV LTD**
Issue Date	23rd June 2023
Co-Obligor	Falcon Corporation Limited("Falcon")
Principal Amount Outstanding (NGN)	BOI: 3,000,000,000
Sector	Gas-to-clean cooking
Tenor	Series I: 7 years
Location of Operation	South-South Nigeria
Asset Size/Capacity	10,0000 MT

Sector:
Gas-to-clean cooking

Issue/Bond Rating
(N/A)

Long-term:
(N/A)

Rating outlook:
Stable

COLEMAN TECHNICAL INDUSTRIES LIMITED

Coleman Technical Industries Limited ("Coleman") is an indigenous company engaged in the manufacturing and distribution of copper and aluminium wires and cables. With over three decades of operating history in Nigeria, Coleman is a market leader in the cables and wires industry, now serving major Mobile Network Operators (MNOs) such as MTN and Airtel. The Coleman's products are inputs intrinsically linked to infrastructure growth and development of the Nigerian economy, with the Company accounting for about 50 and 30 percent of the market share in the house wiring and power cable product segments, respectively

In July 2023, Coleman secured a NGN 10 billion 7-Year Bank of Industry (BOI) loan on the back of InfraCredit's irrevocable guarantee. The funds are designated for financing the construction of its fibre optic cable manufacturing plant in Arepo, Ogun state, Nigeria.

Issuer	COLEMAN TECHNICAL INDUSTRIES LIMITED
Issue Date	31st July 2023
Co-Obligor	Coleman Technical Industries Limited
Principal Amount Outstanding (NGN)	BOI: 10,000,000,000 (BOI)
Sector	Manufacturing
Tenor	7 years
Location of Operation	South-West, Nigeria
Asset Size/Capacity	Fibre optic cable manufacturing factory

Sector:
Manufacturing

Issue/Bond Rating
(N / A)

Long-term:
(N / A)

Rating outlook:
Stable

ABUJA STEEL MILLS LIMITED

Abuja Steel Mills Limited ("Abuja Steel") commenced production in 2013, manufacturing high strength reinforcement bars from its factory and engaging in the supply of steel to the northern part of Nigeria. It is the first integrated steel manufacturer in northern Nigeria and a member of the African Industries Group, incorporated in 2004 as managers of steel mill activities including melting, rolling and forging of steel products.

In September 2023, Abuja Steel issued a NGN10 billion 7-Year Bank of Industry ("BOI") loan facility on the back of InfraCredit's irrevocable guarantee. The funds are designated for financing the modification and expansion of the Company's melting and rolling mills, acquisition of a direct reduced iron storage system and a 132KV double circuit transmission line.

Issuer	ABUJA STEEL MILLS LIMITED
Issue Date	21st September 2023
Co-Obligor	African Steel Mills Limited ("ASML")
Principal Amount Outstanding (NGN)	Series I: 10,000,000,000
Sector	Inputs to Infrastructure
Tenor	Series I: 7 years
Location of Operation	North Central, Nigeria
Asset Size/Capacity	Integrated steel manufacturing facility.

Sector:
Manufacturing

Issue/Bond Rating
(N/A)

Long-term:
(N/A)

Rating outlook:
Stable

MECURE INUSTRIES PLC

Me Cure Industries Plc ("Me Cure") is one of Nigeria's recognized healthcare providers, with an ecosystem comprising Pharmaceuticals, (manufacture and distribution of pharmaceutical and nutraceutical products), Healthcare (medical investigations, eye care, oncology, cardiac care and dental care) as well as E-Health (delivery of medicines and home sample collections). The Company has almost two decades of operational experience in medicine manufacturing in Nigeria.

In September 2023, Me Cure secured NGN4 billion in the form of a bridge backed by InfraCredit's guarantee, utilizing the Construction Finance Warehouse Facility ("CFWF") funded by the Nigerian Sovereign Investment Authority ("NSIA"). An additional NGN2.5 billion bridge was secured from Stanbic IBTC Infrastructure Fund ('SIIF"). The proceeds of the funding are to be applied towards the construction of two medicine manufacturing plants.

Issuer	MECURE INDUSTRIES LIMITED
Issue Date	Bridge to BOI (CFWF): 26th September 2023 Bridge to Bond (SIIF): 21st December 2023
Co-Obligor	Mecure Industries Limited
Principal Amount Outstanding (NGN)	Bridge to BOI (CFWF): 4,000,000,000 Bridge to Bond (SIIF): 2,500,000,000
Sector	Urban Infrastructure
Tenor	Bridge to BOI (CFWF): 1 Year (Pending BOI debt) Bridge to Bond (SIIF): 1 Year (Pending bond raise)
Location of Operation	South-West, Nigeria
Asset Size/Capacity	Two medicine manufacturing Plants

Sector:
Urban Infrastructure

Issue/Bond Rating
(N / A)

Long-term:
(N / A)

Rating outlook:
Stable

ABS BLUEPRINT MODERN SHELTER LIMITED

Modern Shelter Limited ("Modern Shelter") has partnered with ABS Blueprint Ltd. for the construction of up to 1,200 affordable housing units, starting with an initial 370 units in Nasarawa Technology Village (NTV) on the outskirts of Abuja. The Project, established in 2021 as a Public-Private Partnership (PPP) consortium between Nasarawa State Government (NASG) and ABS Blueprint Limited (the "Concessionaire"), designated Modern Shelter as the preferred developer following the concession agreement's execution.

On November 28th, 2023, Modern Shelter secured a NGN 3 billion 4-Year Private Corporate Bond from Shelter Afrique. The proceeds of the bond was used to finance the part construction of the initial 370 units of NTV bungalows on the outskirts of Abuja.

Issuer	ABS BLUEPRINT MODERN SHELTER LIMITED
Issue Date	28th November 2023
Co-Obligor	Modern Shelter Limited
Principal Amount Outstanding (NGN)	3,000,000,0000
Sector	Urban Infrastructure
Tenor	4 years
Location of Operation	North Central, Nigeria
Asset Size/Capacity	370 Housing units

Sector:
Urban Infrastructure

Issue/Bond Rating
(N/A)

Long-term:
(N/A)

Rating outlook:
Stable

ACOB LIGHTING TECHNOLOGY LIMITED

ACOB Lighting Technology Limited ("ACOB") is a renewable energy company operating in Nigeria, focusing on providing solar mini grids to underserved and unserved communities. Commencing operations in 2016, ACOB has actively participated in the construction of 13 mini grids, with 9 projects executed as an EPC contractor under the Rural Electrification Fund Program (REFP) with a total solar PV capacity of 910 kWp.

In December 2023, ACOB secured NGN755 million in the form of a bridge backed by InfraCredit's guarantee, utilizing the Construction Finance Warehouse Facility ("CFWF") funded by the Nigerian Sovereign Investment Authority ("NSIA"). The proceeds of the Facility were applied towards the construction, installation and commissioning of seven solar-hybrid mini grids.

Issuer	ACOB Lighting technology SPV projects Limited
Issue Date	28th November 2023
Co-Obligor	ACOB Lighting technology Limited
Principal Amount Outstanding (NGN)	755,000,0000
Sector	Renewable Energy
Tenor	Bridge to Bond: 1 year (Pending bond raise)
Location of Operation	South-west & South-South, Nigeria
Asset Size/Capacity	910 kWp

Sector:
Renewable Energy

Issue/Bond Rating
(N/A)

Long-term:
(GCR)

Rating outlook:
Stable

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.

Due to these outcomes, InfraCredit will enable improved business productivity leading to economic growth and social development.

SDG IMPACT

The United Nations' 17 Sustainable Development Goals provide a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. InfraCredit's portfolio impacts the 17 goals, which can be used to understand the broader impact of our transactions.

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

MARKET **LEVEL IMPACT**

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

Indicator Type	Indicators	Data
Access to finance	**Total value of bonds issued till date.** Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds Aggregate Portfolio Size	 NGN 1.588 trillion NGN142 billion NGN 204.7 billion
Capital market efficiency	**Average tenor of bond issuance** Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds	 6 years 13 years
Capital market efficiency	**Longest tenor of bond issuance** Corporate Infrastructure Bonds InfraCredit Guaranteed Bonds	 15 years 20 years
Financial deepening	Value of green bond issuance	NGN 12.4 billion
Access to finance	Number of first-time bond issuers	11
Access to finance	The Number of infrastructure projects enabled	19 Projects
Access to finance	Value of additional capital mobilized by investees	NGN 6.25 billion
Financial Deepening	Number of participating institutional investors (Pension Funds)	19
Financial Deepening	Number of participating institutional investors (Insurance)	5
Financial Deepening	Number of participating institutional investors (Others)	17
Capital market efficiency	The total value of Technical Assistance (TA) Funding mobilized	EUR 2.31 million GBP 250,000

PORTFOLIO LEVEL IMPACTS
(PROJECT AND END-USER)

Sustainable Development Goal	Indicators	Outcome Data
Project- Infrastructure		
7 AFFORDABLE AND CLEAN ENERGY	MW of Renewable Energy Installed	601.1MW
	MW of Hydro Power (NSP)	600MW
	MW of Gas Plants (VI Power, GEL, Viathan)	121.5MW
	KWp of Solar Mini-grids (Darway Coast, ACOB)	861.1KWp
	MT of LPG Storage Facility (Falcon, Gas Terminalling)	15,000 MT
	SCM of LNG Plant (GLNG)	200,000 SCM
	KWp of Towers (Hotspot)	330 KWp
	MVA of gas to power (ASIKO)	5.5MVA
	Number of Hours of Improved or new Power (NSP)	4,113.02 Hours
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Number of telecommunication towers (PAT, Hotspot)	884
	Total number of logistics trucks (GPC and TSL data)	1017
Jobs Supported		
8 DECENT WORK AND ECONOMIC GROWTH	Total jobs enabled or/ supported	4458
	Of which permanent Of which temporary	2690 1768
	Total temporary unskilled jobs enabled	1281
	Total temporary skilled jobs enabled	487
	Total permanent unskilled jobs enabled	105
	Total permanent skilled jobs enabled	2585
	Total Number of Youth Jobs (Skilled)	582
	Total Number of Youth Jobs(unskilled)	711
Gender		
5 GENDER EQUALITY	Total Number of female jobs supported	342
	Number of female jobs at the managerial level	41
	Percentage of female jobs at the managerial level	18%
	Number of female truck drivers (TSL only)	13
Climate		
13 CLIMATE ACTION	GHG emissions avoided from Renewable Energy infrastructure	Over 451,000tCO2eq

Economy		
8 DECENT WORK AND ECONOMIC GROWTH	Number of businesses with improved access to infrastructure	Over 1047 SMEs (Sura shopping complex)
	Number of newly registered businesses with access to infrastructure in the Free Zone Area (LFZC data)	34
End-User Level Impact		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Number of people with improved access to infrastructure	Over 1,000,000
	Number of households with improved access to grid electricity (NSP data)	Over 10,000,000
Key SDG Aligned Achievement		
7 AFFORDABLE AND CLEAN ENERGY	MW of Renewable Energy Installed	601.1MW
	MW of Hydro Power (NSP)	600MW
	MW of Gas Plants (VI Power, GEL, Viathan)	121.5MW
	KWp of Solar Mini-grids (Darway Coast, ACOB)	861.1KWp
	MT of LPG Storage Facility (Falcon, Gas Terminalling)	15,000 MT
	SCM of LNG Plant (GLNG)	200,000 SCM
	KWp of Towers (Hotspot)	330 KWp
	MVA of gas to power (ASIKO)	5.5MVA
	Number of Hours of Improved or new Power (NSP)	4,113.02 Hours
8 DECENT WORK AND ECONOMIC GROWTH	Total jobs enabled or/ supported	4458
	Of which permanent Of which temporary	2690 1768
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Number of people with improved access to infrastructure	Over 1,000,000
	Number of households with improved access to grid electricity (NSP data)	Over 10,000,000

2023 CAPACITY BUILDING PROGRAMME

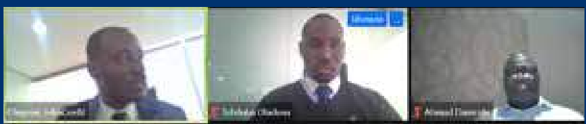
InfraCredit is committed to market development and increased participation in infrastructure investing.

The Knowledge Exchange programme aims to:

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

APRIL 2023

A CO-DUE DILIGENCE EXERCISE ON EVALUATION OF A GAS PROCESSING AND DISTRIBUTION PROJECT



In April 2023, a co-due diligence exercise was held to evaluate a Gas Processing and Distribution Project. This session aimed at increasing knowledge and insights into gas processing and distribution in Nigeria, using Green Fuels Limited as a case study. Additionally, it highlighted opportunities and activities within the gas sector's supply chain. The session was specifically designed for institutional investors and Pension Fund Administrators. The roundtable took place on April 6, 2023, with thirty-three (33) participants in attendance, representing thirteen (13) Pension Fund Administrators.

AUGUST 2023

IMPACT OF CREDIT ENHANCEMENTS ON BOND RATINGS, PRICING, AND IMPAIRMENT ASSESSMENT

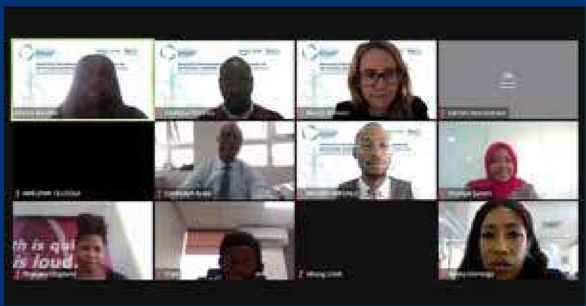
A roundtable session was held on the Impact of Credit Enhancements on Bond Ratings, Pricing, and Impairment Assessment. This session addressed questions and issues surrounding credit-enhanced debt securities, clarifying the reasons and processes behind material rating downgrades. It also identified the indicators and triggers for such downgrades.

Following these sessions, participants gained the ability to analyze bond rating downgrades and understand the pass-through effect on infrastructure financing. Additionally, the session highlighted the impact of credit enhancement mechanisms on the credit quality of financial instruments.

The session was designed for Investment Officers, Portfolio Managers, Chief Risk Officers (CROs), and Chief Investment Officers (CIOs) of Pension Fund Administrators, Insurance Companies, and other Institutional Investors. The roundtable took place on August 3, 2023, with ninety (90) participants representing thirty-two (32) institutions.

SEPTEMBER 2023

AN INVESTOR TRAINING ON ESG CONSIDERATIONS IN CORPORATE INFRASTRUCTURE BOND INVESTMENT



An investor training session was held on ESG Considerations in Corporate Infrastructure Bond Investment. The program aimed to enable participants to develop an understanding of InfraCredit's environmental and social risk assessment and impact management process throughout the infrastructure project's deal cycle and portfolio management. Additionally, it aimed to strengthen participants' knowledge and competency in applying ESG and impact considerations for investment decision-making and portfolio monitoring, in alignment with fiduciary responsibilities.

This session was specifically designed for Investment Officers, Portfolio Managers, Chief Risk Officers (CROs), and Chief Investment Officers (CIOs) of Pension Fund Administrators, Insurance Companies, and other Institutional Investors. This session took place on September 20, 2023, with one hundred and twelve (112) participants representing eighteen (18) institutions.

OCTOBER 2023

A ROUNDTABLE SESSION ON MOBILIZING DOMESTIC INSTITUTIONAL INVESTMENT FOR CLIMATE FINANCE.

In October 2023, InfraCredit in collaboration with the Foreign, Commonwealth and Development Office, Nigeria Office (FCDO) organized an interactive session at the British Deputy Commissioner's Residence with domestic institutional investors on how to scale up climate finance from the private sector, the role of blended finance models in derisking investments and successful case study projects recently funded by domestic investors working with InfraCredit in Nigeria. This session was designed for Investment Officers, Portfolio Managers, CROs and CIOs of Pension Fund Administrators, Insurance Companies and other Institutional Investors This session was held on the 24th of October,2023. The session attracted 47 participants across 22 domestic institutional investors with an estimated Asset Under Management of about NGN8.2 trillion (US$9.83 billion).

NOVEMBER 2023

A ROUNDTABLE SESSION ON THE EVOLVING ROLE OF RISK MANAGEMENT IN UNLOCKING INFRASTRUCTURE OPPORTUNITIES: NAVIGATING RISK AND REWARDS

In November 2023, a roundtable session was held exclusively for chief risk officers of pension funds on 'The Evolving Role of Risk Management in

Unlocking Infrastructure Opportunities: Navigating Risk and Rewards. This forum facilitated extensive dialogue and knowledge sharing on infrastructure development opportunities, perceptions of risk versus actual risk, peculiar risk factors, and structural approaches to managing defaults, as well as mitigating losses that would promote favorable investment in greenfield and brownfield infrastructure projects in Nigeria. Participants also discussed applicable risk rating methodologies, regulatory issues, and blended financing strategies for infrastructure projects. The event, held on November 16th, 2023, brought together Chief Risk Officers from 19 Pension Funds, accounting for an estimated Asset Under Management (AUM) of over NGN 12.6 trillion (USD 16.8 billion), along with representatives from Development Finance Institutions and top executives from Rating Agencies who are actively involved in infrastructure financing and risk management.

DECEMBER 2023

DOCUMENTING CREDIT GUARANTEES FOR LONG TERM LOCAL CURRENCY INFRASTRUCTURE FINANCING TRANSACTIONS

In December 2023, a two-day training session was held exclusively for law and Trustee firms on Documenting Credit Guarantees for Long Term Local Currency Infrastructure Financing Transactions. This exercise was geared towards deepening market knowledge and inclusiveness by familiarizing participants with InfraCredit's bond and guarantee documentation with the objective that participants become fully aware and acquainted with the nature of guarantee documentation to ensure that negotiation of our standard documents are abridged and limited to transaction-specific issues thereby reducing execution time and increasing the efficiency and speed of closing transactions. The event was held on December 12th and 13th,2023, and brought together 90 lawyers from 30 organizations.

SUSTAINABILITY AT **INFRACREDIT**

OUR SUSTAINABILITY COMMITMENTS

InfraCredit views sustainability as a fundamental aspect of our identity. Our core principles foster a deep commitment to sustainable practices.

Our Environmental and Social (E&S) Policies are guided by a strong dedication to global environmental and social issues relevant to our business. The following core commitments shape our E&S Policy:

1. **Regulatory Compliance:** We prioritize responsible corporate governance and adhere to all environmental and social laws, regulations, and best practices relevant to our guaranteed transactions.
2. **Environmental and Social Risk Management:** We assess our exposure to environmental and social risks associated with the transactions that we guarantee. By conducting comprehensive evaluations, we ascertain the nature, scope, and extent of our engagement in every transaction. We utilize appropriate tools to evaluate Environmental and Social (E&S) risks tailored to the unique aspects of each transaction.
3. **Climate Change:** We recognize the significant challenge(s) posed by climate change and its potential to hinder economic and social development, particularly in infrastructure projects. InfraCredit aims to guarantee transactions that do not contribute to an increase in greenhouse gas emissions. We support projects that utilize sustainable alternatives to

reduce emissions. We have developed a Clean Energy Transition Strategy & Roadmap (CETSR) to integrate climate considerations into our investment decisions, aiming to align our portfolio with the Paris Agreement by 2040.

4. **Full Disclosure and Transparency:** We prioritize transparency in all our activities. We commit to providing accurate and timely information about our guarantees, investments, advisories, and general institutional information in accordance with our Corporate Governance policies.

Aligned with the principles of the Sustainable Development Goals (SDGs), we remain steadfast in our commitment to sustainability. Our endeavors are fully harmonized with the SDGs, which serve as a worldwide call-to-action for eradicating poverty, preserving the planet, and promoting universal peace and prosperity by 2030. As an organization, we prioritize meeting the objectives of these goals and have structured our sustainability commitments to align with the goals. By so doing, we strive to maximize our positive impact and contribute meaningfully to the achievement of these global targets.

OUR SUSTAINABILITY STRATEGY

At the heart of our strategy for expanding sustainable infrastructure lie three essential pillars: Market, Project, and End User. These pillars serve as the foundation for shaping InfraCredit's Theory of Change—a blueprint that delineates the strategic trajectory guiding our endeavors. This theory articulates the systematic way our initiatives tackle challenges at the levels of Market, Project, and End User, all converging to fulfill our overarching mission.

Market as a strategic pillar highlight how InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. We will also support the emergence of an enabling environment with favorable policies and incentives, and connected networks of actors, to support infrastructure development.

The project strategic pillar underlines how InfraCredit will enable infrastructure project developers to access longer-term capital at competitive rates and will ensure high impact and viable projects are increasingly, successfully and sustainably executed, while also creating jobs.

End user as a strategy emphasizes how InfraCredit's activities will lead to increased infrastructure access, reliability and resilience, leading to improved livelihoods. As a result of these outcomes, InfraCredit will support improved business productivity, fostering economic growth and social development.

Each pillar is tied to desired outcomes, which are determined by outputs, while the outputs are a result of key activities that have been carefully scoped and implemented. The outcomes across the three key pillars are mutually reinforcing and drive our overarching goal, which is to successfully unlock long term local currency finance in Nigeria. InfraCredit has also developed new and innovative guarantee products and strategic intermediation models such as non-sovereign Green Bonds Guarantee, Clean Energy Local Currency Fund, Risk Sharing Backstop Facility and Construction Finance Warehouse Facility. Such products are designed to improve the 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.

OUR SUSTAINABILITY MILESTONES

At InfraCredit, our attention is directed towards promoting sustainable practices within our business and creating positive influences in our society. This dedication enables us to continuously generate positive impacts in the regions where we operate.

Highlights of InfraCredit's Sustainability Driven Business Milestones:

1. InfraCredit won a hat-trick of sustainability awards at the 2023 EMEA Finance Achievement Awards for;

    - Best Naira Bond: Lagos Free Zone (Tolaram)'s ₦25bn, 20-year InfraCredit-guaranteed series 2 Infrastructure bond issuance,
    - Best Sustainability Bond: Darway Coast P1's ₦1.6bn InfraCredit-guaranteed green infrastructure bond issuance,
    - Best Project Bond: Pan African Towers' ₦10bn 10-year InfraCredit-guaranteed infrastructure bond issuance.

2. In May 2023, AfDB approved a USD15million Subordinated Loan for InfraCredit to strengthen its capital base and help close Nigeria's Infrastructure financing gap.
3. In June 2023, InfraCredit guaranteed the first ever blended local currency green certified debt issue for a solar powered rural telephony project in Nigeria. The 7-year fixed-rate local currency debt issue, a climate-aligned infrastructure bond certified by the Climate Bond Initiative (CBI) will enable Hotspot Network Limited to construct, install and commission 120 solar-powered rural telecom base stations across 22 States in Nigeria.
4. In August 2023, FSD Africa invested GBP10million into the innovative Risk Sharing Backstop Facility (RSBF) with Infracredit to support Sustainable Climate-Aligned Infrastructure Development in Nigeria.
5. In September 2023, InfraCredit, represented by the CEO and the Clean energy team, participated at the Africa Climate Summit, connecting with partners and potential funders. This was a vital engagement in line with our support for climate-aligned and inclusive infrastructure development in unserved and underserved communities through innovative local currency blended facilities.
6. In October 2023, the Nigeria Sovereign Investment Authority (NSIA) invested NGN10 billion into a Construction Finance Warehouse Facility (CFWF) developed in partnership with InfraCredit, to enable project developers access construction finance on a sustainable basis on the back of InfraCredit's guarantee.
7. In November 2023, InfraCredit issued NGN3billion 7-year guarantee support to Modern Shelter Systems and Services Limited for the development of 370 affordable housing units according to IFC - International Finance Corporation's green building standard (EDGE) in Nasarawa Technology Village under a co-financing structure with the Shelter Afrique Development Bank.
8. At the COP28 event held December 2023, InfraCredit, represented by the CEO and the ESG-Impact Team, actively participated in a range of side events, panel discussions, and networking receptions with the aim of facilitating collaborations to drive financing initiatives and partnerships for Renewable Energy Infrastructure projects in Nigeria and across the African continent.

SUSTAINABLE VALUE CREATION

Impact through Capacity Building

We are dedicated to fostering a meaningful and enduring relationship with our investors and other stakeholders. We believe that transparency, trust, and continuous engagements are essential for our mutual success. As part of our commitment, we go beyond traditional business considerations and actively engage in capacity building for our investors and other stakeholders. We provide educational resources, workshops, and information sessions that empower our investors to make informed decisions about their investments. Our stakeholders, including partners and local communities, benefit from our capacity-building initiatives by gaining insights into our operations and the broader industry. We are committed to fostering financial literacy and industry knowledge. By providing access to information, fostering dialogue, and creating platforms for shared learning, we aim to equip our investors and stakeholders with the tools that they need to engage confidently with our organization and the markets where we operate. Our commitment to capacity building aligns with our vision of shared growth and prosperity.

InfraCredit has facilitated the financing of twenty (20) infrastructure projects via local currency denominated debt from the domestic debt capital market with an aggregate of N204.8 billion (USD 428.4 million), and average tenors of up to 20 years. These financing programs were oversubscribed by up to 90% from local pension fund investors, of which 19 were participants in the capacity building programs, signifying strong potential and investor appetite in infrastructure investments. Importantly, first-time issuers who were previously completely guaranteed by InfraCredit can now access the capital markets without the need for a guarantee for the second time, showing the self-sufficiency and catalytic effect of our capacity building and credit enhancement programs.

The Infrastructure Capacity Building Programme, in collaboration with Development Partners - PIDG, GuarantCo, and the German Government through KFW, is coordinated by InfraCredit. At the end of December 2023, under the programme, we had a total of 43 trainings which were implemented from inception, including 10 investor roundtable workshops, 24 investors' trainings and 9 co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors.

These programs attracted 1,787 participants from 103 institutions, including 26 pension fund administrators, 5 life insurance companies, 5 regulatory bodies, and 67 other institutions.

PORTFOLIO OVERVIEW

InfraCredit remains steadfast in its commitment to fostering sustainable infrastructure development that not only enhances economic prosperity but also safeguards environmental integrity and nurtures social well-being. Our approach recognizes that the success of large-scale projects hinges on the resilience and efficacy of environmental, social, and financial systems.

Within our portfolio, we advocate for a culture of excellence in Environmental, Social, and Governance (ESG) practices. We empower our portfolio companies to embrace this ethos by instilling robust policies and implementing comprehensive Environmental and Social Management Systems. Furthermore, we prioritize impact assessment and milestone setting to ensure that our projects align with sustainable development goals.

Our support extends beyond mere financial backing; we engage with stakeholders at every stage of the project lifecycle, integrating ESG considerations seamlessly. We encourage our partners to continually enhance their performance by tracking and improving impact metrics, adhering to our Development Impact Framework, and fostering strong community relations through stakeholder engagement plans and CSR initiatives.

At InfraCredit, we recognize and celebrate innovation that drives positive change. Through our Annual Sustainability Awards, we incentivize and honor pioneering initiatives that not only deliver commercial success but also advance sustainable outcomes across the triple bottom line: people, planet, and profit.

HOW WE HAVE **PERFORMED**

2023 FINANCIAL PERFORMANCE HIGHLIGHTS

Increased profit by
631%
NGN46.38B
(2022: NGN6.34B)

Increased total assets by
103%
NGN175.43B
(2022: NGN86.41B)

Total equity up
112%
NGN92.94B
(2022: NGN43.84B)

Net guarantee fee income up
74%
NGN2.87B
(2022: NGN1.65B)

Net operating income up
472%
NGN50.51B
(2022: NGN8.83B)

Gross revenue up
68%
NGN12.22B
(2022: NGN7.29B)

Gross capital leverage ratio
1.01times
(2022: 1.34 times)

Net capital leverage ratio
0.95times
(2022: 1.21 times)

Return on average equity
68.8%
(2022: 15.4%)

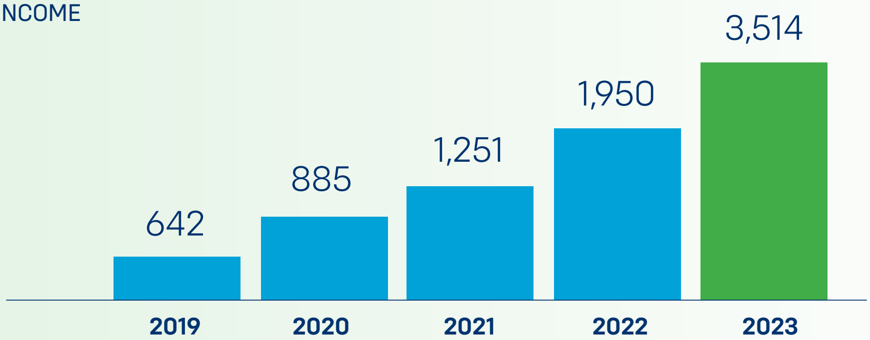
Return on average assets
35.9%
(2022: 7.8%)

Cost to income ratio
7.0%
(2022: 29.0%)

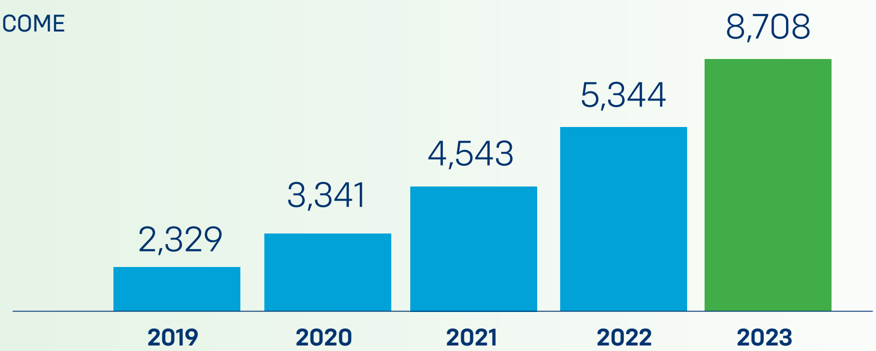
Liquidity ratio
6.33times
(2022: 7.06 times)

FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

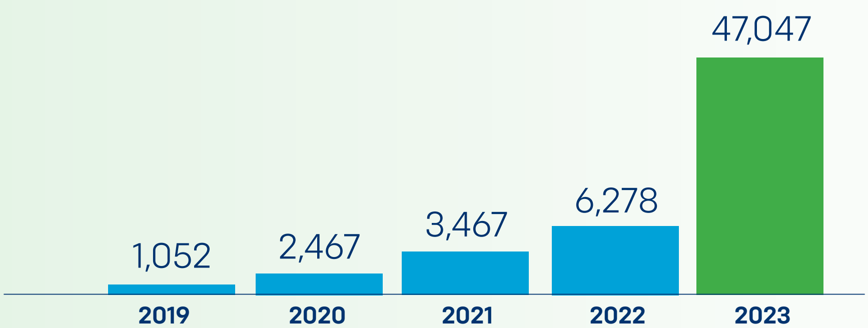
GROSS GURANTEE FEE INCOME (N'MILLION)



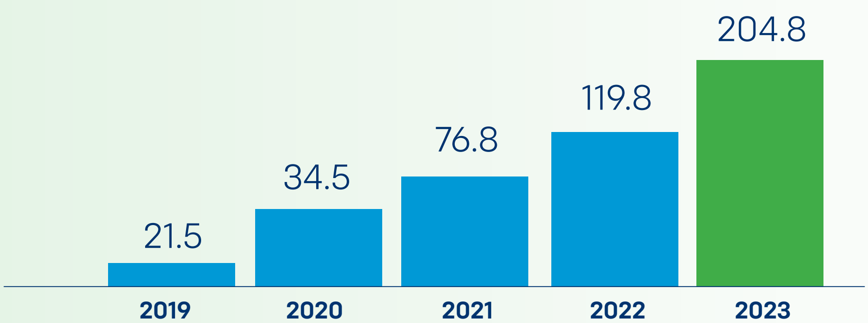
GROSS INVESTMENT INCOME (N'MILLION)



PROFIT BEFORE TAX (N'MILLION)

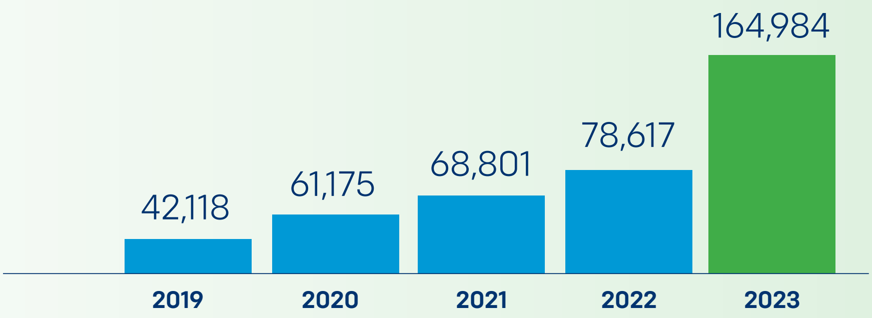


GUARANTEES ISSUED (N'BILLION)

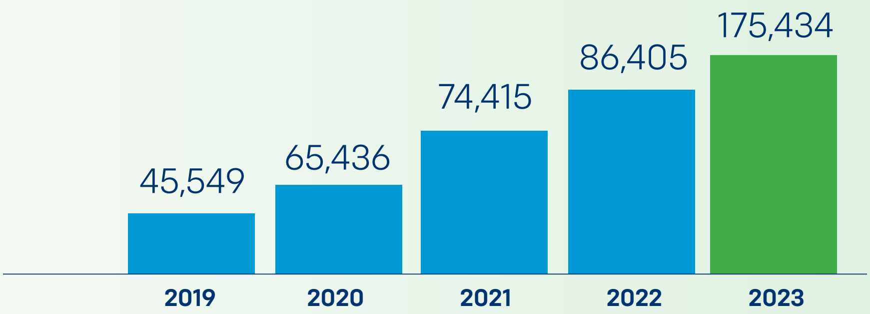


FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

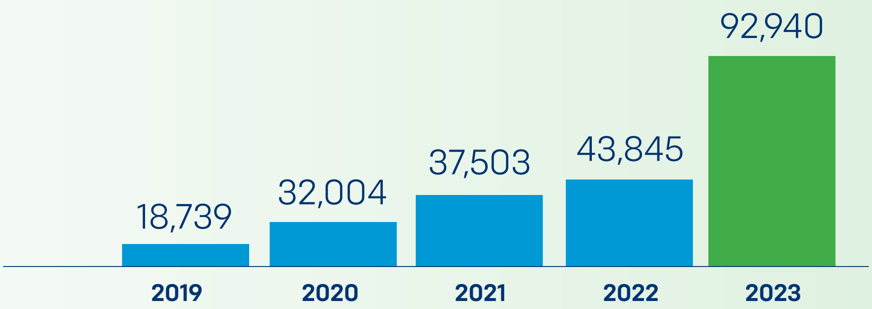
INVESTMENT SECURITIES & CASH
(N'MILLION)



TOTAL ASSETS
(N'MILLION)

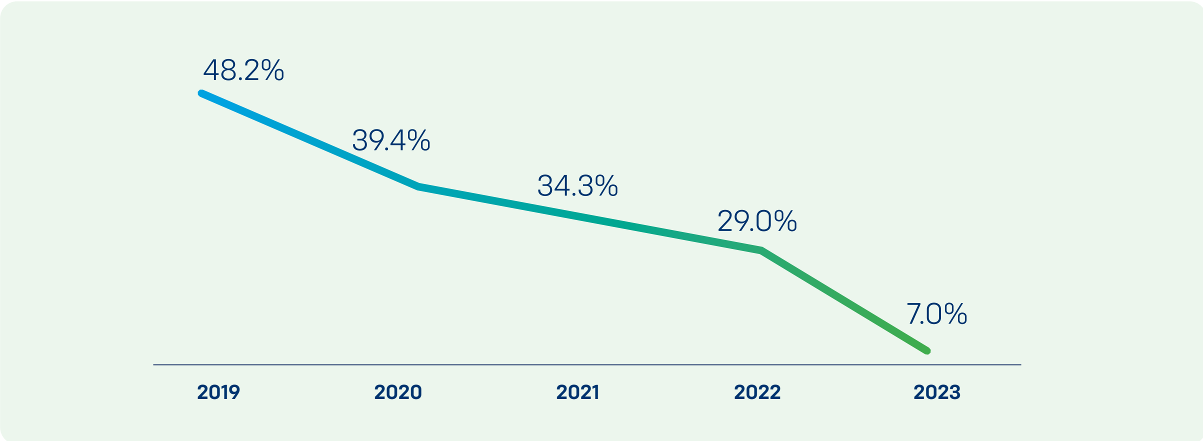


SHAREHOLDERS' EQUITY
(N'MILLION)

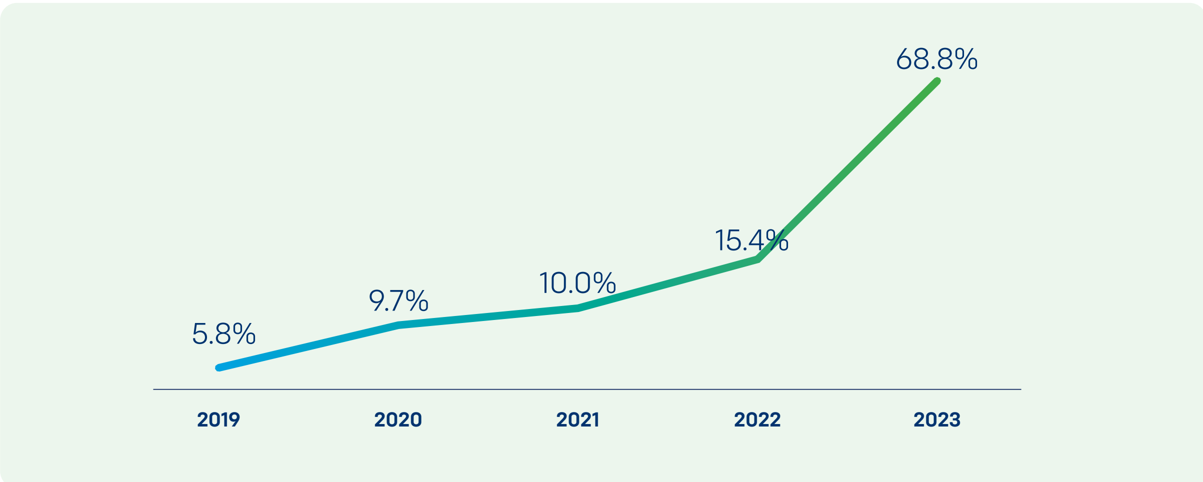


FIVE-YEAR FINANCIAL PERFORMANCE HIGHLIGHTS

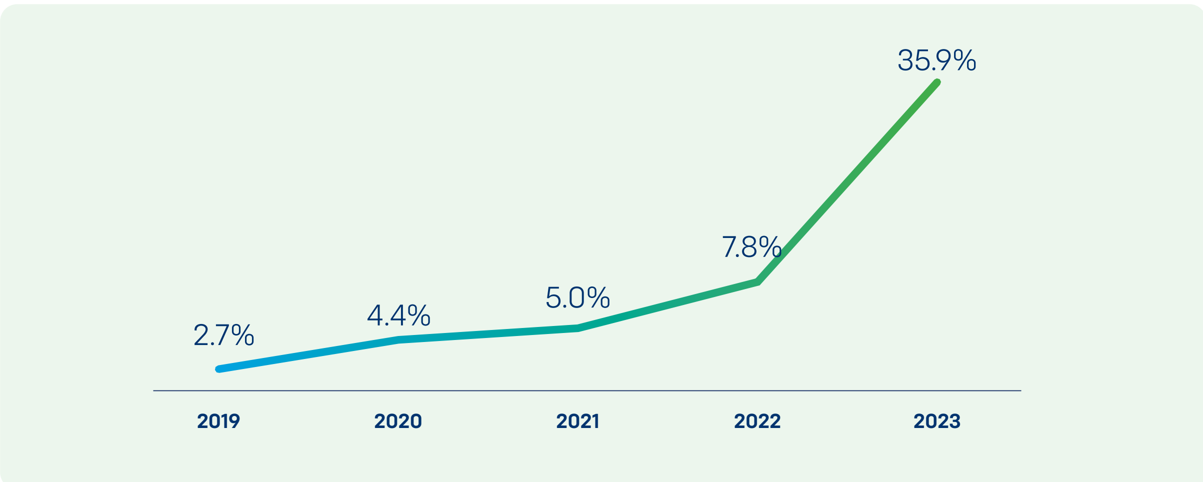
COST TO INCOME RATIO



PRE-TAX RETURN ON EQUITY



PRE-TAX RETURN ON AVERAGE ASSETS



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.

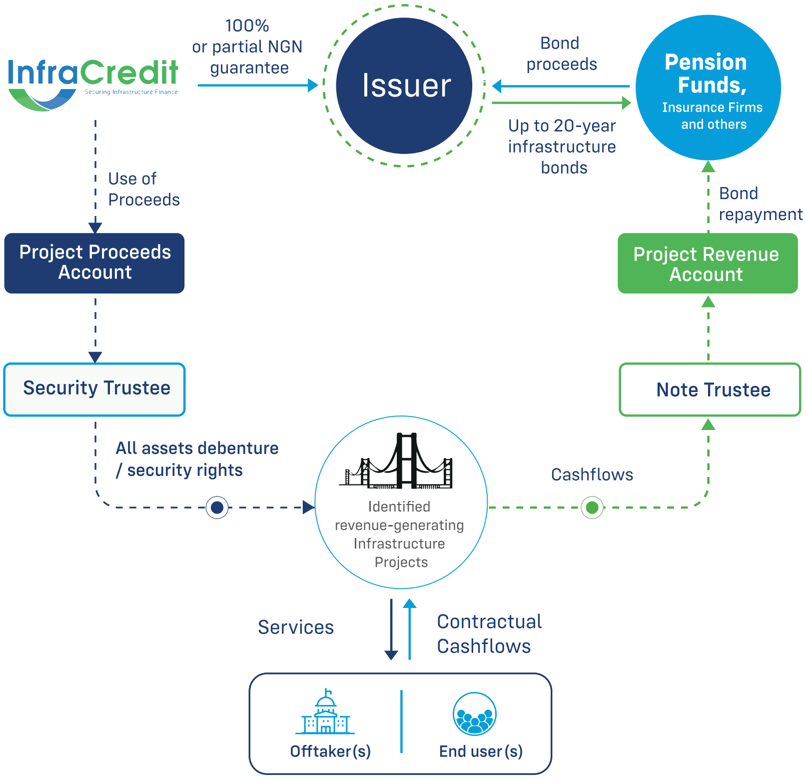
Our guarantees act as a catalyst to attract investment interest from pension funds, insurance firms and other long-term investors. Our operation addresses the constraints facing the Nigerian pension market and motivates their involvement in investing in long-term bonds to finance infrastructure assets.

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

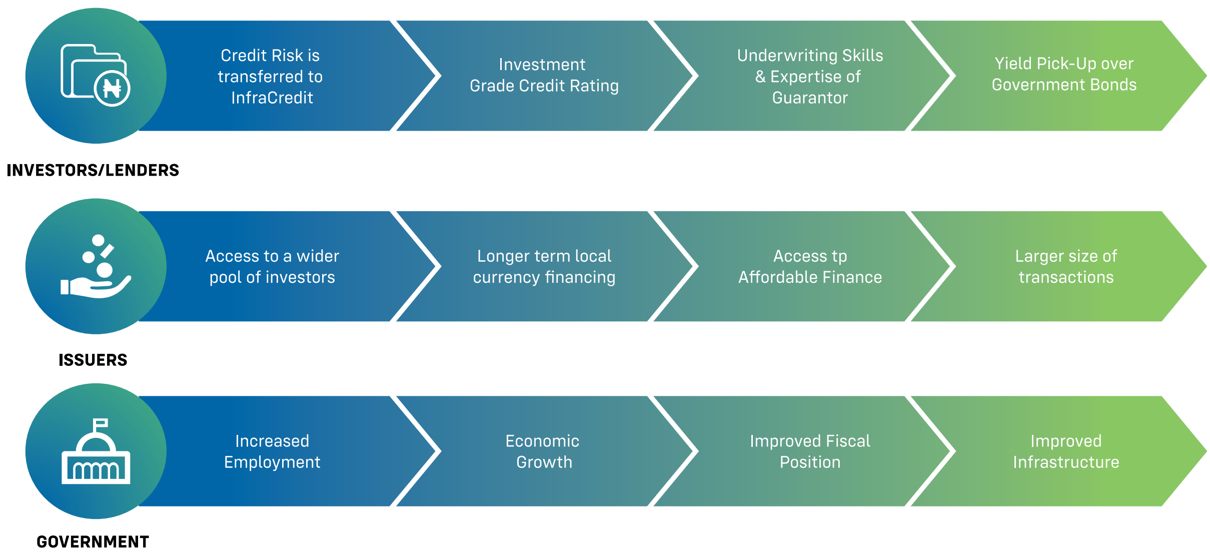
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

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.

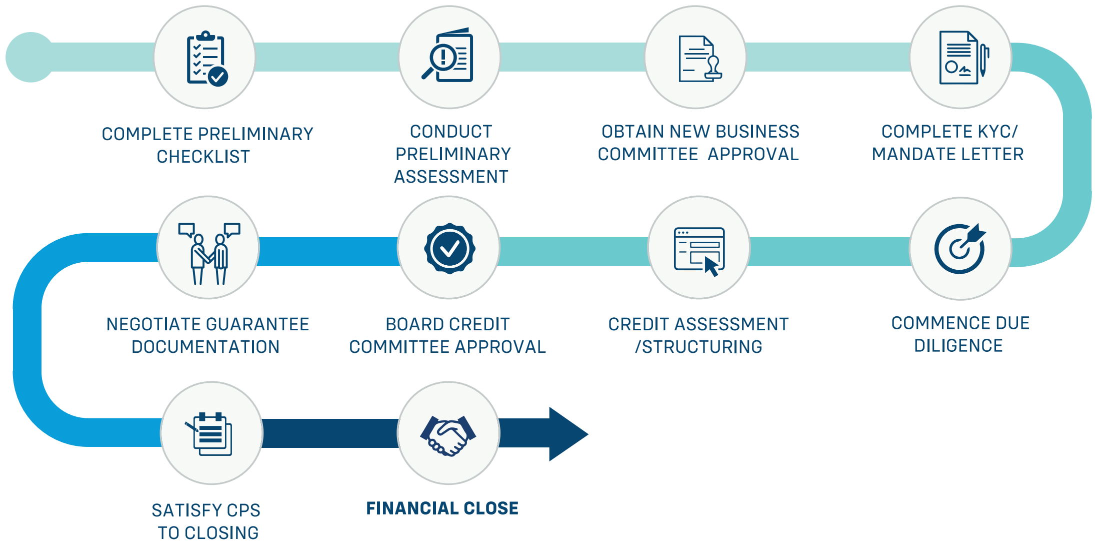
InfraCredit's guarantees provide tangible benefits to Investors, Issuers and the Nigerian Government. Among the benefits are credit protection, access to a wider pool of capital and generation of increased employment.



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

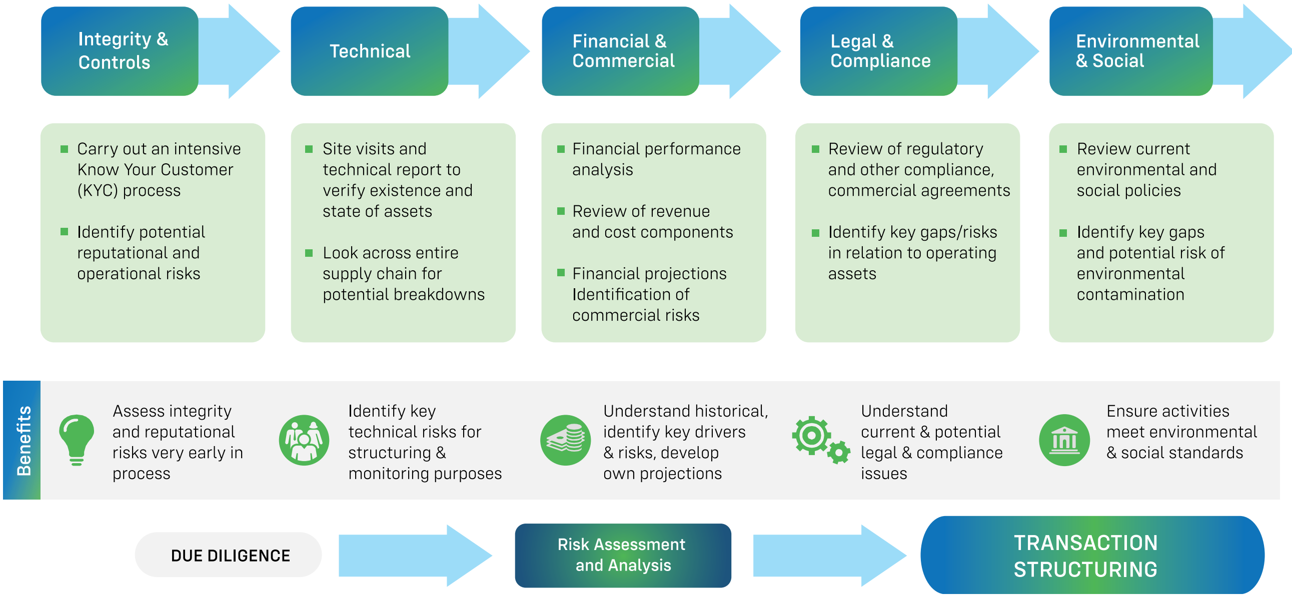
WASTE MANAGEMENT:
Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities

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 3 members: 1 representative from the Nigeria Sovereign Investment Authority(NSIA); and 2 Independent Directors. An observer (non-voting member) from the Contingent Capital Providers – GuarantCo also attends the meetings of the BRCC. The BRCC ensures effective systems of internal control and risk management operating to protect InfraCredit's capital providers. The Board BRCC approves guarantees and investmentproposals 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 comprised of the Managing Director, the Chief Operating Officer, the Head of Origination and Structuring, the General Counsel and the Financial Controller. Risk Management and 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 2023 financial year end, InfraCredit maintained a three-tier structure comprising Core capital (Tier 1 capital), Tier II Capital and Contingent Capital totaling USD 200 million (or NGN 184.84 billion).

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 2023 stood at 1.01x. Target leverage for 2023 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 counter-parties.

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 an 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 2023, 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 2023 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 31st December 2023, more than 90% of total funded capital were 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.

ANNUAL REPORTS
& FINANCIALS

23

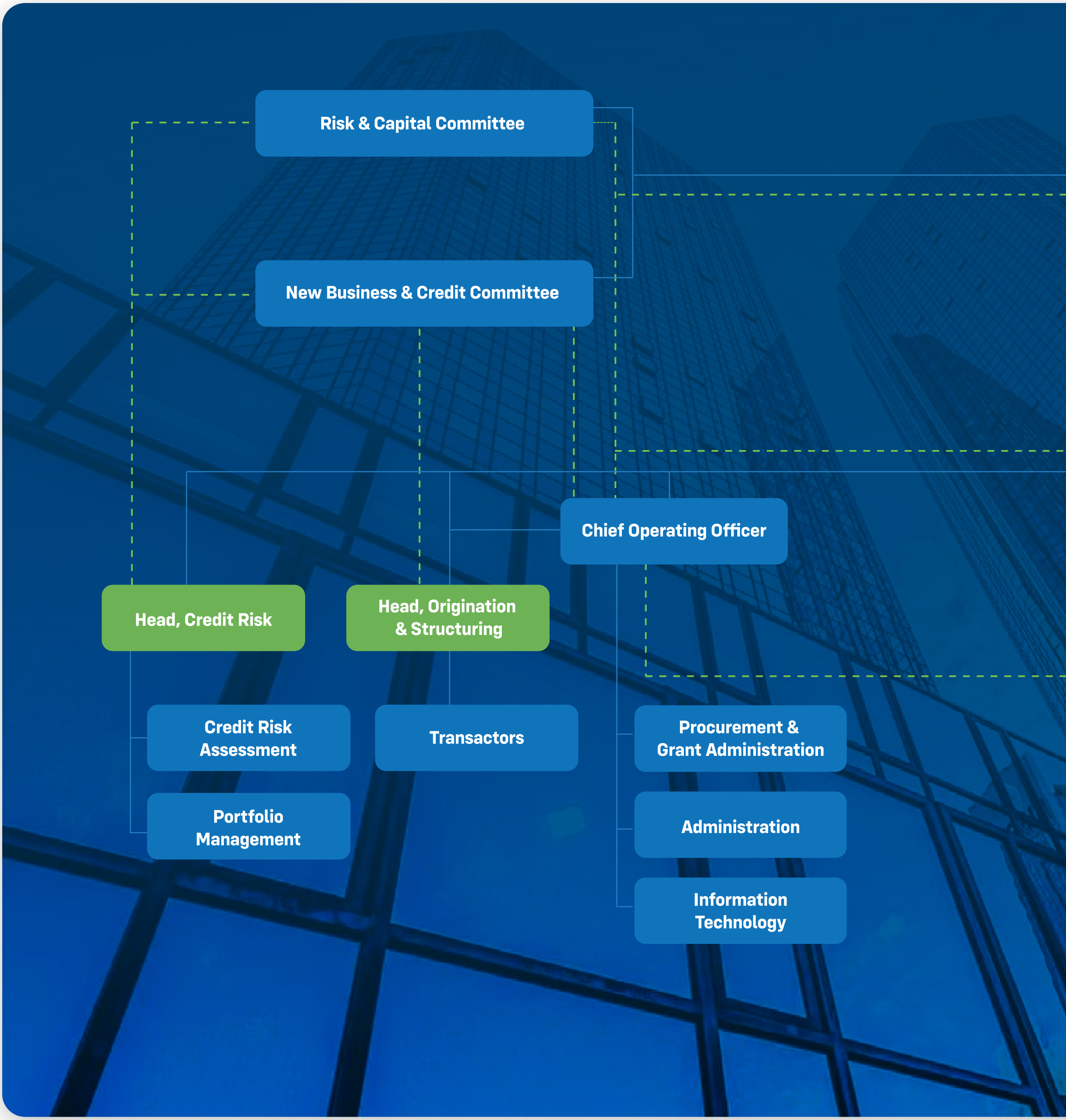
CHAPTER **TWO**

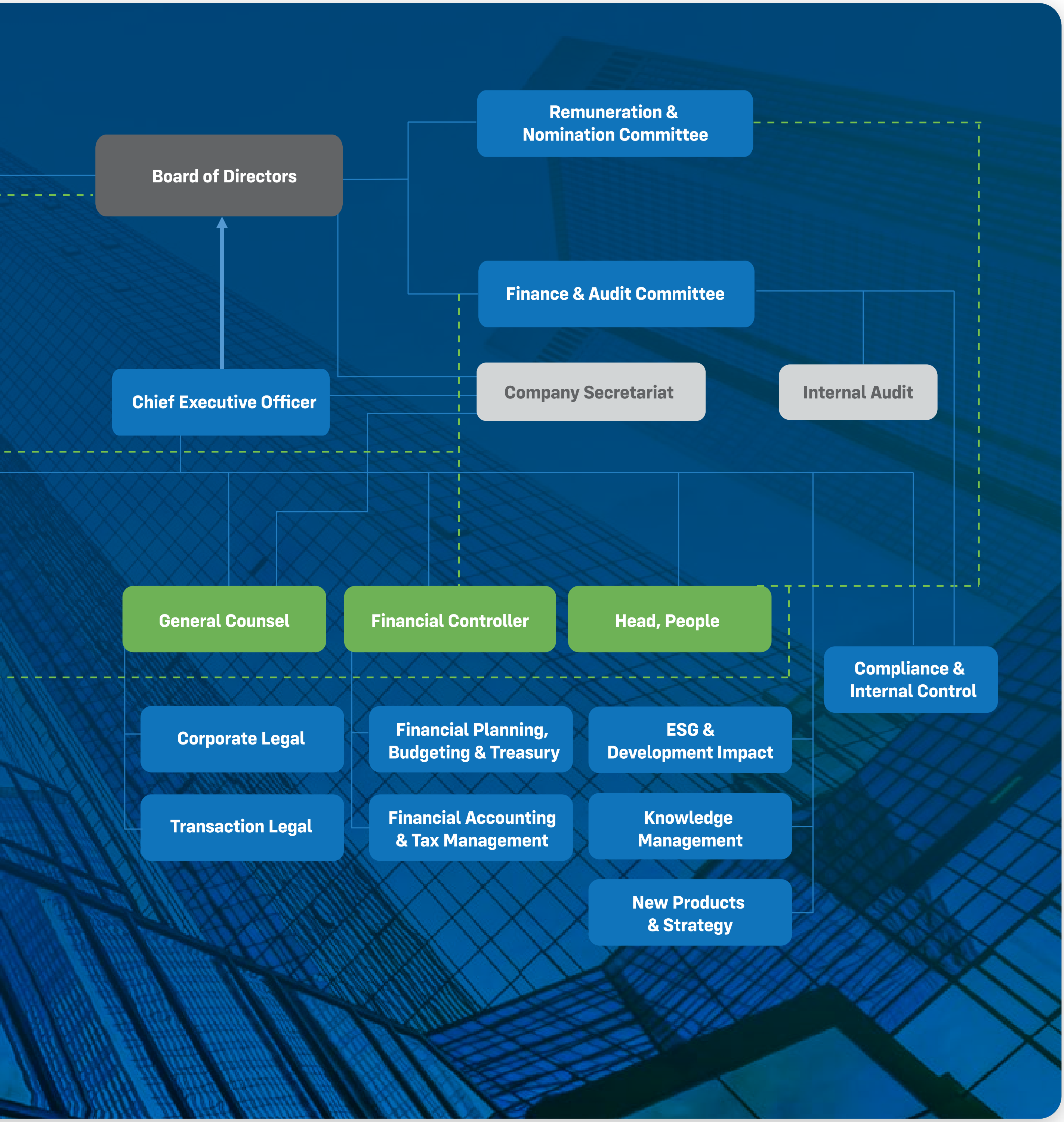
02

InfraCredit Divisions

InfraCredit
Securing Infrastructure Finance

ORGANISATIONAL STRUCTURE




Remuneration & Nomination Committee
Board of Directors
Finance & Audit Committee
Chief Executive Officer
Company Secretariat
Internal Audit
General Counsel
Financial Controller
Head, People
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

PEOPLE

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
.

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 rated 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 three (3) divisions, namely, Corporate Legal, the Company Secretariat, and gal. 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 in achieving its objective of unlocking the potential for infrastructure financing ..."

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

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.

In addition to our commitment to the Operating Principles for Impact Management, which underscores our dedication to advancing the Sustainable Development Goals (SDGs) through financing climate-resilient infrastructure development, we are proud to announce our recent accession as a signatory to the United Nations Global Compact. This further solidifies our pledge to uphold universal principles in the areas of human rights, labor, environment, and anti-corruption, and to contribute to building a sustainable and inclusive global economy.

PEOPLE DEPARTMENT

At InfraCredit, the role of the People Department is Strategic, Transformational and Administrative in nature.

Our People Strategy aims to set the direction of where and how the company should invest in its people to support and deliver the overall Business Strategy. The People activities are backed by five (5) strategic pillars designed to attract, manage and develop employees based on the strategic direction of InfraCredit.

- At the core of the People Strategy is the **Competency Framework** which defines the knowledge, skills and performance expectations and establishes a clear link between individual and organisational performance
- We develop and implement an effective **Performance Management** system, ensuring that Organisational values are translated into measurable competencies, behaviours and objectives, and that appraisals are carried out accordingly
- We develop and implement creative and meaningful **Learning and Development** initiatives for all employees following the 70/20/10 principle where 70% of learning is on the job, 20% through social learning and 10% via formal training
- We implement a **Compensation and Rewards** system that aligns employee objectives with long term goals as we recruit, retain and motivate people aligned with our Organisational goals and culture
- We develop and implement a plan to strengthen and embed our **Culture and Values** across the organisation and ensure effective communication company wide. We will reinforce our value system (integrity, impact, passion, innovation and collaboration) and aim to strengthen the same foundational core values and ideology that has led us from inception.
- In managing strategy, processes, and execution related to building, developing and retaining an exceptional and empowered team, our goal is to enable InfraCredit win the proverbial "war for talent".

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.

43	103	9	1787
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 an 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 Knowledge Exchange Programme is coordinated by InfraCredit in collaboration with Development Partners PIDG, GuarantCo, and the German Government through KFW.

As of December 2023, under the programme, from inception to date, Forty-three (43) training have been implemented including ten (10) investor roundtable workshops, twenty-four (24) investors' training, and nine(9) co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors. These programs attracted one thousand, seven hundred and eighty-seven (1787) participants, one hundred and three (103) institutions including twenty-six (26) Pension Fund Administrators, five (5) Life Insurance Companies, Five (5) Regulatory bodies, and Sixty-seven (67) other institutions.

In 2023, the Knowledge Exchange programme conducted Six (6) training programmes including two (2) investor roundtable workshops, seven (7) investors' training exercises, and One (1) Due Diligence Exercise. The events had a total of three hundred and ninety-eight (398) participants from ninety (90) institutions including nineteen (19) Pension Fund Administrators, six (6) Closed Pension Fund Administrators, Three (3) regulators Five (5) life insurance companies, and sixty-seven (67) other institutions.

Subsequently, InfraCredit has successfully facilitated financing for Seventeen (17) infrastructure projects through local currency-denominated debt in the domestic debt capital market. The aggregate amount reached N200.75 billion, with average tenors extending up to 20 years. These financing programs experienced significant investments from local pension fund investors, including 19 participants from our Knowledge Exchange program. This underscores the considerable potential and investor appetite for infrastructure projects.
Importantly, first-time issuers, initially fully guaranteed by InfraCredit, can now access the capital markets for a second time without the need for a guarantee. This attests to the self-sufficiency and catalytic impact of our capacity-building and credit enhancement programs.

STRATEGIC OUTLOOK

Over the past 6 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. **STRENGTHENING 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. INTEGRATING 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.

CHAIRMAN'S STATEMENT

Distinguished Shareholders, Board Members and other Stakeholders. I welcome you to the 7th Annual General Meeting of Infrastructure Credit Guarantee Company Limited.

As we look back on the past year, I am delighted to present our annual accounts for the year ended 31st December 2023. In this report, I will highlight key insights related to the economic environment in which we operated, our company's performance, and our strategic direction for the coming year.

Sanjeev Gupta
Chairman

GROSS REVENUE
N12.22b
68% GROWTH

TOTAL ASSETS
N175.43b
103% GROWTH

SHAREHOLDERS FUNDS
N92.94b
112% GROWTH

2023 ECONOMIC ENVIRONMENT

In 2023, the global economy demonstrated remarkable resilience and grew by 3.1 % as against projection of 2.9% by IMF, and contraction of 3.4% witnessed in 2022. Despite substantial monetary tightening and persistent policy uncertainties worldwide, the global economy navigated through a series of shocks, including conflicts, inflation, a tense interest rate environment, supply chain disruptions, and the impact of climate change. These shocks had far-reaching consequences, wreaking havoc on the lives and livelihoods of millions, thus worsening the challenges in achieving sustainable development.

Back home, the Nigerian economy has exhibited fragile growth since it recovered from the COVID-19 induced recession. According to the Nigeria Bureau of Statistics (NBS), Nigeria's Gross Domestic Product (GDP) grew by 3.46% (year-on-year) in real terms in the fourth quarter of 2023. This growth rate is lower than the 3.52% recorded in the fourth quarter of 2022 but higher than 2.54% growth achieved in the third quarter of 2023. The performance of the GDP in the fourth quarter of 2023 was driven mainly by the Services sector, which recorded a growth of 3.98% and contributed 56.55% to the aggregate GDP. The agriculture sector grew by 2.10%, from the growth of 2.05% recorded in the fourth quarter of 2022. The growth of the industry sector was 3.86%, an improvement from -0.94% recorded in the fourth quarter of 2022. In terms of share of the GDP, industry, and the services sectorscontributed more to the aggregate GDP in the fourth quarter of 2023 compared to the fourth quarter of 2022. On an annual basis, GDP grew by 2.74% in 2023 relative to 3.10% in 2022.

Also in 2023, Nigeria witnessed an unprecedented level of inflation due to global supply chain disruptions resulting from the prolonged Russia-Ukraine conflict, heightened energy prices, and global food crises. Domestically, removal of fuel subsidy, unprecedented Naira devaluation, amongst other factors further fueled the inflationary pressures. In December 2023, the headline inflation rate increased to 28.92% relative to the November 2023 headline inflation rate which was 28.20%. Looking at the movement, the December 2023 headline inflation rate showed an increase of 0.72% points when compared to the November 2023 headline inflation rate. On a year-on-year basis, the headline inflation rate was 7.58% higher compared to the rate recorded in December 2022, which was 21.34%. This shows that the headline inflation rate (year-on-year basis) increased in December 2023 when compared to the same month in the preceding year (i.e., December 2022). Furthermore, on a month-on-month basis, the headline inflation rate in December 2023 was 2.29%, which was 0.20% higher than the rate recorded in November 2023 (2.09%). This means that in December 2023, the rate of increase in the average price level is more than the rate of increase in the average price level in November 2023. (NBS, Jan 2024). The inflationary pressure was induced by productivity constraints rather than monetary factors. Thus, the consistent hikes in interest rates by the apex bank could not curb inflation, hence it persisted throughout the year.

Despite the myriad of challenges that faced the Nigerian economy in 2023, it is noteworthy that there was a significant boost in revenue growth resulting from the removal of fuel subsidies and the harmonization of exchange rates. However, the surge in government revenue could not translate to reduced external debt stock as it remained relatively high in 2023 compared to 2022. While we still await the information on external debt stock as at 31st December 2023, it was USD41.59 billion as at 30th September 2023 compared to USD39.66 billion and USD41.69 billion as at 30th September 2022 and 31st December 2022 respectively.

To propel the Nigerian economy in the right direction, key areas that demand attention from the Government include economic diversification, infrastructure development, social sector investment, human capital enhancement, security and anti-corruption measures and public-private partnerships (PPPs).

PERFORMANCE REVIEW

Amidst a challenging economic environment, InfraCredit achieved remarkable results in 2023. Let's delve into the key financial highlights:

Profit before tax surged to N47.05 billion, marking an impressive 649% increase compared to the N6.28 billion reported in 2022. This growth was primarily driven by net exchange gains of N42.83 billion and robust gross revenue of N12.22 billion. Excluding the impact of net exchange gains, profit before tax still grew significantly by 88%, reaching N4.21 billion in 2023 (up from N2.24 billion in 2022).

InfraCredit's total assets experienced substantial growth, rising by 103% to N175.43 billion in 2023 (compared to N86.41 billion in 2022). This growth was fueled by profit retention and an additional N84.9 billion in guarantee issuances from sixteen transactions. Notably, these guarantees cumulatively amount to approximately N205 billion issued since the Company's inception in 2017.

The Company achieved impressive financial ratios as follows: Pre-tax return on average equity: 69% (compared to 15.4% in 2022); Pre-tax return on average assets: 36% (up from 7.8% in 2022); Cost-to-income ratio: 7% (compared to 29% in 2022).

Looking ahead, the Board and Management remain committed to executing a robust business strategy that will enhance performance and deliver optimal returns for all stakeholders. InfraCredit's resilience and strategic vision position it well for continued success in the years to come.

DIVIDEND

While we remain deeply committed to bridging Nigeria's infrastructure gap through mobilization of long-term financing for viable projects, we recognize that our duty extends beyond development goals—it also encompasses delivering returns to shareholders. In light of this, the Board is pleased to propose for the approval of the Shareholders in this Annual General Meeting a cash payment of total dividends of NGN3,776,013,224 (Three Billion, Seven Hundred and Seventy-Six Million, Thirteen Thousand, Two Hundred and Twenty-Four Naira only) comprising preference dividend of NGN3,403,089,773 (Three Billion, Four Hundred and Three Million, Eighty-Nine Thousand, Seven Hundred ad Seventy-Three Naira only), and a final ordinary dividend of 6k per share amounting to NGN372,923,451 (Three Hundred and Seventy-Two Million, Nine Hundred and Twenty-Three Thousand, Four Hundred and Fifty-One Naira only) for the existing Shareholders.

In addition to the interim ordinary dividend of 25 Kobo per share already paid during the 2023 financial year, these proposed dividends reflect our commitment to balancing growth, impact, and returns.

BOARD CHANGES

In accordance with the Board Charter, the Board has taken steps to strengthen its composition, ensuring that it comprises qualified individuals with diverse experiences, backgrounds, and perspectives. This strategic approach enables the Board to effectively fulfill its duties and responsibilities. I am pleased to announce to our esteemed Shareholders that during the 2023 financial year, due to Mr. Aminu Umar-Sadiq's demanding commitments as the current Managing Director/Chief Executive Officer of the Nigeria Sovereign Investment Authority (NSIA), the NSIA nominated, and the Board approved the appointment of Mr. Kolawole Owodunni as Alternate Director to Mr. Umar-Sadiq. This decision reinforces our commitment to maintaining a robust and capable Board, poised to navigate the complexities of our organization's governance and strategic direction.

Mr. Owodunni has extensive expertise in the Financial Services Sector, accumulating over 19 years of experience in Investment Management, Risk Management, and Treasury. Presently, he serves as the Executive Director and Chief Investment Officer at the Nigeria Sovereign Investment Authority (NSIA). His academic credentials include an INSEAD MBA and a Master's Degree in Chemical Engineering from Imperial College, London.

To ensure continuity, the Board has appointed Ms. Hamda Ambah as the Vice Chairperson of the Remuneration and Nomination Committee. In this capacity, she will preside over the Remuneration and Nomination Committee meetings when Mr. Umar-Sadiq is unavoidably absent.

During the year, our esteemed Directors and other key stakeholders actively engaged in a highly informative session centered around the Nigerian Macroeconomic Environment. This enlightening session was skillfully facilitated by Mr. Bode Agusto (now deceased), who was a distinguished economic thought leader in Nigeria. The primary purpose of this session was to deepen our understanding of Nigeria's macroeconomic landscape. Participants delved into critical aspects, including: the state of the economy; the stance of fiscal and monetary policy; financial stability; exchange rate misalignments; vulnerabilities in the different sectors; and the medium-term outlook, especially the sustainability of public and external debt. Mr. Agusto's expertise provided an in-depth analysis of key macroeconomic variables, shedding light on their impact on InfraCredit. Moreover, the session highlighted growth opportunities within key sectors of the Nigerian economy. This collaborative effort ensures that we remain well-informed and strategically positioned to navigate the dynamic economic landscape.

OUTLOOK

The International Monetary Fund (IMF) has projected that the Nigerian Gross Domestic Product (GDP) would grow by 3.2% in 2024. To achieve and surpass this growth target, genuine reforms are essential to transform the nation's economy. As an institution, we remain committed to closely monitoring the economic landscape and implementing strategic measures aligned with our goal of expanding our guarantee portfolio.

Our winning strategy remains unchanged. In the 2024 financial year, we will continue to focus on the following key initiatives amongst others: (1) Empowering Our People- We will continue to invest in our team to ensure they can effectively deliver on our mandate; (2) Construction Finance Warehouse Facility- This facility aims to accelerate deal flow and support early-stage greenfield infrastructure projects within InfraCredit's credit-approved pipeline, facilitated by bridge financing; (3) Risk-Sharing Arrangements - Collaborating with strategic partners to enhance our capacity for guarantee issuance; (4) Blended Finance- By reducing the cost of capital for our clients, we aim to foster growth; and (5) Capital Raise- Our focus is on achieving capital adequacy that aligns with our ambitious guarantee target for the year. Simultaneously, we are committed to maintaining InfraCredit's credit risk within acceptable limits.

Together, these efforts will contribute to a robust economic landscape in 2024 and beyond.

APPRECIATION

In closing, I want to extend my heartfelt gratitude to our dedicated employees, loyal clients, and esteemed shareholders. Your unwavering support has been instrumental in our success.

As we look ahead, we remain committed to our mission to 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.

Thank you for your trust in our Company.

Thank you,

Sanjeev Gupta
Chairman

CEO'S STATEMENT

Chinua Azubike
Chief Executive Officer

Dear Stakeholders,

I am pleased to present the Annual Report of InfraCredit and the strategic initiatives accomplished in 2023 financial year.

The operating environment in 2023 was defined by substantially elevated macro risks including high interest rate due to cycle of monetary policy tightening by the Central Bank to combat accelerating inflation, oil subsidy removal and a sharp devaluation of the local currency. Consequently, corporate issuances were muted whilst short term investment (including commercial papers) became very attractive to domestic institutional investors relative to long term bond investment.

Despite these challenging macro-economic conditions, InfraCredit's strong financial performance has proven the resilience and viability of our business model and mandate of providing local currency guarantees and mobilizing long-term domestic debt financing for infrastructure in Nigeria. As at December 2023, InfraCredit, through its guarantees, facilitated first-time access to local currency finance for up to 20-year tenor from the domestic debt market for nineteen infrastructure companies totalling N204.76 billion including corporate infrastructure bonds which were oversubscribed by up to 65% from local pension fund investors, leading insurance companies, signifying strong investor appetite and confidence in our credit standing.

In response to the macro challenges, we leveraged innovation and collaboration with our development and risk sharing partners to provide new asset classes for investors and give issuers access to blended funding for an optimal weighted average cost of capital. Also, Management implemented the following additional strategies and tactical actions to accelerate financial close and expand the deal pipeline of transactions: African Trade Investment and Development Insurance (ATIDI)-Backed Bank of Industry (BOI) expansion to increase BOI debt exposure; NSIA backed N10 billion Bridge-to-Bond facility to accelerate the financial close of eligible transactions; Climate Finance Blending Facility (CFBF) to expand solar powered rural renewable energy project pipeline by up to N20 billion and £10 Million Risk Sharing Backstop Facility (RSBF) to enable additional climate-aligned construction finance transactions of up to N10 billion.

InfraCredit's agility combined with the support of our development partners and our proven structuring capabilities, strong capital position, deep sector understanding, our existing market relationships, strong risk assessment and post-issuance monitoring capabilities were instrumental in successfully navigating the difficult terrain of the financial year. The strategic initiatives implemented in the year as well as our accomplishments are summarized as follows.

REVIEW OF THE STRATEGIC PLAN FOR THE YEAR

In line with its business plan, InfraCredit's 2023 Strategic Plan included the following:

(i) Additional Guarantee Transactions:

Within this fiscal year, InfraCredit grew its guarantee portfolio by 59% from N128 billion as at 2022 FY to N204 billion as at December 2023, with our gross leverage on equity now 4.62 times. We have also increased our contracted deal pipeline by 36.5% from N425.7 billion as at 2022 FY to N580.89 billion in December 2023 with 12 new mandates signed in 2023 bringing total active mandates to 55. Below is the summary of the guarantee transactions closed during the year:

A. InfraCredit completed guarantee issuance for two projects in the public bond market as follows: (i) Lagos Free Zone Company N17.5 billion Series III 20-year Senior Guaranteed Infrastructure Bonds due 2043; and (ii) Green Liquified Natural Gas N5 billion 10-year Senior Guaranteed Infrastructure Bonds due 20233

B. In line with our strategy of unlocking access to alternative markets for infrastructure finance, we completed two (2) private infrastructure debt during the year including (i) Hotspot Network Limited N955 million 7-year Senior Green Guaranteed Infrastructure Bonds; and (ii) InfraCredit guarantee of NGN3 billion initial debt financing under a NGN12.5 billion debt programme for Modern Shelter Systems and Services Limited for the development of 370 affordable housing units according to IFC's green building standard (EDGE) in Nasarawa Technology Village under a co-financing structure with the Shelter Afrique Development Bank This project aims to develop up to 1,200 EDGE-certified housing units in Nasarawa State.

C. In furtherance of our strategic partnerships for blended/concessionary finance with Bank of Industry, we completed five guarantees of 7 year tenor as follows: (i) Victoria Island Power Limited NGN9.2 billion; (ii) Falcon Corporation Limited NGN3 billion; (iii) Coleman Technical Industries Limited NGN10 billion; (iv) Abuja Steel Mills Limited NGN10 billion; (v) Abuja Steel Mills Limited NGN10 billion. Given our growing pipeline of projects 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 N100 billion which we expect to fully utilise in FY2024.

D. We also completed five bridge-to-bond guarantees under our strategic collaboration with NSIA-backed Construction Finance Warehouse Facility and Infrastructure Fund as follows : (i) Gas Terminalling Storage Company Limited N8.5 billion (ii) Transport Services Limited N3.5 billion (iii) Victoria Island Power Limited N6.8 billion (iv) Me Cure Industries Plc N6.5 billion (iv) Me Cure Industries

Plc N6.5 billion; and (v) ACOB Lighting Technology Limited N755 million

(ii) Additional Capital Raise:

InfraCredit has grown its total paid in capital base to US$200 million as at December 2023 from new equity capital raise and retained earnings. In the 2023 Budget, the Board approved a capital raise plan under which the Management projected to raise up to US$85 million in combination of US$68 million hard capital (paid-in capital) and soft capital US$17 million (re-guarantees and risk sharing instruments) respectively. During the year, the Board of the African Development Bank Group approved a USD$ 15 million 10 year subordinated unsecured loan to InfraCredit. In addition, InfraCredit admitted AIICO Insurance Plc as its second domestic institutional investor. Significant progress recorded on ongoing capital raising initiatives expected to close in FY2024 is summarised below:

- US$20 million 15 year Tier 2 subordinated loan facility from US International Development Finance Corporation- Credit review stage
- US$15 million subordinated loan facility from African Development Bank Group – Disbursement expected in FY2024
- Proposed equity investment from Private Institutional Investors including Insurance companies and Pension Funds – Due diligence stage

(iii) New Guarantee Products:

In 2023 financial year, we continued the implementation of new/innovative guarantee products further to prior approval obtained from the Board. Milestones recorded under this strategic initiative are the bridge financing of three (3) projects across power, healthcare, and renewable energy sectors funded by the NSIA-backed Construction Finance Warehouse Facility ("CFWF" or the "Facility"). The bridged projects are Victoria Island Power Limited, Me Cure Industries Plc and ACOB Lighting Technology Limited, with the Facility achieving 86 percent utilization as of December 2023.

The CFWF is a multi-funder revolving facility established in collaboration with the Nigeria Sovereign Investment Authority ("NSIA") to facilitate the provision of construction finance with a tenor of up to 3 years, for a portfolio of eligible greenfield infrastructure projects in Nigeria backed by InfraCredit's guarantees on a direct or contingent basis as applicable, and to be subsequently refinanced through an InfraCredit-guaranteed long-term infrastructure debt financing from the domestic capital markets.

The Facility's financing will bridge the construction funding gap until project developers can secure permanent financing from the debt capital markets, post-commercial operation, supported by InfraCredit's guarantee subject to achieving agreed performance milestones. CFWF will be a game-changer in Nigeria, mobilising development finance and private institutional investments at scale for early-stage infrastructure projects with strong fundamentals but high perceived risks.

Another product that was launched in the year is the Risk Sharing Backstop Facility ("RSBF"). The RSBF is a co-guarantee facility established in collaboration with FSD Africa to enhance the credit profile of climate-aligned, greenfield infrastructure by making available to InfraCredit an off-balance sheet liquidity pool to backstop its local currency guarantees to mobilise domestic private debt capital for the early-stage development of climate-aligned infrastructure projects in Nigeria.

(iv) Capacity Building:

As of December 2023, under the programme, from inception to date, 43 (Forty-three) training have been implemented including 10(ten) investor roundtable workshops, 24 (twenty-four) investors' training and 9 (nine) co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors. These programs attracted one thousand, seven hundred and eighty-seven (1787) participants from one hundred and three (103) institutions including twenty-six (26) Pension Fund Administrators, Twenty-one (21) Insurance Companies, Five (5) Regulatory bodies, and Sixty-seven (67) other institutions.

During the year, InfraCredit in collaboration with the Foreign, Commonwealth and Development Office, Nigeria Office (FCDO) organised an interactive session at the British Deputy Commissioner's Residence with domestic institutional investors on how to scale up climate finance from the private sector, the role of blended finance models in derisking investments and successful case study projects recently funded by domestic investors working with InfraCredit in Nigeria. This session was designed for Investment Officers, Portfolio Managers, CROs and CIOs of Pension Fund Administrators, Insurance Companies and other Institutional Investors. The session attracted 47 participants across 22 domestic institutional investors with an estimated Asset Under Management of about NGN8.2 trillion (US$9.83 billion).

(v) Risk Sharing:

We executed Counter-Guarantee Agreement with GuarantCo, to risk share up to NGN 20.23 billion (USD 25 million) for Lagos Free Zone Company's (LFZC) three guaranteed infrastructure bond issuances totalling NGN 53 billion (USD 65.5 million).

We also executed a Counter Guarantee Agreement with ATIDI on a portfolio risk sharing arrangement of NGN37 billion (US$40.7million) to support seven (7) infrastructure portfolio companies of InfraCredit across seven sectors including energy, healthcare, manufacturing (inputs to infrastructure) and logistics.

Ours strategic plan is to replicate the executed risk-sharing arrangements with ATIDI, GuarantCo, and potentially other International DFIs by way of co-guarantees and counter-guarantees.

(vi) Project Development:

In 2023, we continued to focus on implementing 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 (N74.26 billion)

Furthermore, and in line with the Technical Assistance Agreement signed with Agence Française de Developpement (AFD), AFD's Technical Assistance is supporting a 4km road project in Nasarawa State under the Annuity PPP model. This initiative is also being extended to explore identified projects in Enugu State.

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 third cohort (10 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 June 2023 whilst the training programme for the forth cohort (11 Interns) will commence in January 2024.

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 total funded capital of N161 billion in 2023 financial year (2022: N77 billion) excluding USD25 million (equivalent of N24 billion) callable capital from GuarantCo. The following paragraphs provides more details on each of the funding component.

CAPITALISATION AND LEVERAGE

Capitalisation is considered satisfactory relative to InfraCredit current operational scale. Total core capital increased by 112% to N92.94 billion in 2023 financial year (2022: N43.84 billion), underpinned by sound internally generated capital, exchange gain and fresh equity capital raise during the year. InfraCredit's core capital (inclusive of capitalized dividend) comprised US$31.7m paid-up equity contribution from NSIA, US$30.7m in redeemable preference share investment by AFC, US$28.2m equity investment from InfraCo Africa, US$5.3m equity investment from Leadway Assurance Company Limited, US$3.3m equity investment from Aiico Insurance PLC and US$5 million retained earnings. While the Company does not have any externally imposed capital adequacy, it 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 net guarantee to qualifying capital (including the contingent capital) equates to 0.95 times and total net guarantee to equity capital (excluding callable capital, FX gains and subordinated debt) is 4.13 times at in 2023 financial year, 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. Our 2024 Budget contemplates a guarantee portfolio growth of N140 billion, translating to a total guarantee portfolio of c. NGN344 Billion by 31 December 2024.

With the projected guarantee portfolio of NGN344 Billion and in the absence of any new equity capital raise in 2024 InfraCredit's gross capital equity leverage ratio (excluding Unrealised FX Gains) will be up to 5.27 times. To achieve the required financial flexibility increasingly being demanded by the Rating Agencies to support growth, InfraCredit must attract private institutional capital at scale, in permanent capital and preferably in local currency.

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. Whilst AfDB Board has approved the US$10 million and currently processing the CPs for disbursement, Management is currently at advanced engagement with US DFC for additional subordinated debt of US$20 million expecting to conclude the process before the end of 2024 financial year.

Contingent Capital

The Callable Capital is an unfunded "second loss" component of InfraCredit's capital structure and acts as a liquid credit backstop to InfraCredit's paid in capital (the "qualifying Core Capital"). It is a 15-year unconditional and irrevocable obligation of highly rated International Developmental Finance Institutions. It can be called on demand by InfraCredit to replenish qualifying Core Capital if at any time InfraCredit determines that as a result of actual or expected credit losses on its guaranteed portfolio, its qualifying Core Capital would become impaired and have a shortfall of more than 80%. In December 2016, InfraCredit signed a Callable Capital Funding Facility Agreement with GuarantCo under the terms of which GuarantCo commits to support any guarantees issued by InfraCredit, with USS25 million currently utilisable.

ASSET COMPOSITION

Total Assets (on balance sheet) grew 103% to N175.4bn at FY23 (FY22:N86.4bn), driven majorly by growth in investment securities (FY23: N157.2billion, FY22:N72.3 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 liabilities increased by 59.4% to N204bn at FY23 (FY22: N128billion), driven by 16 additional transactions finalised during the year as explained earlier. Financial guarantee liability increased by 40% to N10.3 billion in FY23 (FY22:N7.3 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 FY23. As at December 31st 2023, InfraCredit's investment portfolio amounted to ₦157.28 billion (including accrued interest but excluding bank balances of N7.7 billion) and accounted for about 90% of its total assets. The portfolio comprised investments in FGN bonds, FGN Eurobonds, corporate Eurobonds 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 2023, USD-denominated investments accounted for 94% 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 loss provision of N896m in FY23 (in line with IFRS 9 accounting standard), representing about 0.5% of the gross on assets (investment securities, trade receivables and cash balances). Also, the guarantee portfolio is adequately secured with not less than 2.45 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. 2023 is NGN204.75 billion with an amortized value of NGN191.84 billion (principal amount outstanding), composed of four energy projects, two transportation projects, three inputs to infrastructure project, two ICT/Telecom project, two renewable energy, two Gas processing & distribution plant, two gas storage plant one healthcare and one affordable housing. The weighted average tenor of guaranteed debt (principal) is 9.42 years. The average portfolio rating is "BBB". The portfolio performance to date has experienced no incident of payment default.

REVIEW OF FINANCIAL PERFORMANCE

PROFITABILITY

Overall profitability improved significantly in FY23, largely supported by increase in guarantee portfolio, robust funding base and yields on the funds.

InfraCredit's net guarantee fee income grew by 74% in FY23 to N2.87 billion, on the back of increase in business volume. Net investment income rose by 27% to N3.4 billion, driven by spike in the yields on Eurobonds. Overall, total operating income (inclusive of net exchange gains) closed at a new high of N50.5bn, representing 472% increase from the previous year.

On a year-on-year basis, InfraCredit's profitability has maintained an upward trajectory as evidence by the steady increase in profitability with Profit Before Tax increasing by 649% to N47.04 billion from N6.27 billion recorded in 2022, and translating to a pre-tax return on average equity of 50.6%. InfraCredit cost to income ratio stood at 6.9% for FY23 compared to 28% in FY22

InfraCredit closed the year with a PAT of N46.37 billion as against PAT of N6.34 billion recorded in 2022 translating to 631% growth. 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 sole underwriter of local currency infrastructure bonds in Nigeria, InfraCredit's position as a dominant financial guarantor in the market is a unique one. Our ability to continue to grow our guarantee portfolio is hinged on our origination and capital raising efforts and these efforts have yielded, and we believe will continue to yield great results. Risk to achieving financial close on deals remains a key concern given the unfavorable market conditions stoked by unabating macro headwinds (exchange rate, interest rate & inflation rate) 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 bridge financing with NSIA and Shelter Afrique, risk sharing with ATIDI and blended/concessionary finance with FCDO & Bank of Industry

The outlook indicates that the current high interest rate environment would persist for the next two to three quarters. In line with our strategy of mitigating the potential adverse impact of high interest rates on InfraCredit backed project, we are working with the Bank of Industry to expand our guarantee capacity from the current allocation of N50 billion to N100 billion. To achieve this, we need to demonstrate that we can risk share with other eligible institutions including Afreximbank and ATIDI.

The Construction Finance Warehouse Facility provided by NSIA remains a critical tool in helping to bridge the funding gap on our deals. The Facility has been fully utilized having funded 4 deals amounting to N9.85 billion and we are currently exploring ways of scaling the Facility to increase our deal flow. We are also currently engaging with other development partners towards other climate finance blending instruments that can enable us expand our blended finance models.

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 empowering people, retooling process and innovating products, whilst building strategic partnerships.

As I conclude this report and on behalf of the Management of InfraCredit, I would want to express my heartfelt gratitude to all InfraCredit employees for their unwavering dedication and hardwork throughout the year. Their professionalism and commitment to work have been pivotal in laying the foundation that has sustained InfraCredit continued operations. I want to express my thanks to InfraCredit's Board for their support to the Management team. I am also grateful for our development partners and investors for their continuous support.

We look forward to the continued support of the Board and Shareholders in FY2024.

Chinua Azubike
Chief Executive Officer

BOARD OF DIRECTORS

Sanjeev Gupta
Chairman

Sanjeev Gupta was appointed as the Chairman of InfraCredit 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

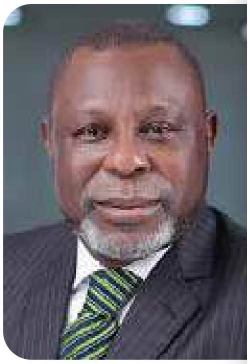
Aminu Umar-Sadiq was appointed as a Non-Executive Director of InfraCredit on 24 October 2022. He serves as the Chairman of the Remuneration and Nomination Committee and is also a member of the Risk and Capital Committee.

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.

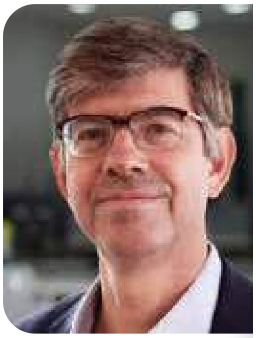
Banji Fehintola is a Senior Director and Head of Treasury and Financial Institutions at the AFC. Mr. Fehintola is responsible for managing the Corporation's balance sheet and implementing its annual funding program in the international capital markets. He oversees the Corporation's Trade Finance as well 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.

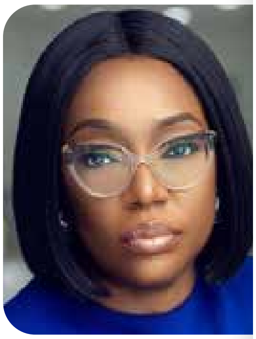
Gilles Vaes has 20 years of experience working in the private sector in the manufacturing and energy industries. His expertise ranges from engineering, operations and project development to strategy, business development and investments. Gilles is passionate about socioeconomic development models that 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 Jarratt 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

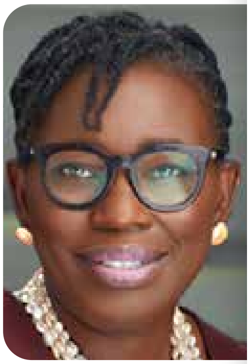
Vivien Shobo was appointed as an Independent Non-Executive Director of InfraCredit on 29 January 2021. She serves as the Chairperson of the Risk and Capital Committee and is also a member of the New Business and Credit Committee.

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 is the Vice Chairperson of the Remuneration and Nomination Committee. She serves the Vice Chairperson of the Remuneration and Nomination Committee. She is also a member of the New Business and Credit Committee

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 Mike-Eneh 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 Iguh 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.

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CHAPTER **THREE**

03 Corporate Governance

InfraCredit
Securing Infrastructure Finance

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

INTRODUCTION

InfraCredit prioritizes Corporate Governance which defines the practices and procedures for the Company's direction and management.

InfraCredit's Memorandum and Articles of Association and Codes of Corporate Governance form the basis of the organization's corporate governance practices. Through these codes, InfraCredit ensures adherence to international best practices in its operations.

BOARD RESPONSIBILITIES AND OVERSIGHT

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

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 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 crucial to facilitating good decision making as this ensures a pool of different insights and perspectives to be employed in the direction of the Company. The Board's decision-making process is not dominated by any one individual or group.

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

Collectively, the Board embodies a wide spectrum of business acumen, skills and perspectives necessary for a first-rate 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 best interests of the Company as a whole is preserved during deliberations on strategies proposed by the Management Team.

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.

BOARD 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 Charter 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 to provide 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 of the Board or the relevant Committee.

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, and other pertinent matters.

ATTENDANCE AT BOARD MEETINGS

During the financial year ended 31 December 2023, 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	3
Hamda Ambah	4
Reginald Ihebuzor	3
Aminu Umar-Sadiq	1
*Kola Owodunni	2

**Kola Owodunni was appointed as an Alternate Director to Mr. Aminu Umar-Sadiq on 28th July 2023 to ensure consistent representation for NSIA on the Board*

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 different individuals, to ensure that an appropriate separation of roles and balance of 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; and
- 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 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").

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 of 31 December 2023, the members of the REMCO were:

- Aminu Umar-Sadiq (Chairman)
- Hamda Ambah (Vice Chairperson)
- Claire Jarratt
- Banji Fehintola

**Hamda Ambah was appointed Vice Chairperson of the Committee on 27th October 2023.*

Meetings

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	3
Hamda Ambah	4
Banji Fehintola	4
Claire Jarratt	2

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 caliber executives needed to effectively run and manage the Company.

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 higher.

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 long-term employee incentive packages such as employee share schemes and deferred bonus schemes;
- Reviewing and recommending the Human Resources Policy including People Strategy and applicable frameworks;
- Considering and recommending 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 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; and
- Considering and recommending 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 Contingent Capital Facility Provider 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 of 31 December 2023, the members of the FAC were:

- Banji Fehintola (Chairman)
- Claire Jarratt
- Reginald Ihebuzor

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	3
Claire Jarratt	3
Reginald Ihebuzor	4
*Jennifer Davies	2

*Jennifer Davies was an observer member representing GuarantCo as the Provider of the Callable Capital Facility until July 2023.

Objective

- The FAC exercises oversight on 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 sustaining the Company's current operations and long-term growth.
- The Committee is responsible for the review of the Company's financial statements 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, ensuring 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 Chair 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 and the terms of the appointment;
- Reviewing with the relevant auditors, the internal and external audit plans, financial statements, changes in accounting policies and principles, compliance with laws and accounting standard, and any other relevant findings or concerns;
- Evaluating the independence of the External Auditor;
- Ensuring the independence and effectiveness of the Internal Audit functions;
- Reviewing the appropriateness of the risk assessment methodology employed and the adequacy of the Company's internal controls; and
- Reviewing information and reports provided by the External Auditor and discussing matters the Committee deems appropriate with the External Auditor.

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 of 31 December 2023, the members of the RCC were:

- Vivien Shobo (Chairperson)
- Chris Vermont
- Aminu Umar-Sadiq

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	4
Chris Vermont	3
Aminu Umar-Sadiq	2
*Andy Slack	3
**Kola Owodunni	2

*Andy Slack was an observer member representing GuarantCo as the Provider of the Callable Capital Facility until October 2023.

**Kola Owodunni was appointed as an Alternate Director to Mr. Aminu Umar-Sadiq on 28th July 2023.

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 a sufficient level of liquidity for possible 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 Company's Guarantee Portfolio, investments and liquidity position;
- Occasionally review Company policies and limits;
- 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;

- Approving any exceptions to the Guarantee Policy and Risk Management Policy;
- Reviewing the Company's Risk Register;
- 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 of 31 December 2023, 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 (Advisory Member)
- **Dianne Rudo (Advisory Member)

*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 are 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.

Hence, the NBC exercises senior governance oversight across all issues in relation to the Company entering into new corporate client relationships.

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.

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CHAPTER **FOUR**

04 Financials

InfraCredit
Securing Infrastructure Finance

CORPORATE INFORMATION

Directors		Nationality
Mr. Sanjeev Gupta	- Chairman	Indian
Mr. Chinua Azubike	- Managing Director/Chief Executive Officer	Nigerian
Mr. Christopher Vermont	-Independent Non-Executive Director	British
Mr. Banji Fehintola	-Non-Executive Director	Nigerian
Ms. Vivien Shobo	-Independent Non-Executive Director	Nigerian
Ms. Claire Jarratt	-Non-Executive Director	British
Mr. Gilles Vaes	-Non-Executive Director	Belgian
Ms. Hamda Ambah	-Independent Non-Executive Director	Nigerian
Mr. Aminu Umar-Sadiq	-Non-Executive Director	Nigerian
Mr. Reginald Ihebuzor	-Non-Executive Director	Nigerian

REGISTERED OFFICE

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

SOLICITOR

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

RC NUMBER

RC1368639

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 Plc
- Stanbic IBTC Bank Plc
- United Bank for Africa Plc
- Standard Chartered Bank Limited

TIN

20149675-0001

Directors' Report

for the year ended 31 December 2023

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 2023.

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 2023	31 December 2022
Gross earnings	**12,222,487**	**7,294,464**
Profit before minimum tax and income tax expense	47,047,371	6,278,615
Minimum tax	**(61,112)**	**(36,472)**
Profit after minimum tax	46,986,259	6,242,143
Income tax credit	(607,113)	100,607
Profit for the year	**46,379,146**	**6,342,749**

4 During the year, at the Board meeting held on 27 October 2023, the Board approved the payment of ordinary dividends of N874 Million for all ordinary shares ranking for dividends for the interim period ended 30 June 2023. The ordinary dividends were capitalized by issuing additional ordinary shares to the beneficiary shareholders

5 Directors and their interests

The Directors who held office during the year are:

Name		Designation	Nationality
Mr. Sanjeev Gupta	-	Chairman	Indian
Mr. Chinua Azubike	-	Managing Director/Chief Executive Officer	Nigerian
Mr. Christopher Vermont	-	Independent Non-Executive Director	British
Mr. Banji Fehintola	-	Non-Executive Director	Nigerian
Ms. Vivien Shobo	-	Independent Non-Executive Director	Nigerian
Ms. Claire Jarratt	-	Non-Executive Director	British
Mr. Gilles Vaes	-	Non-Executive Director	Belgian
Ms. Hamda Ambah	-	Independent Non-Executive Director	Nigerian
Mr. Aminu Umar-Sadiq	-	Non-Executive Director	Nigerian
Mr. Reginald Ihebuzor	-	Non-Executive Director	Nigerian

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 2023				
Shareholder:				
Nigeria Sovereign Investment Authority (NSIA)	1,239,493,751	10,187,280,172	11,426,773,923	30.4%
Africa Finance Corporation (AFC)	1,239,493,751	9,952,067,699	11,191,561,450	29.7%
InfraCo Africa Investment Limited (InfraCo)	1,214,703,876	9,807,852,155	11,022,556,031	29.3%
Leadway Assurance Company Limited	640,493,326	1,461,531,905	2,102,025,231	5.6%
AIICO Insurance Plc	1,881,206,139	-	1,881,206,139	5.0%
	6,215,390,843	**31,408,731,931**	**37,624,122,774**	**100%**
Shares held in trust:				
United Capital Trustees Limited (UCTL)	8,784,609,157	3,591,268,069	12,375,877,226	
	15,000,000,000	35,000,000,000	50,000,000,000	

On 14 December 2023, AIICO Insurance Plc was admitted as shareholder acquiring 5% shares of 1,881,206,139 valued at N1.48 per share for a consideration of N2,784,185,085. AIICO Insurance Plc, a publicly quoted company limited by shares, incorporated under the CAMA 2020 and having its registered address at AIICO Plaza, Plot PC 12, Churchgate Street, Victoria Island, Lagos and with registered company number 7340.

	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	31.9%
Africa Finance Corporation (AFC)	991,595,001	9,270,963,490	10,262,558,491	30.7%
InfraCo Africa Investment Limited (InfraCo)	991,595,001	9,561,415,663	10,553,010,664	31.6%
Leadway Assurance Company Limited	522,851,695	1,439,585,000	1,962,436,695	5.9%
	3,497,636,698	**29,937,968,778**	**33,435,605,476**	**100%**
Shares held in trust:				
Shares held in trust: United Capital 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	

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 2023 (December 2022: 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 (2022: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

Onwubere Chidinma Ihuoma
FRC/2015/NBA/00000011359
Company Secretary
19 March 2024

Statement of Directors' responsibilities in relation to the financial statements

for the year ended 31 December 2023

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, 2023 (as amended).

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
19 March 2024

Mr. Chinua Azubike
FRC/2018/ICSAN/00000016559
Managing Director/Chief Executive Officer
19 March 2024

Statement of Corporate Responsibility for the Financial Statements

for the year ended 31 December 2023

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 Company Limited for the year ended 31 December 2023 as follows:

(a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2023.

(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 2023.

(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 Company, during the period ended 31 December 2023.

(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.

(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/2018/ICSAN/00000016559
Managing Director/Chief Executive Officer
19 March 2024

Collins Eguakun
FRC/2013/ICAN/00000000843
Financial Controller
19 March 2024

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 2023;
- 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 material 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 Director's responsibilities in relation to financial statements for year ended 31 December 2023, statement of corporate responsibilities for the financial statements and other national disclosures, 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 Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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 J. Obaloje FCA
FRC/2013/PRO/ICAN/004/00000004803
For: KPMG Professional Services
Chartered Accountants
21 March 2024
Lagos, Nigeria

Statement of financial position

as at:

In thousands of Naira	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	15	7,702,488	6,319,690
Investment securities	16	157,281,654	72,297,037
Guarantee fee receivable	17	8,674,785	6,521,354
Trade and other receivables	18	608,386	265,884
Prepayments	19	246,818	57,535
Property and equipment	20	281,109	246,203
Right of use asset	21	129,552	151,450
Intangible assets	22	128,843	62,190
Deferred tax asset	24	380,461	483,821
Total assets		**175,434,097**	**86,405,162**
Liabilities			
Current tax liability	14(c)	599,649	99,272
Financial guarantee liability	23	10,365,600	7,382,654
Other liabilities	25	2,364,295	1,732,185
Employee benefit obligation	26	934,856	255,664
Lease liability	27	122,196	104,155
Unsecured subordinated long term loans	30	68,107,426	32,986,699
Total liabilities		**82,494,022**	**42,560,629**
Equity			
Ordinary share capital	28	6,215,391	3,497,637
Share premium	28(f)	1,016,924	113,945
Irredeemable preference share capital	28(b)	8,022,905	8,022,905
Redeemable preference share capital	28(c)	23,385,829	21,915,065
Retained earnings	29	54,299,026	10,294,981
Total equity		**92,940,075**	**43,844,533**
Total liabilities and equity		**175,434,097**	**86,405,162**

The financial statements were approved by the Board of Directors on the 19 March, 2024 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 2023	31 December 2022
Gross revenue		**12,222,487**	**7,294,464**
Guarantee fee income	7	3,514,106	1,949,831
Guarantee fee expenses	8	(641,731)	(297,781)
		2,872,375	**1,652,050**
Interest income	9(a)	8,708,381	5,344,633
Interest expense	9(b)	(3,006,620)	(1,948,240)
Impairment loss on financial instruments	10	(896,833)	(259,134)
Foreign exchange gain	11	42,834,137	4,041,310
		50,511,440	**8,830,619**
Personnel expenses	12(a)	(2,059,429)	(1,479,519)
Depreciation of property and equipment	20	(94,116)	(70,020)
Depreciation of right of use asset	21	(21,897)	(21,897)
Amortisation of intangible asset	22	(16,721)	(16,003)
Other operating expenses	13	(1,271,905)	(964,565)
		(3,464,069)	**(2,552,004)**
Profit before minimum tax and income tax expense		**47,047,371**	**6,278,615**
Minimum taxation	14(a)	(61,112)	(36,472)
Profit after minimum tax		**46,986,259**	**6,242,143**
Income tax (expense)/credit	14(a)	(607,113)	100,607
Profit for the year		**46,379,146**	**6,342,749**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive profit		**46,379,146**	**6,342,749**

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

Statement of changes in equity

For the year ended 31 December 2023

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 2023	**3,497,637**	**8,022,905**	**21,915,065**	**-**	**113,945**	**10,294,983**	**43,844,535**
Total comprehensive income for the year							
Transfer from profit or loss and other comprehensive income	-	-	-	-	-	46,379,146	46,379,146
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**46,379,146**	**46,379,146**
Transactions with owners of company:							
Issue of additional Ordinary shares (see 29 (c))	1,881,206				902,979		2,784,185
Capitalisation of Ordinary shares (see 29 (c))	836,548	-	-	-	-	(874,409)	(37,861)
Capitalisation of preference dividend (see 30 (a))	-	-	1,470,764	-	-	(1,500,692)	(29,928)
	2,717,754	**-**	**1,470,764**	**-**	**902,979**	**(2,375,101)**	**2,716,396**
Balance at 31 December 2023	**6,215,391**	**8,022,905**	**23,385,829**	**-**	**1,016,924**	**54,299,026**	**92,940,075**
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**

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 2023	31 December 2022
Cash flow from operating activities:			
Profit after tax		46,379,146	6,342,749
Minimum tax	14(a)i	61,112	36,472
Tax charge/(credit)	14(a)	607,113	(100,607)
Profit before tax		**47,047,371**	**6,278,614**
Adjustment for:			
Depreciation of property and equipment	20	94,116	70,020
Depreciation of Right of use asset	21	21,897	21,897
Amortisation of intangible asset	22	16,721	16,003
Impairment loss on financial instruments	10	896,833	259,134
Exchange gain on investment securities	34(j)	(79,037,708)	(6,144,648)
Exchange loss on unsecured subordinated debts	34(j)	36,203,571	2,103,338
Interest income	9(a)	(8,708,381)	(5,344,633)
Gain on disposal of property and equipment	34(i)	22	-
Interest expense	9(b)	2,863,054	1,889,007
		(602,505)	**(851,269)**
Changes in :			
Trade and other receivables	34(c)	(428,601)	(52,841)
Prepayments	34(l)	(189,283)	2,976
Guarantee fee receivable	34(d)	(2,153,431)	(1,962,681)
Financial guarantee liability	34(b)	2,982,946	2,029,027
Lease liability	27	18,041	19,930
Employee benefit obligation	26	679,192	255,664
Other liabilities	25	632,110	640,160
		1,540,975	**932,235**
Interest received	34(b)	8,638,631	4,797,419
Interest paid	34(k)	(3,945,899)	(1,120,091)
Tax paid	14(c)	(64,488)	(49,332)
Net cash flows generated from operating activities		**5,566,714**	**3,708,963**
Cash flow from investing activities:			
Acquisition of property and equipment	20	(129,115)	(90,005)
Proceeds from disposal of property and equipment	34(i)	72	-
Acquisition of intangible asset	22	(83,374)	(32,910)
Acquisition of investment securities	34(a)	(6,684,784)	2,104,306
Net cashflows (used in) / generated from investing activities		**(6,897,200)**	**1,981,391**
Cash flow from financing activities:			
Issue of ordinary shares	34(f)	2,717,754	-
Issue of irredeemable preference shares	34(g)		(1,120,091)
Net cashflows generated from / (used in) financing activities		**2,717,754**	**(1,120,091)**
Increase in cash and cash equivalents		1,387,268	4,570,263
Cash and cash equivalents at beginning of the year	15	6,330,960	1,760,697
Cash and cash equivalents at the end of the year	**15**	**7,718,228**	**6,330,960**

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, 2023 (as amended). The financial statements were authorized for issue by the Board of Directors on 27 March 2024.

(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 2023 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

Standards issued but not yet effective

1/1/2024	Amendments to IFRS 16: Lease Liability in a Sale and Leaseback. The amendments are not expected to have a material impact on the Company's financial statements.
	Amendments to IAS 1: Classification of Liabilities as Current or Non-current.The amendments are not expected to have a material impact on the Company's financial statements.
	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7. The amendments are not expected to have a material impact on the Company's financial statements.

4 Material accounting policies

The material 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 or 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 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 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 is 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. Provision 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.

Other short-term employee benefits

The Company recently introduced the short-term incentive (STI) which is a profit-based bonus scheme which replaced the erstwhile performance pay. It is computed as 10% of profit before tax after adjustment for unrealized exchange differences subject to achieving agreed KPIs.

(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.

(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 assessing 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 guarantees long-term, local currency debt instruments with a minimum rating of "BBB-" by a recognized rating agency or the Company's Board-approved internal rating.

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.

Notes to the financial statements

Guarantee fee receivable

This represents the present value of guarantee fees receivable under the contracts undertaken for providing guarantees to the debt instrument 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.

(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 2023			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	7,702,488	7,702,485	-	-	-	3
Investment securities	16	157,281,654	12,203,061	14,608,697	19,057,205	111,412,691	-
Guarantee fee receivable	17	8,674,785	-	-	-	-	8,674,785
Trade and other receivables	18	602,664	-	-	-	-	602,664
		174,261,591	**19,905,546**	**14,608,697**	**19,057,205**	**111,412,691**	**9,277,452**
Liabilities							
Financial guarantee liability	23	10,365,600	-	-	-	-	10,365,600
Other liabilities	25	1,264,911	-	-	-	-	1,264,911
Lease liability	27	122,196	-	-	-	-	122,196
Unsecured subordinated long term loan	30	68,107,426	622,986	630,932	1,292,561	65,560,947	-
		79,860,133	**622,986**	**630,932**	**1,292,561**	**65,560,947**	**11,752,707**
Total interest re-pricing gap		**94,401,458**	**19,282,560**	**13,977,765**	**17,764,644**	**45,851,744**	**(2,475,255)**

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	6,319,690	-	-	-	-
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	**8,088,425**	**1,124,192**	**4,507,832**	**64,896,278**	**6,784,816**
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	-
		41,091,328	-	17,218	1,652,846	31,316,636	8,104,629
Total interest re-pricing gap		**44,310,215**	**8,088,425**	**1,106,974**	**2,854,986**	**33,579,642**	**(1,319,813)**

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:

In thousands of Naira	31 December 2023	31 December 2022
Profit or loss & equity		
Increase	1,937,534	912,600
Decrease	(1,937,534)	(912,600)

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 2023

In thousands of Naira	Note	Naira	US Dollar	Total
Assets				
Cash and cash equivalents	15	6,536,368	1,166,120	7,702,488
Investment securities	16	4,820,376	152,461,278	157,281,654
Guarantee fee receivable	17	8,674,785	-	8,674,785
Trade and other receivables	18	602,664	-	602,664
		20,634,192	**153,627,398**	**174,261,591**
Liabilities				
Financial guarantee liability	23	10,365,600	-	10,365,600
Unsecured subordinated long term loan	30	-	68,107,426	68,107,426
Lease liability	27	122,196	-	122,196
Other liabilities	25	927,792	337,119	1,264,911
		11,415,588	**68,444,545**	**79,860,133**
		9,218,604	**85,182,853**	**94,401,457**

Notes to the financial statements

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
Net financial assets		**5,064,696**	**39,245,519**	**44,310,215**

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 2023	Exchange rate	31 December 2022
10% increase	951.79	8,518,285	461.10	3,924,552
10% decrease	951.79	(8,518,285)	461.10	(3,924,552)

(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 2023	31 December 2022
Cash and cash equivalents	15	7,702,488	6,319,630
Investment securities	16	157,281,654	72,297,037
Guarantee fee receivable	17	8,674,785	6,521,354
Trade and other receivables	18	602,664	263,462
Total exposure to credit risk		**174,261,591**	**85,401,483**

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 2023, there was nil expected credit losses (2022: 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 2023:

Viathan Funding Ltd

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	14,646,326	14,646,326
Reserve account (Bank balance)	4,340	6,306
Total value of the collateral held	**14,650,666**	**14,652,632**
Outstanding value of the guarantee at the end of the year	(7,482,421)	(8,875,158)
Excess of collateral over outstanding value of the guarantee	**7,168,245**	**5,777,475**

Other than the reserve account and bank balances; the valuation for Viathan's assets was undertaken by Biodun Odeleye & Co: FRC/2014/NIESV/00000007152. This valuation falls in category 3 of the fair value hierarchy.

North South Power (NSP)

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	72,750,000	72,750,000
Reserve account (Bank balance)	2,111,689	1,838,405
Total value of the collateral held	**74,861,689**	**74,588,405**
Outstanding value of the guarantee at the end of the year	(15,072,300)	(9,037,432)
Excess of collateral over outstanding value of the guarantee	**59,789,389**	**65,550,973**

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 2023	31 December 2022
Open Market value of property held	20,059,500	17,259,470
Reserve account (Bank balance)	2,559,438	2,346,040
Total value of the collateral held	**22,618,938**	**19,605,510**
Outstanding value of the guarantee at the end of the year	(12,223,071)	(12,639,849)
Excess of collateral over outstanding value of the guarantee	**10,395,867**	**6,965,661**

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	32,304,141
Reserve account (Bank balance)	242,136	115,027
Total value of the collateral held	**32,546,277**	**32,419,168**
Outstanding value of the guarantee at the end of the year	(10,500,000)	(13,500,000)
Excess of collateral over outstanding value of the guarantee	**22,046,277**	**18,919,168**

Other than the reserve account and bank balances; the valuation for TSL's assets was undertaken by Ubosi Eleh + Company (FRC/2014/NIESV/00000001493). This valuation falls in category 3 of the fair value hierarchy.

Lagos Free Zone Company (LFZC)

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	333,270,000	195,516,843
Reserve account (Bank balance)	-	-
Total value of the collateral held	333,270,000	195,516,843
Outstanding value of the guarantee at the end of the year	(35,500,000)	(35,500,000)
Excess of collateral over outstanding value of the guarantee	**297,770,000**	**160,016,843**

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 2023	31 December 2022
Open Market value of property held	41,070,212	41,070,212
Reserve account (Bank balance)	651,523	810,653
Total value of the collateral held	**41,721,734**	**41,880,865**
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	**21,721,734**	**21,880,865**

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 2023	31 December 2022
Open Market value of property held	2,625,955	2,625,955
Reserve account (Bank balance)	109,999	139,109
Total value of the collateral held	**2,735,954**	**2,765,064**
Outstanding value of the guarantee at the end of the year	(1,417,859)	(1,500,000)
Excess of collateral over outstanding value of the guarantee	**1,318,095**	**1,265,064**

Notes to the financial statements

Other than the reserve account and bank balances; the valuation for Asiko's assets was undertaken by Jude Okokor & Co (FRC/2014/NIESV/00000006456). This valuation falls in category 3 of the fair value hierarchy.

Gas Terminalling Ltd

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	7,143,819	7,143,819
Reserve account (Bank balance)	256,665	249,681
Total value of the collateral held	**7,400,484**	**7,393,500**
Outstanding value of the guarantee at the end of the year	5,000,000	(3,500,000)
Excess of collateral over outstanding value of the guarantee	**12,400,484**	**3,893,500**

Other than the reserve account and bank balances; the valuation for Asiko's assets was undertaken by Jude Okokor & Co (FRC/2014/NIESV/00000006456). This valuation falls in category 3 of the fair value hierarchy.

PAN African Towers Limited

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	29,007,500	37,583,000
Reserve account (Bank balance)	473,629	699,031
Total value of the collateral held	**29,481,129**	**38,282,031**
Outstanding value of the guarantee at the end of the year	(10,000,000)	(10,000,000)
Excess of collateral over outstanding value of the guarantee	**19,481,129**	**28,282,031**

Other than the reserve account and bank balances; the valuation for PAT'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 2023	31 December 2022
Open Market value of property held	1,600,000	1,600,000
Reserve account (Bank balance)	1,645,071	112,000
Total value of the collateral held	**3,245,071**	**1,712,000**
Outstanding value of the guarantee at the end of the year	(800,000)	(800,000)
Excess of collateral over outstanding value of the guarantee	**2,445,071**	**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 2023	31 December 2022
Open Market value of property held	7,727,430	7,727,430
Reserve account (Bank balance)	488,581	45,986
Total value of the collateral held	**8,216,011**	**7,773,416**
Outstanding value of the guarantee at the end of the year	(5,650,000)	(4,650,000)
Excess of collateral over outstanding value of the guarantee	**2,566,011**	**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.

Abuja Steel Mill Limited

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	31,353,425	-
Reserve account (Bank balance)	128,831	-
Total value of the collateral held	**31,482,256**	**-**
Outstanding value of the guarantee at the end of the year	(10,000)	-
Excess of collateral over outstanding value of the guarantee	**31,472,256**	**-**

Other than the reserve account and bank balances; the valuation for Abuja Steel Mill limited assets was undertaken and signed by Osas and Oseji. This valuation falls in category 3 of the fair value hierarchy.

Mecure Industries

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held		
Reserve account (Bank balance)		
Total value of the collateral held	**12,374,871**	**-**
Outstanding value of the guarantee at the end of the year	(6,500)	-
Excess of collateral over outstanding value of the guarantee	**12,368,371**	**-**

Other than the reserve account and bank balances; the valuation for Mecure Industries assets was undertaken and signed by Adefila & Partners. This valuation falls in category 3 of the fair value hierarchy.

Coleman Technical Industries

In thousands of Naira	31 December 2023	31 December 2022
Open Market value of property held	111,860,862	-
Reserve account (Bank balance)	-	-
Total value of the collateral held	**111,860,862**	**-**
Outstanding value of the guarantee at the end of the year	(10,000)	-
Excess of collateral over outstanding value of the guarantee	**111,850,862**	**-**

Other than the reserve account and bank balances; the valuation for Coleman assets was undertaken and signed by Idowu Shada & Co. 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 2023 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 2023, 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.

31 December 2023	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	7,718,228	(15,740)	7,702,488
Investment securities	16	A1 - AAA*	Performing	12-month ECL	158,649,585	(1,367,931)	157,281,654
Guarantee fee receivables	17	BBB-*	Performing	12-month ECL	8,674,785	-	8,674,785
Trade and other receivables	18	BBB- AA*	Performing	12-month ECL	831,476	(228,812)	602,664
Total exposure to credit risk					**175,874,074**	**(1,612,483)**	**174,261,591**

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					**86,117,193**	**(715,650)**	**85,401,543**

*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 2023 for the years 2023 to 2024

	2023	2024
Crude oil price (USD)	100.00	88.00
GDP growth rate (%)	2.50	3.90
Exchange Rate	16.50	14.50
Inflation (%)	17.10	13.00

Source: Fitch Solutions

Below is the disclosure of scenario probability weightings applied in measuring ECL for both 2023 and 2024

	Probability of Default	
Scenarios	2023	2024
Best Case	41%	20%
Best Case	28%	50%
Worst Case	31%	30%

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 Naira	**Rating**	**Location**	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial Institutions						
Stanbic IBTC Bank PLC	B- ****	Nigeria	437,212	1,715,879	-	-
Access Bank Plc	B-*****	Nigeria	5,900,192	4,362,067	-	-
Zenith Bank Plc	B- *****	Nigeria	-	-	-	-
United Bank for Africa Plc	B- ****	Nigeria	402	8,713	-	-
Ecobank Nigeria Limited	B- ****	Nigeria	1,035	762	27,297,055	4,726,563
Guaranty Trust Bank	B- *****	Nigeria	220,402	206,978	-	-
Standard Chartered Bank	AA- ** / B- ****	Nigeria	718,831	36,108	-	-
Others		Nigeria	908	452	-	-
			7,278,981	**6,330,959**	**27,297,055**	**4,726,563**

Sovereign/ Government						
Federal Government of Nigeria	B+**	Nigeria	-	-	129,984,599	67,570,474
Total			**7,278,981**	**6,330,959**	**157,281,654**	**72,297,037**

Concentration by product

In thousands of Naira	31 December 2023	31 December 2022
Bank balances	2,524,148	2,961,254
Placement with banks	5,194,077	3,369,703
Eurobonds	152,461,278	70,179,158
FGN bonds	4,820,376	2,117,879
Total	**164,999,879**	**78,627,994**

Concentration by region

In thousands of Naira	31 December 2023	31 December 2022
Nigeria	164,999,879	78,627,994
Total	**164,999,879**	**78,627,994**

Guarantee fee receivables at amortised cost

Concentration by sector

In thousands of Naira	Rating	Location	31 December 2023	31 December 2022
Power Sector				
Viathan Funding Plc	BB+ *	Nigeria	117,304	206,861
North South Power Company Limited	A- * / A ** / AA ***	Nigeria	325,953	422,766
GEL Utility Limited	BBB * / BBB+ ** / BBB ***	Nigeria	534,812	680,808
Asiko Energy Holding Limited	BBB+ *	Nigeria	60,800	328,860
Darway	BBB *	Nigeria	50,709	71,761
GLNG	BBB+ *	Nigeria	423,324	138,464
Gas Terminalling Ltd	BBB+ *	Nigeria	169,290	-
Falcon Incorporation Limited	BBB+ *	Nigeria	183,013	-
Victoria Island Power	BBB *	Nigeria	751,401	-
ACOB Lighting Tecnology Ltd	BBB- *	Nigeria	65,198	-
			2,681,805	**1,849,520**

Transport sector				
TSL	BB+ *	Nigeria	426,322	647,514
GPC	BBB+ * / BBB **	Nigeria	676,605	911,548
			1,102,927	**1,559,062**
ICT Telecommunications				
Hotspot Network Limited	BBB *	Nigeria	84,043	-
			84,043	**-**
Social Infra (Health sector)				
Me Cure Industries Plc	BBB * / BBB+ ***	Nigeria	-	-
			-	**-**
Social Infra (Housing sector)				
Modern Shelter Systems	BBB *	Nigeria	116,362	-
			116,362	**-**
Input to infrastructure				
LFZC	A * / BBB **	Nigeria	2,899,924	2,137,840
PAN African Towers Limited	BBB- * / BBB ***	Nigeria	754,176	974,926
Coleman Technical Industries Limited	BBB+ * / BBB ** / BBB- ***		411,233	-
Abuja Steel Mill	A- * / BBB+ **		624,333	-
			4,689,665	**3,112,766**
Total			**8,674,803**	**6,521,348**

* Assigned by Infracredit
** Assigned by Agusto
*** Assigned by GCR
**** Assigned by S&P
***** Assigned by Fitch

Concentration by region

In thousands of Naira	31 December 2023	31 December 2022
Nigeria	8,674,803	6,521,348
Total	**8,674,803**	**6,521,348**

Financial guarantee contracts (off balance sheet)

In thousands of Naira	31 December 2023	31 December 2022
Viathan Funding Ltd	6,492,373	7,580,840
North South Power	7,536,150	7,809,761
GEL Utility	12,223,071	12,639,849
Transport Services Ltd (TSL)	10,500,000	12,000,000
North South Power	842,357	1,227,671
Viathan Funding Ltd	990,048	1,294,678
Lagos Free Zone Company	10,500,000	10,500,000
GPC Energy and Logistics	20,000,000	20,000,000
LFZC II Funding SPV Plc	25,000,000	25,000,000
PAN African Towers Limited	10,000,000	10,000,000
Asiko Power Limited	1,417,859	1,500,000
Gas Terminalling Ltd	3,500,000	3,500,000
Darway	800,000	800,000
GLNG	650,000	650,000
Transport Services Ltd (TSL)	-	1,500,000
GLNG	5,000,000	4,000,000
Falcon Incorporation Limited	3,000,000	-
LFZC III Funding SPV Plc	17,500,000	-
Victoria Island Power	9,200,000	-
Hotspot Network Limited	955,000	-
GLNG III	178,375	-
Coleman Technical Industries Limited	10,000,000	-
Abuja Steel Mill	10,000,000	-
Victoria Island Power II	3,800,000	-
Me Cure Industries Plc	4,000,000	
Me Cure Industries Plc II	2,500,000	-
Modern Shelter Systems	3,000,000	-
Victoria Island Power 3	3,000,000	-
ACOB Lighting Tecnology Ltd	755,000	-
Gas Terminalling 2	8,500,000	-
	191,840,233	**120,002,799**

Loss allowance by financial instrument

In thousands of naira	Note	31 December 2023	31 December 2022
Cash and cash equivalent	15	15,740	11,270
Investment securities at amortised cost	16	1,367,931	561,667
Trade and other receivables	18	228,813	142,713
		1,612,484	**715,650**

(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 2022	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)	**142,713**	**-**	**11,270**	**561,667**	**715,650**
As at 31 December 2022	**142,713**	**-**	**11,270**	**561,667**	**715,650**
New financial assets originated or purchased	228,812	-	15,739	1,367,932	1,612,483
Financial assets that have been derecognised	(142,713)	-	(11,270)	(561,667)	(715,650)
Impairment loss for the period (see note 10)	**86,099**	**-**	**4,469**	**806,265**	**896,833**
As at 31 December 2023	**228,812**	**-**	**15,740**	**1,367,931**	**1,612,483**

(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 (2022: 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 N86 million (2022: N17.2 million) which has been recognised in profit or loss.

(iii) The loss allowance of N806.3 million (2022: N231.2 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 N4.47 million (2022: impairment reversal of N10.65 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.

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 2023

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	7,702,488	7,718,228	7,718,228	-	-	-
Investment securities	16	157,281,654	395,821,690	11,777,697	2,423,680	18,441,127	363,179,186
Guarantee fee receivable	17	8,674,785	8,674,785	-	-	1,356,074	7,318,711
Trade and other receivables	18	602,664	831,476	831,476	-	-	-
		174,261,591	**413,046,179**	**20,327,401**	**2,423,680**	**19,797,201**	**370,497,897**
Financial guarantee liability	23	10,365,600	10,365,600	-	-	1,526,446	8,839,154
Other liabilities	25	1,264,911	1,264,911	1,264,911	-	-	-
Lease liability	27	122,196	122,196	-	-	33,333	88,863
Unsecured subordinated long term loan	30	68,107,426	78,301,948	197,896	-	194,670	77,909,382
Gap (assets-liabilities)		94,401,458	322,991,524	18,864,594	2,423,680	18,042,752	283,660,498
Cumulative liquidity gap				**18,864,594**	**21,288,274**	**39,331,026**	**322,991,524**

Notes to the financial statements

31 December 2022

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	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	-	-	-
		85,401,542	**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	32,986,699	87,595	-	86,166	32,812,938
Gap (assets-liabilities)		44,310,213	47,325,013	7,800,455	1,124,192	4,217,961	34,182,406
Cumulative liquidity gap				**7,800,455**	**8,924,647**	**13,142,608**	**47,325,014**

(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 2023	31 December 2022
Qualifying capital		
Investment securities	157,281,654	72,297,037
Cash and bank balances	7,718,228	6,330,960
Projected operating expenses	(718,689)	(718,689)
Qualifying core capital	**164,281,193**	**77,909,308**
Unfunded contingent capital	23,794,750	11,527,500
Other non-credit guarantee related liabilities	(3,731,864)	(2,191,276)
Qualifying capital	**184,344,079**	**87,245,532**
Notional amount guaranteed		
Amount guaranteed	191,840,233	120,002,799
Co-guarantee (USAID) & Insured Value with (ATIA)	(10,723,071)	(11,139,850)
Accrued interest	4,084,218	3,315,718
Credit risk mitigant/reserve account	(10,233,549)	(6,548,692)
Notional amount guaranteed	**174,967,831**	**105,629,975**
Net capital leverage ratio	**0.95**	**1.21**
Gross capital leverage ratio	**1.01**	**1.34**

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.

Notes to the financial statements

(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 2023

In thousands of naira	Note	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)
Cash and cash equivalents	15	7,702,488	7,702,488	-
Investment securities	16	157,281,654	157,281,654	-
Guarantee fee receivable	17	8,674,785	8,674,785	-
Trade and other receivables	18	602,664	602,664	-
Total financial assets		**174,261,591**	**174,261,591**	**-**
Unsecured subordinated long term loan	30	68,107,426	-	68,107,426
Financial guarantee liability	23	10,365,600	-	10,365,600
Other liabilities	25	1,264,911	-	1,264,911
Total financial liabilities		**79,737,937**	**-**	**79,737,937**

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**

7 Guarantee fee income

In thousands of Naira	31 December 2023	31 December 2022
Mandate fees (a)	133,250	44,500
Guarantee fees (b)	2,798,341	1,868,831
Monitoring fees (c)	582,514	36,500
	3,514,106	**1,949,831**

(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 2023	31 December 2022
Guarantee fee expense (a)	194,827	133,339
Re-guarantee fee expense (a)	90,632	55,889
Upfront fee expense (a)	3,003	3,003
Monitoring fee expense (a)	10,090	8,361
Due diligence/project development expense (b)	343,179	97,189
	641,731	**297,781**

(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 fees paid to Africa Trade Insurance Agency and GuarantCo in respect of Pan African towers Ltd and LFZC risk-sharing arrangements respectively.

(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 2023	31 December 2022
(a)	**Interest income**		
	Bank placements	563,145	-
	Others	-	12,021
	Eurobonds	7,975,819	4,865,632
	FGN Bonds	169,416	465,911
	Commercial papers	-	1,068
		8,708,381	**5,344,633**

The total interest income calculated using the effective interest rate (EIR) method for financial assets at amortised cost is N8.7 billion (2022: N5.3 billion)

	In thousands of Naira	31 December 2023	31 December 2022
(b)	**Interest expense**		
	Interest expense long-term unsecured subordinated loans	2,863,054	1,869,077
	Interest expenses leased liabilities (see note (21))	18,041	19,930
	Investment management fee expenses	125,525	59,234
		3,006,620	1,948,240
	Net interest income (a)-(b)	**5,701,760**	**3,396,392**

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 2023	31 December 2022
Investment securities (see note 16(a))	806,265	231,228
Other receivables (see note 18(b))	86,099	17,256
Cash equivalents (see Note 15(b))	4,469	10,650
	896,833	**259,134**

11 Foreign exchange gains

In thousands of Naira	31 December 2023	31 December 2022
Exchange gains	**42,834,137**	**4,041,310**

This largely represents the net foreign exchange gains or (losses) 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 2023	31 December 2022
Wages and salaries	552,287	400,517
Other staff costs (See note (i) below)	675,902	584,628
Long term incentive scheme (see note (26))	257,869	440,000
Pension cost	152,048	54,375
Short term incentive scheme (see note (26))	421,323	-
	2,059,429	**1,479,519**

(b) The average number of persons in employment in the Company during the period comprise:

	31 December 2023	31 December 2022
Managerial	19	14
Other staff	13	14
	32	**28**

(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 2023	31 December 2022
N1 million - N2 million	-	-
N2 million - N5 million	-	-
N5 million - N10 million	7	4
N10 million - N25 million	13	11
N25 million and above	12	13
	32	**28**

(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 2023	31 December 2022
Non-executive Directors		
Fees	281,818	122,906
Total	**281,818**	**122,906**

The emoluments of all Non-Executive Directors fell within the following ranges:

In thousands of Naira	31 December 2023	31 December 2022
N10 million and above	9	9

13 Other operating expenses

In thousands of Naira	31 December 2023	31 December 2022
Directors remuneration (Non-executive)	281,818	122,906
Marketing and advertising	87,884	81,353
Stationery and printing	14,394	11,949
Traveling and entertainment	140,863	91,870
Auditors remuneration	38,269	34,826
Information technology expenses	64,855	55,536

Notes to the financial statements

In thousands of Naira	31 December 2023	31 December 2022
Training expenses	106,416	24,061
Administration and membership fees	20,885	37,852
Professional fees (See note (a) below)	285,177	326,899
Maintenance expenses	15,095	4,661
Insurance expenses	53,383	28,659
Utility and electricity	25,961	16,998
Other expenses (See note (b) below)	136,904	126,994
	1,271,905	**964,565**

(a) Professional fees

In thousands of Naira	31 December 2023	31 December 2022
Legal and secretarial fees	50,009	55,374
Other professional fees	169,906	220,044
HR consultancy	10,965	15,031
Credit rating expenses	54,296	36,450
	285,177	**326,899**

"Included in the other professional fees is an amount of N4.5 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 2023	31 December 2022
Bank charges	5,560	20,412
Board meeting expenses	24,733	40,421
Recruitment costs	770	16,349
Gain on disposal of property and equipment	22	-
ITF Levy	12,917	13,356
Lunch Expenses	12,818	3,688
Development Impact Expenses	18,032	5,160
Other expenses (i)	62,053	27,605
	136,904	**126,991**

(i) Other expenses includes year end activities and party, waste management, government licenses and permit, DSTV subscription, office supplies, servicing of fire extinguishers, land use charge, business premises fee, towing van payment, Infracredit Logo installation, security assess and Miscellaneous expenses.

14 Taxation

(a) Tax Credit

	In thousands of Naira	31 December 2023	31 December 2022
i	**Minimum tax**		
	Minimum tax	61,112	36,472
		61,112	**36,472**
ii	**Current tax**		
	Company income tax	-	-
	Education Tax	30,928	
	Information technology tax	470,474	62,787
	Police Trust Fund levy	2,352	314
	Current Income tax expense (See note 14(c))	**503,754**	**63,101**
iii	**Deferred tax**		
	Deferred tax expense/(credit) (see note 24)	103,359	(163,708)
	Income tax expenses/(credit)	**607,113**	**(100,607)**
	Total income tax expenses/(credit)	**668,225**	**(64,134)**

The applicable tax rates for companies income tax, tertiary education tax and information technology tax are 30%, 3% and 1% respectively.

(b) Reconciliation of effective income tax rate

In thousands of Naira	31 December 2023		31 December 2022	
	Amount	Rate	Amount	Rate
Profit before tax	47,047,371		6,278,615	
Income tax @ 30% tax rate	14,114,211	30%	1,883,585	30%
Non-deductible expenses	1,358,157	3%	623,456	10%
Education tax	30,928	0%		
Tax exempt income	(15,163,091)	-32%	(2,602,695)	1%
Information technology tax (see note 14(a))	470,474	1%	62,788	1%
Tax losses	-	0%	95,654	2%
Nigeria Police Trust Fund Levy (see note 14(a))	2,352	0%	314	0%
Minimum Tax	61,112	0%	-	0%
Recognition of additional deductible temporary difference (see note 24(a))	(205,918)	0%	(163,708)	-3%
	668,225	**1%**	**(100,607)**	**-2%**

Notes to the financial statements

(c) Current tax liability

In thousands of Naira	31 December 2023	31 December 2022
Balance as at 1 January	99,271	49,030
Charge for the year see note 14(a):		
Minimum tax	61,112	36,472
Current tax	503,754	63,101
Payment during the year	(64,488)	(49,332)
At end of year	**599,649**	**99,271**

15 Cash and cash equivalents

In thousands of Naira	31 December 2023	31 December 2022
Cash in hand	3	3
Cash Equivalents:		
Balances with banks	**2,524,148**	**2,961,254**
Bank placement (see note (a) below)	5,194,077	3,369,703
Cash equivalents (gross)	**7,718,228**	**6,330,957**
Impairment allowance on cash equivalents (see note (b) below)	(15,740)	(11,270)
Cash equivalents (net)	**7,702,488**	**6,319,687**
Cash and cash equivalents in the statement of financial position	**7,702,488**	**6,319,690**
Impairment allowance on cash equivalents (see note (b) below)	15,740	11,270
Cash and cash equivalents in the statement of cash flows	**7,718,228**	**6,330,960**
Current	**7,702,488**	**6,319,690**

(a) Bank placements consist of both Naira and USD denominated assets with the banks. The bank placements have an average interest rate of 7.5% (2022: 7.7%) 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 2023	31 December 2022
Opening balance	11,270	620
Recognised in income statement (See note 10)	4,469	10,650
Closing balance	**15,740**	**11,270**

16 Investment securities

In thousands of Naira	31 December 2023	31 December 2022
FGN Eurobonds at amortised cost (i)	126,532,154	66,014,262
Corporate Eurobonds at amortised cost (i)	27,297,055	4,726,563
FGN Bonds (ii)	4,820,376	2,117,879

	158,649,585	**72,858,704**
Impairment allowance on investment securities (see note (a) below)	(1,367,931)	(561,667)
Investment securities	**157,281,654**	**72,297,037**
Current	45,868,963	7,400,759
Non-Current	111,412,691	64,896,278
Total	**157,281,654**	**72,297,037**

(i) FGN and Corporate Eurobonds have stated yields of 4.4% to 10.3% respectively and mature in five months to three years (December 2022: five month to nine years).

(ii) FGN Bonds have stated yields of 3.17% to 13.5% and mature in 3 months to six years (December 2022: a month to six years).

The movement in impairment allowance on investment securities is as follows:

(a)

In thousands of Naira	31 December 2023	31 December 2022
Opening balance	561,667	330,439
Recognised in income statement (See note 10)	806,265	231,228
Closing balance	**1,367,931**	**561,667**

17 Guarantee fee receivable

In thousands of Naira	31 December 2023	31 December 2022
Opening Balance	6,521,354	4,558,673
Present value of guarantee fee received	(2,321,946)	(1,156,382)
Addition during the year	4,475,376	3,119,063
Gross guarantee fee receivable	**8,674,785**	**6,521,354**
Impairment allowance	-	-
Guarantee fee receivable (see (a) below)	**8,674,785**	**6,521,354**
Current	1,638,520	1,456,997
Non-current	7,036,264	5,064,357
Total	**8,674,785**	**6,521,354**

(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 2023	31 December 2022
Other financial assets		
Trade receivable (a)	829,333	385,974
Receivable from GuarantCo	-	18,055
Other receivables	2,143	2,145
	831,476	**406,175**
Impairment (see note (b) below)	(228,812)	(142,713)
	602,664	**263,462**
Non financial assets		
Cash advance	5,722	2,422
	5,722	**2,422**
Total- Trade and other receivables	**608,386**	**265,884**
Current	**608,386**	**265,884**
Non-Current	-	-
Total	**608,386**	**265,884**

(a) Trade receivables relates to unpaid mandate and guarantee 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 2023	31 December 2022
Opening balance	142,713	125,457
Recognised in income statement (See note 10)	86,099	17,256
Closing balance	**228,813**	**142,713**

19 Prepayments

In thousands of Naira	31 December 2023	31 December 2022
Prepayments	246,818	57,535
Current	246,818	57,535
Non-Current	**-**	**-**
Total	**246,818**	**57,535**

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 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**	**2,038**	**130,690**	**555,757**
Balance as at 1 January 2023	82,946	105,162	68,812	166,109	2,038	130,690	555,757
Additions	16,748	16,891	1,774	81,870	960	10,871	129,115
Disposals	-	-	(1,498)	-	-	-	(1,498)
Balance as at 31 December 2023	**99,694**	**122,054**	**69,088**	**247,980**	**2,998**	**141,561**	**683,374**
Accumulated depreciation							
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
Balance as at 31 December 2022	**47,102**	**78,312**	**55,795**	**93,564**	**-**	**34,782**	**309,555**
Balance as at 1 January 2023	47,102	78,312	55,795	93,564	-	34,782	309,555
Depreciation for the year	16,920	17,098	9,402	36,700	-	13,996	94,116
Disposal	-	-	(1,404)	-	-	-	(1,404)
Balance as at 31 December 2023	**64,022**	**95,410**	**63,791**	**130,264**	**-**	**48,778**	**402,265**
Carrying amounts							
Balance as at 31 December 2022	**35,844**	**26,850**	**13,017**	**72,545**	**2,038**	**95,908**	**246,203**
Balance at 31 December 2023	**35,673**	**26,644**	**5,297**	**117,716**	**2,998**	**92,783**	**281,109**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022:Nil).

(ii) There were no impairment losses on any class of property and equipment during the period (2022:Nil).

(iii) There are no restriction on the Company's title to its property and equipment in the period (2022:Nil).

(iv) All property and equipment are non-current.

21 Right of use asset

In thousands of Naira	31 December 2023	31 December 2022
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	67,516	45,619
Charge for the period	21,897	21,897
Balance at end of the year	**89,413**	**67,516**
Carrying amount	**129,552**	**151,450**
Amounts recognised in profit or loss		
Interest on lease liabilities	18,041	19,930
Balance as at the year	**18,041**	**19,930**

There was no cash outflow in respect of leases in the period (2022: Nil).

22 Intangible assets

Purchased software

In thousands of Naira	31 December 2023	31 December 2022
Cost		
Balance as at beginning of the year	104,506	70,167
Additions	83,374	32,910
Reclassification from P&E -Work in progress- ERP	-	1,429
Balance at end of the year	**187,880**	**104,506**
Accumulated Amortisation		
Balance as at beginning of the year	42,316	26,313
Charge for the year	16,721	16,003
Balance at end of the year	**59,037**	**42,316**
Carrying amount	**128,843**	**62,190**

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 2023	31 December 2022
Opening balance	7,382,654	5,353,627
Amortised guarantee liability during the year	(2,349,223)	(810,883)
Addition during the year	5,332,168	2,839,910
Financial guarantee liability	**10,365,600**	**7,382,654**
Current	1,865,808	1,356,074
Non-current	8,499,792	6,026,580
	10,365,600	**7,382,654**

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 2023	31 December 2022
Property and equipment	(83,025)	59,303
Tax losses	-	341,914
Allowance for expected credit losses	463,486	82,604
	380,461	**483,821**

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2022: 30%).

(a) **Movements in temporary differences during the year:**

In thousands of Naira	1 January 2023	Recognised in profit or loss	31 December 2023
Property and equipment	59,303	(142,328)	(83,025)
Tax losses	341,914	(341,914)	-
Allowance for expected credit losses & other deferred tax items	82,604	380,882	463,486
	483,821	**(103,360)**	**380,461**

(b) **Movements in temporary differences 1 January 2022 to 31 December 2022:**

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**	**483,821**

25 Other liabilities

In thousands of Naira	31 December 2023	31 December 2022
Financial liabilities		
Due to GuarantCo (see note (i) below)	337,119	7,449
Accruals (see note (ii) below)	927,792	610,371
	1,264,911	**617,820**
Non financial liabilities		
Employee liabilities (see note (iii) below)	111,642	275,825
Other payables (see note (iv) below)	495,035	449,869
Output VAT	118,691	66,407
Deferred revenue	374,016	322,264
	1,099,384	**1,114,365**
Total - Other Liabilities	**2,364,295**	**1,732,185**
Current	2,027,176	1,088,264
Non current	337,119	3,761
	2,364,295	**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 Governments such as PAYE, pension, NSITF, NHF and WHT.

26 Employee benefit obligation

In thousands of Naira	31 December 2023	31 December 2022
Long term incentive scheme (see note (i) below)	513,533	255,664
Short term incentive scheme (see note (ii) below)	421,323	-
	934,856	**255,664**

(i) Long Term Incentive Scheme

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.

In thousands of Naira	**31 December 2023**	**31 December 2022**
Opening Balance	255,664	-
Accruals during the year	257,869	440,468
Payment during the year	-	(184,844)
	513,533	**255,664**

(ii) **Short Term Incemtive Scheme**

Short-term incentive (STI) is newly introduced profit-based incentive bonus scheme which replaced the erstwhile performance pay. It is computed as 10% of profit before tax after adjustment for unrealized exchange differences subject to achieving agreed KPIs.

In thousands of Naira	**31 December 2023**	**31 December 2022**
Opening Balance	-	-
Accruals during the year	421,323	-
Payment during the year	-	-
Short term incentive scheme (see note (ii) above)	**421,323**	**-**

27 Lease liabilities

In thousands of Naira	**31 December 2023**	**31 December 2022**
Opening	104,155	84,225
Unwinding of discount	18,041	19,930
	122,196	**104,155**

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 2023**	**31 December 2022**
Non-current	89,196	71,155
Current	33,000	33,000
	122,196	**104,155**

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 2023**	**31 December 2022**
(a)	**Authorised:**		
	50,000,000,000 shares of N1 each (2022: 50,000,000,000 shares of N1 each)	**50,000,000**	**50,000,000**
	Called up and fully paid		
	37,624,122,744 shares of N1 each (2022: 33,435,605,476 shares of N1 each)	**37,624,123**	**33,435,605**

Ordinary shares		
Issued and fully paid		
6,215,390,843 ordinary shares of N1 each (2022:3,497,636,698 ordinary shares of N1 each)		
Movement in the year		
Opening balance	3,497,637	3,497,637
Issue of ordinary shares	2,717,754	-
	6,215,391	**3,497,637**

(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	21,915,065	20,281,503
Issue of redeemable preference shares (see 28 (e))	-	426,819
Capitalisation of preference dividends (see 29 (a))	1,470,764	1,206,743
	23,385,829	**21,915,065**

At the Board Meeting of the Company, held on 27 March 2023, the Board approved the declaration and capitalization of dividend of N1,500,584 million (1,470,764 net WHT); NSIA: N521 million (exempted from WHT), AFC: N681 million (exempted from WHT), Infraco: 273.8 milloin (i.e. N246.4 million net of WHT @10%) and Leadway 24.3million (i.e. N21.9 million net of WHT @10%)

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 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 2023	Number of ordinary shares held	Number of preference shares held	Total number of shares held
Shareholders:			
Nigeria Sovereign Investment Authority (NSIA)	1,239,493,751	10,187,280,172	11,426,773,923
Africa Finance Corporation (AFC)	1,239,493,751	9,952,067,699	11,191,561,450
InfraCo Africa Investment Limited (InfraCo)	1,214,703,876	9,807,852,155	11,022,556,031
Leadway Assurance Company Limited	640,493,326	1,461,531,905	2,102,025,231
AIICO Insurance Plc	1,881,206,139	-	1,881,206,139
	6,215,390,843	**31,408,731,931**	**37,624,122,774**
Shares held in trust:			
United Capital Trustees Limited (UCTL)	8,784,609,157	3,591,268,069	12,375,877,226
United Capital Assets Trustees Limited (UCTL)	15,000,000,000	35,000,000,000	50,000,000,000
	15,000,000,000	**35,000,000,000**	**50,000,000,000**

On 14 December 2023, AIICO Insurance Plc was admitted as shareholder acquiring 5% shares for N1,881,206,139 valued at N1.48 per share for a consideration of N2,784,185,085. AIICO Insurance Plc, a publicly quoted company limited by shares, incorporated under the CAMA 2020 and having its registered address at AIICO Plaza, Plot PC 12, Churchgate Street, Victoria Island, Lagos and with registered company number 7340. Also, during Board meeting on 27 October 2023 the Board approved the payment of ordinary dividends of N874 Million for all ordinary shares ranking for dividends for the interim period ending 30 June 2023. The ordinary dividends were capitalized by issuing additional dividend shares to the beneficiary shareholders.

(e) Deposit for Shares

In thousands of Naira	31 December 2023	31 December 2022
Opening balance	-	426,819
Issue of redeemable preference shares (see 28 (c))	-	(426,819)
Closing balance	**-**	**-**

(f) Share premium

	1,016,924	**113,945**

The gross proceeds from the 1,881,206,139 units of ordinary shares allotted to AIICO PLC at N1.48 per share was N2,7854,185,085 billion, 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 AIICO Insurance Plc details as applied below:

In thousands of Naira	31 December 2023	31 December 2022
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
1,881,206,139 ordinary shares of N0.48k each	902,979	-
Gross proceeds	**1,016,924**	**113,945**

29 Retained earnings

In thousands of Naira	31 December 2023	31 December 2022
Balance as at 1 January	10,294,981	5,160,624
Preference dividend (see note (a))	(1,500,692)	(1,208,390)
Ordinary dividend (See note (b))	(874,409)	-
	7,919,880	3,952,234
Profit for the year	46,379,146	6,342,749
Balance at the end of year	**54,299,026**	**10,294,981**

(a) At the 24th Board Meeting of the Company, held on 27 March 2023, the Board approved the declaration and capitalization of preference dividend of N1.5 billion; NSIA: N521 million (exempted from WHT), AFC: N681 million (exempted from WHT), Infraco: 273.8 milloin (i.e. N246.4 million net of WHT @10%) and Leadway 24.3million (i.e. N21.9 million net of WHT @10%).

At the 28th Board Meeting of the Company, held on 27 October 2022, the Board approved the declaration and capitalisation of ordinary dividend of N247.9 million NSIA, N247.9 million for AFC, NN247.9 million (223,108,875 net of WHT 10%) for Infraco and N130.7million (i.e. N1117,641,631 net of WHT @10%)).

30 Unsecured subordinated long term loans

In thousands of Naira	31 December 2023	31 December 2022
Opening	32,986,699	30,333,140
Accrued Interest	2,863,054	1,670,312
Revaluation loss	36,203,571	2,103,338
Interest repayment	(3,945,899)	(1,120,091)
	68,107,426	**32,986,699**
Current	1,891,187	2,430,135
Non-current	66,216,239	30,556,564
	68,107,426	**32,986,699**

(a) In addition to the USD 26 million and USD 35 million unsecured subordinated loans KFW provided in 2019 and 2018 at simple interest rates of 5.25% and 6% respectively, Africa Development Bank (AfDB) advanced an unsecured subordinated 10-year loan of USD 10 million at a simple interest rate of 4.07% in 2020.

See summary of the loan below:

	Amount disbursed	Date disbursed	Maturity date	Interest rate	Balance as at December 2023	Balance as at Dec 2022
KFW 1	35,116,800	31 Dec 2018	19 Dec 2028	6.00%	33,485,264	35,183,153
KFW 2	26,196,548	20 Dec 2019	30 Nov 2029	5.25%	24,993,805	26,252,515
AFDB	10,000,000	14 Sept 2020	1 Feb 2030	4.07%	9,628,357	10,102,866

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, Leadway Assurance Company Limited and AIICO Insurance PLC (See Note 8 of Directors' Report and Note 28 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 2023	31 December 2022
Guarantco	Payables - Fee accrual in respect of callable capital provided by GuarantCo.	25	337,119	7,449

32 Contingent liabilities, litigations and claims

As at 31 December 2023, the Company had issued the following Guarantees which represent contingent liabilities outstanding:

Client	Guaranteed amount	Outstanding balance December 2023	Outstanding balance December 2022	*Amount due within 12 Months	*Amount due over 12 months	Duration
Viathan Funding Ltd	10,000,000	6,492,373	7,580,840	2,259,537	4,232,836	15 December 2017 - 14 December 2027
North South Power	8,500,000	7,536,150	7,809,761	1,481,663	6,054,487	28 February 2019 - 27 February 2034
GEL Utility	13,000,000	12,223,071	12,639,849	2,316,507	9,906,564	28 August 2019 - 27 August 2034
Transport Services Ltd (TSL)	12,000,000	10,500,000	12,000,000	2,487,500	8,012,500	6 October 2020 - 5 October 2030
North South Power	1,364,079	842,357	1,227,671	358,071	484,286	18 May 2021 - 30 June 2027
Viathan Funding Ltd	1,523,151	990,048	1,294,678	383,453	606,595	30 September 2021 - 30 March 2028
Lagos Free Zone Company	10,500,000	10,500,000	10,500,000	1,391,250	9,108,750	16 September 2021 - 16 September 2041
GPC Energy and Logistics	20,000,000	20,000,000	20,000,000	4,095,103	15,904,897	23 November 2021 - 23 November 2031
LFZC II Funding SPV Plc	25,000,000	25,000,000	25,000,000	3,312,500	21,687,500	10 March 2022 - 16 March 2042
PAN African Towers Limited	10,000,000	10,000,000	10,000,000	1,941,542	8,058,458	2 February 2022 - 2 February 2032

Asiko Power Limited	1,500,000	1,417,859	1,500,000	382,463	1,035,396	13 April 2022 - 30 April 2029
Gas Terminalling Ltd	3,500,000	3,500,000	3,500,000	408,333	3,091,667	31 October 2022 - 31 October 2029
Darway	800,000	800,000	800,000	140,951	659,049	30 September 2022 - 30 September 2029
GLNG	650,000	650,000	650,000	114,523	535,477	28 September 2022 - 30 September 2029
Transport Services Ltd (TSL)	1,500,000	-	1,500,000	-	-	30 September 2022 - 30 September 2029
GLNG	5,000,000	5,000,000	4,000,000	760,000	4,240,000	30 December 2022 - 31 December 2023
Transport Services Ltd (TSL) III	3,500,000	-	-	-	-	14 February 2023 - 31 December 2023
Falcon Incorporation Limited	3,000,000	3,000,000	-	300,135	2,699,865	31 May 2023- 30 April 2030
LFZC III Funding SPV Plc	17,500,000	17,500,000	-	2,668,750	14,831,250	29 March 2023 - 16 March 2043
Victoria Island Power	9,200,000	9,200,000	-	922,521	8,277,479	7th June 2023 - 30th June 2030
Hotspot Network Limited	955,000	955,000	-	143,250	811,750	31 July 2023 - 31 July 2030
GLNG III	208,104	178,375	-	88,614	89,761	31 July 2023 - 30 June 2026
Coleman Technical Industries Limited	10,000,000	10,000,000	-	1,717,866	8,282,134	12th July 2023 - 30 July 2030
Abuja Steel Mill	10,000,000	10,000,000	-	902,466	9,097,534	30 Sept 2023- 31 August 2030
Victoria Island Power II	3,800,000	3,800,000	-	732,411	3,067,589	19 Sept 2023 - 31 December 2025
Me Cure Industries Plc	4,000,000	4,000,000	-	4,687,123	-	9 November 2023 - 31 December 2024
Me Cure Industries Plc II	2,500,000	2,500,000	-	2,708,801	-	19 Dec 2023 - 31 Dec 2024
Modern Shelter Systems	3,000,000	3,000,000	-	708,116	2,291,884	28 November 2023 to 31 January 2028
Victoria Island Power 3	3,000,000	3,000,000	-	514,706	2,485,294	21 December 2023 - 30 June 2025
ACOB Lighting Tecnology Ltd	755,000	755,000	-	120,800	634,200	31 December 2023 - 31 December 2030
Asiko Power III	8,500,000	8,500,000	-	9,927,651	-	21 December 2023 - 31 December 2024
	204,755,335	**191,840,233**	**120,002,799**	**47,976,606**	**146,187,202**	

There was no claim against the Company as at 31 December 2023 (2022:Nil) in respect of the issued guarantees.

Also there was no litigation against the Company during the financial period (2022: Nil).

*Amount due within and over 12 months is inclusive of interest charged

33 Events after reporting date

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.

34 Statement of cash flow notes

(a) Purchase and redemption of investment securities

In thousands of Naira	Notes	31 December 2023	31 December 2022
At the beginning of the year		72,297,037	67,040,896
Interest income	9	8,708,381	5,344,633
Interest received		(8,638,631)	(3,897,607)
Exchange gain on investment securities		79,037,708	6,144,648
Impairment loss on investment securities	10	(806,265)	(231,228)
Closing balance	16	(157,281,654)	(72,297,037)
Cash outflow/(inflow)		**(6,684,784)**	**2,104,305**

(b) Interest received

In thousands of Naira		31 December 2023	31 December 2022
Interest receivable on investment securities beginning of the year			-
Interest income	9	8,708,381	5,353,627
Interest receivable on investment securities		(69,750)	2,029,027
Cash inflow		**8,638,631**	**7,382,654**

(c) Changes in financial guarantee liability

In thousands of Naira	Notes	31 December 2023	31 December 2022
At the beginning of the year		7,382,654	5,353,627
Net movement (cash outflow)		2,982,946	2,029,027
At the end of the period	**23**	**10,365,600**	**7,382,654**

(d) Changes in trade and other receivables

In thousands of Naira		31 December 2023	31 December 2022
At the beginning of the year		265,884	230,299
Impairment loss on other assets (see note 10)		(86,099)	(17,256)
Net movement (cash outflow)		428,601	52,841
At the end of the period	**18**	**608,386**	**265,884**

(e) Changes in guarantee fee receivable

In thousands of Naira	31 December 2023	31 December 2022
At the beginning of the year	6,521,354	4,558,673
Net movement (cash inflow)	2,153,431	1,962,681
At the end of the period	**8,674,785**	**6,521,354**

Notes to the financial statements

(f) Changes in other liabilities

In thousands of Naira	31 December 2023	31 December 2022
Balance at the beginning of the year	1,732,185	1,092,025
Net movement (cash inflow)	632,110	640,160
At the end of the period	**2,364,295**	**1,732,185**

(g) Movement in ordinary share capital

In thousands of Naira	31 December 2023	31 December 2022
At the beginning of the year (see note 28)	3,497,637	3,497,637
Net movement (net inflow)	2,717,754	-
At the end of the period	**6,215,391**	**3,497,637**

(h) Movement in redeemable preference shares

In thousands of Naira	31 December 2023	31 December 2022
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**

(i) Movement in redeemable preference shares

In thousands of Naira	31 December 2023	31 December 2022
At the beginning of the year (see note 28(c))	21,915,065	20,281,503
Net movement (net inflow)	1,470,764	1,633,562
At the end of the period	**23,385,829**	**21,915,065**

(j) Gain on disposal of property and equipment

In thousands of Naira	31 December 2023	31 December 2022
Cost (see note 20)	1,498	-
Accumulated depreciation (see note 20)	(1,404)	-
Net book value	94	-
Sales proceed	72	-
Gain on disposal of property and equipment	**(22)**	**-**

(k) Unrealised foreign exchange gain

In thousands of Naira	Notes	31 December 2023	31 December 2022
Exchange loss on unsecured subordinated long term loan		36,203,571	2,103,338
Exchange gain on investment securities		(79,037,708)	(6,144,648)
At the end of the period		**42,834,137**	**4,041,310**

(l) Movement in Unsecured Subordinated Capital

In thousands of Naira	Notes	31 December 2023	31 December 2022
At the beginning of the year		32,986,699	30,333,140
Interest expenses (see note (9)(b))		2,863,054	1,869,077
Repayment (see note 30)		(3,945,899)	(1,120,091)
Exchange loss (see note 30)		36,203,571	2,103,338
Balance at the end of the period	**30**	**68,107,426**	**32,986,699**

(m) Changes in prepayments

In thousands of Naira	Notes	31 December 2023	31 December 2022
At the beginning of the year		57,535	60,511
Net movement (cash outflow)		189,283	(2,976)
At the end of the period	**19**	**246,818**	**57,535**

Other national disclosures

Value added statement

In thousands of Naira	31 December 2023	%	31 December 2022	%
Gross income	55,056,624	105	11,335,774	116
Bought in goods and services - Local	(2,810,469)	(5)	(1,521,480)	(16)
Value added	**52,246,155**	**100**	**9,814,294**	**100**
Applied to pay:				
Providers of finance				
Interest expense	3,006,620	6	1,948,240	20
Employees				
Wages, salaries and other benefits	2,059,429	4	1,479,519	15
Government				
Tax (credit)/charge	668,225	1	(64,134)	(1)
Retained in the business				
For replacement of property and equipment and ROU assets (depreciation)	116,013	-	91,917	1
For replacement of computer software (amortisation)	16,721	-	16,003	-
To augment reserves	46,379,146	89	6,342,749	65
Value added	**52,246,154**	**100**	**9,814,294**	**100**

Five Year Financial summary

Statement of Financial Position

In thousands of Naira	Notes	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Assets:						
Cash and cash equivalents	15	7,702,488	6,319,690	1,760,077	11,587,896	13,025,708
Investment securities	16	157,281,654	72,297,037	67,040,896	49,586,875	29,092,303
Guarantee fee receivable	17	8,674,785	6,521,354	4,558,673	3,298,324	2,772,403
Trade and other receivables	18	608,386	265,884	230,299	222,328	122,030
Prepayments	19	246,818	57,535	60,511	-	-
Property and equipment	20	281,109	246,203	227,711	199,138	240,912
Right of use asset	21	129,552	151,450	173,347	195,244	217,141
Intangible assets	22	128,843	62,190	43,854	50,851	47,866
Deferred tax asset	24	380,461	483,821	320,112	295,608	30,528
Total assets		**175,434,097**	**86,405,163**	**74,415,480**	**65,436,264**	**45,548,891**
Liabilities:						
Current tax liability	14(c)	599,649	99,272	49,030	24,363	10,401
Financial guarantee liability	23	10,365,600	7,382,654	5,353,627	3,821,543	3,173,458
Other liabilities	25	2,364,295	1,732,185	84,225	126,413	344,757
Employee benefit obligation	26	934,856	255,664	-	-	-
Lease liability	27	122,196	104,155	1,092,025	845,720	110,801
Unsecured subordinated long term loan	30	68,107,426	32,986,699	30,333,140	28,613,973	23,170,389
Total liabilities		**82,494,022**	**42,560,630**	**36,912,047**	**33,432,012**	**26,809,806**
Net assets		**92,940,075**	**43,844,533**	**37,503,433**	**32,004,252**	**18,739,085**
Capital and reserves:						
Ordinary share capital	28	6,215,391	3,497,637	3,497,637	2,974,785	1,983,190
Irredeemable preference share capital	28(b)	8,022,905	113,945	8,022,905	8,022,905	8,022,905
Redeemable preference share capital	28(c)	23,385,829	8,022,905	20,281,503	18,841,917	8,022,905
Deposit for shares	28(e)	-	-	113,945	426,819	-
Share premium	28(f)	1,016,924	-	426,819	19,832	-
Retained earnings	29	54,299,026	10,294,981	5,160,624	1,717,994	710,085
Total shareholders' funds		**92,940,075**	**43,844,533**	**37,503,433**	**32,004,252**	**18,739,085**

Statement of profit or loss and other comprehensive income

Income statement						
Operating income		50,511,440	5,281,478	4,068,943	2,032,331	776,155
Operating expenses		(3,464,069)	(1,814,021)	(1,602,383)	(979,592)	(605,058)
Profit before minimum tax and income tax expense		47,047,371	3,467,457	2,466,560	1,052,739	171,097
Minimum taxation		(61,112)	(14,484)	-	-	-
Profit after minimum tax		46,986,259	3,452,973	2,466,560	1,052,739	171,097
Tax charge/(credit)		(607,113)	(10,343)	240,591	(18,180)	37,668
Profit for the year		**46,379,146**	**3,442,630**	**2,707,151**	**1,034,559**	**208,765**

Other information - Supplementary financial information

The directors have included the statements of financial position, and statement of profit or loss and other comprehensive income, statements of cash flows and the statement of changes in equity in USD below. In the director's view, the USD will better present the Company's results to foreign investors.

Statement of financial position

As at:

	Notes	31 December 2023	31 December 2022
		$'000	**$'000**
Assets			
Cash and cash equivalents	9	8,075	13,111
Investment securities	10	165,248	156,793
Guarantee fee receivable	11	9,114	14,143
Trade and other receivables	12	639	576
Prepayments	13	259	125
Property and equipment	14	296	533
Right of use asset	15	136	329
Intangible asset	16	135	135
Deferred tax asset	18	400	1,049
Total assets		**184,302**	**186,794**
Liabilities			
Current tax liability	8(c)	630	215
Financial guarantee liability	17	10,891	16,011
Other liabilities	19	2,484	3,843
Employee benefit obligation	20	982	554
Lease liability	21	128	226
Unsecured subordinated long term loans	24	71,557	71,539
Total liabilities		**86,672**	**92,388**
Equity			
Ordinary share capital	22(a)	12,131	9,275
Irredeemable preference share capital	22(b)	22,250	22,250
Redeemable preference share capital	22(c)	59,467	57,921
Share premium	22(f)	1,228	280
Retained earnings	23	8,129	5,767
Translation reserves	25	(5,574)	(1,087)
Total equity		**97,630**	**94,406**
Total liabilities and equity		**184,302**	**186,794**

Other information -
Supplementary financial information

Statement of profit or loss and other comprehensive income

For the year ended:

	Notes	31 December 2023	31 December 2022
		$'000	**$'000**
Gross revenue		**18,815**	**17,088**
Guarantee fee income	1	5,410	4,568
Guarantee fee expenses	2	(988)	(698)
		4,422	**3,870**
Interest income	3(a)	13,405	12,520
Interest expense	3(b)	(4,628)	(4,564)
Impairment loss on financial instruments	4	(1,382)	(607)
Other income	5	-	-
		11,817	**11,219**
Personnel expenses	6(a)	(3,155)	(3,465)
Depreciation of property and equipment	14	(144)	(165)
Depreciation of right of use asset	15	(34)	(51)
Amortisation of intangible asset	16	(26)	(37)
Other operating expenses	7	(1,914)	(2,260)
		(5,273)	**(5,978)**
Profit before minimum tax and income tax expense		6,544	5,241
Minimum taxation	8(a)	(94)	(85)
Profit after minimum tax		**6,450**	**5,156**
Tax (expense)/credit	8(a)	(935)	235
Profit for the period		**5,515**	**5,391**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference	25(b)	(4,487)	4,773
Total comprehensive profit		**1,028**	**10,164**

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 shares	Share premium	Translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2023	**9,275**	**22,250**	**57,922**	**-**	**280**	**(1,087)**	**5,767**	**89,992**
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	5,515	5,515
Other Comprehensive income (see note 25 (b))	-	-	-	-	-	(4,487)	(1,577)	(6,064)
Total comprehensive income for the period	**-**	**-**	**-**		**-**	**(4,487)**	**3,938**	**(549)**
Transactions with owners of company:								
Issue of additional shares	2,855	-					-	2,855
Increase in share premium	-	-	1,545	-	1,058	-	(1,577)	1,027
Total comprehensive income for the period	**2,855**	**-**	**1,545**		**1,058**		**(1,577)**	**3,882**
Balance at 31 December 2023	**12,131**	**22,250**	**59,467**		**1,228**	**(5,574)**	**8,129**	**97,630**
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**	**57,922**	**-**	**280**	**(1,087)**	**5,767**	**94,406**

Statement of cash flows

For the year ended

In thousands of US Dollars	Notes	31 December 2023	31 December 2022
		$'000	$'000
Cash flow from operating activities:			
Profit after tax		5,515	5,391
Minimum tax	8(a)	94	85
Tax (credit)/charge	8(a)	935	(235)
Profit before tax		6,544	5,241
Adjustment for:			
Depreciation of property and equipment	14	144	165
Depreciation of right of use asset	15	34	51
Amortisation of intangible asset	16	26	37
Impairment loss on financial instruments	4	1,382	607
Interest expense	3(b)	4,435	4,425
		(841)	**(1,994)**
Changes in :			
Trade and other receivables	29(c)	(450)	(115)
Prepayments	29(l)	(291)	7
Guarantee fee receivable	29(d)	(2,263)	(4,257)
Financial guarantee liability	29(b)	3,134	4,400
Lease liability	29(o)	28	47
Employee benefit obligation	20	-	554
Other liabilities	29(e)	664	1,388
		822	**5,001**
Interest received	29(a)	9,076	10,404
Tax paid	8(c)	(99)	(116)
Net cash flows generated from operating activities		**8,958**	**10,318**
Cash flow from investing activities:			
Acquisition of property and equipment	29(j)	(136)	(195)
Proceeds from disposal of property and equipment	27(j)	-	-
Acquisition of intangible asset	29(k)	(88)	(71)
Acquisition of investment securities	29(a)	(7,023)	4,564
Net cashflows used in investing activities		**(7,247)**	**9,942**
Cash flow from financing activities:			
Interest paid	29(m)	(6,074)	(2,624)
Issue of ordinary shares		2,855	
Net cashflows from financing activities		**(3,219)**	**(2,624)**
Increase in cash and cash equivalents		(1,508)	11,992
Cash and cash equivalents at beginning of the year	9	13,135	3,102
Effect of movement in exchange rates on cash held	29(r)	(3,535)	(1,959)
Cash and cash equivalents at the end of the year	**9**	**8,092**	**13,135**

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

1 Guarantee fee income

In thousands of Dollars	31 December 2023	31 December 2022
Mandate fees (a)	205	104
Guarantee fees (b)	4,308	4,378
Monitoring fees (c)	897	86
	5,410	**4,568**

(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 2023	31 December 2022
Guarantee fee expense (a)	300	312
Re-guarantee fee expense (a)	140	131
Upfront fee expense (a)	5	7
Monitoring fee expense (a)	16	20
Due diligence/project development expense (b)	528	228
	988	**698**

(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 fees paid to Africa Trade Insurance Agency and GuarantCo in respect of Pan African towers Ltd and LFZC risk-sharing arrangements respectively.

(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 2023	31 December 2022
(a)	**Interest income**		
	Bank placements	867	664
	Eurobonds	12,278	11,398
	FGN Bonds	261	427
	Commercial papers	-	31
		13,405	**12,520**

The total interest income calculated using the effective interest rate (EIR) method for financial assets at amortised cost is USD 12.5 million (2022: USD 11 Million)

(b) Interest expense

In thousands of Dollars	31 December 2023	31 December 2022
Interest expense long-term unsecured subordinated loans	4,407	4,378
Interest expenses leased liabilities (see note (15))	28	47
Investment management fee expenses	193	139
	4,628	**4,564**
Net interest income (a)-(b)	**8,777**	**7,956**

The total interest expense calculated using the effective interest rate (EIR) method for financial liabilities measured at amortised cost is USD 4.6 Million (2022: USD 4.5 Million).

4 Impairment charge on financial instruments

In thousands of Dollars	31 December 2023	31 December 2022
Investment securities (see note 10(a))	1,241	542
Other receivables (see note 12(b))	133	40
Cash equivalents (see Note 9(b))	7	25
	1,382	**607**

5 Other Income

In thousands of Dollars	31 December 2023	31 December 2022
Other income	**(65,936)**	**(5,452)**

6 Personnel expenses

(a) Employee costs, including those of executive directors, during the period amounted to:

In thousands of Dollars	31 December 2023	31 December 2022
Wages and salaries	850	938
Other staff costs (See note (i) below)	1,025	1,368
Long term incentive scheme (see note 20)	397	1,032
Pension cost	234	127
Short term incentive scheme (see note 20)	649	-
	3,155	**3,465**

(b) The average number of persons in employment in the Company during the period comprise:

	31 December 2023	31 December 2022
Managerial	19	14
Other staff	13	14
	32	**28**

(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 2023	31 December 2022
USD 2,000 - USD 5,000	-	-
USD 5,000 - USD 10,000	-	-
USD 10,000 - USD 20,000	7	4
USD 20,000 - USD 50,000	13	11
USD 50,000 and above	12	13
	32	**28**

(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 2023	31 December 2022
Non-executive Directors		
Fees	434	288
Total	**434**	**288**

The emoluments of all Non-Executive Directors fell within the following ranges:

	31 December 2023	31 December 2022
USD 20,000 and above	9	9

7 Other operating expenses

In thousands of Dollars	31 December 2023	31 December 2022
Directors remuneration (Non-executive)	434	288
Marketing and advertising	92	191
Stationery and printing	22	28
Traveling and entertainment	217	202
Auditors remuneration	59	82
Information technology expenses	100	130
Training expenses	164	56
Administration and membership fees	32	94
Professional fees (See note (a) below)	439	766
Maintenance expenses	23	11
Insurance expenses	82	67
Utility and electricity	40	41
Other expenses (See note (b) below)	210	304
	1,914	**2,260**

(a) Professional fees

In thousands of Dollars	31 December 2023	31 December 2022
Legal and secretarial fees	77	130
Other professional fees (see note (i) below)	262	515
HR consultancy	17	35
Credit rating expenses	84	85
	439	**766**

(i) Included in the other professional fees is an amount of USD 6.9 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 2023	31 December 2022
Bank charges	9	48
Board meeting expenses	38	95
Gain on disposal of property and equipment (see note 29 (j))	-	-
ITF Levy	20	31
Lunch Expenses	20	9
Development Expenses	28	12
Other expenses (i)	96	109
	210	**304**

(i) other expenses relate to office maintenance expenses &VAT

8 Taxation

(a) Tax Credit

	In thousands of Dollars	31 December 2023	31 December 2022
i	**Minimum tax**		
	Minimum tax	94	85
		94	85
ii	**Current tax**		
	Company income tax	-	-
	Education Tax	48	
	Information technology tax	724	147
	Police Trust Fund levy	4	1
	Current Income tax expense (See note 9 (c))	**776**	**148**
iii	**Deferred tax**		
	Deferred tax expense/(credit) (see note 18)	159	(383)
	Income tax expenses/(credit)	**935**	**(235)**
	Total income tax expenses/ (credit)	**1,029**	**(150)**

The applicable tax rates for companies income tax, tertiary education tax and information technology tax are 30%, 2.5% and 1% respectively.

(b) Reconciliation of effective income tax rate

	31 December 2023		31 December 2022	
In thousands of Dollars	**Amount**	**Rate**	**Amount**	**Rate**
Profit before tax	6,544		5,241	
Income tax @ 30% tax rate	1,963	30%	1,572	30%
Non-deductible expenses	2,091	32%	198	4%
Education tax	48	1%		0%
Tax exempt income	(23,341)	-357%	(6,097)	-116%
Information technology tax (see note 8(a))	724	11%	147	3%
Tax losses	-	0%	224	4%
Effect of movement in exchange rate	(356)	0%	(18)	0%
Recognition of additional deductible temporary difference (see note 18(b))	159	2%	(349)	-7%
	(18,708)	**-280%**	**(4,322)**	**-82%**

(c) Current tax liability

In thousands of Dollars	31 December 2023	31 December 2022
Balance as at 1 January	215	122
Charge for the year see note 8(a):		
Minimum tax	94	85
Current tax	776	148
Payment during the year	(99)	(116)
Effect of movement in exchange rate	(356)	(25)
At end of year	**630**	**215**

9 Cash and cash equivalents

In thousands of Dollars	31 December 2023	31 December 2022
Cash in hand	-	-
Cash Equivalents:		
Balances with banks	2,635	5,827
Bank placement	5,457	7,308
Cash equivalents (gross)	8,092	13,135
Impairment allowance on cash equivalents (see note (a) below)	(17)	(24)
Cash equivalents (net)	**8,075**	**13,111**
Cash and cash equivalents in the statement of financial position	**8,075**	**13,111**
Impairment allowance on cash equivalents (see note (a) below)	17	24
Cash and cash equivalents in the statement of cash flows	**8,092**	**13,135**
Current	**8,075**	**13,111**

(a) The movement in impairment allowance on cash and cash equivalents is as follows:

In thousands of Dollars	31 December 2023	31 December 2022
Opening balance	24	1
Recognised in income statement (See note 4)	7	25
Effect of movement in exchange rate	(14)	(2)
Closing balance	**17**	**24**

10 Investment securities

In thousands of Dollars	31 December 2023	31 December 2022
FGN Eurobonds at amortised cost (i)	132,941	143,167
Corporate Eurobonds at amortised cost (i)	28,680	10,251
FGN Bonds (ii)	5,065	4,593
	166,685	**158,011**
Impairment allowance on investment securities (see note (a) below)	(1,437)	(1,218)
Investment securities	**165,248**	**156,793**
Current	99,477	17,337
Non-Current	65,771	139,456
Total	**165,248**	**156,793**

(i) FGN and Corporate Eurobonds have stated yields of 6.5% to 9.5% and mature in five months to nine years (December 2022: five 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 2022: a month to six years).

The movement in impairment allowance on investment securities is as follows:

(a)

In thousands of Dollars	31 December 2023	31 December 2022
Opening balance	1,218	825
Recognised in income statement (See note 4)	1,241	542
Effect of movement in exchange rate	(1,022)	(149)
Closing balance	**1,437**	**1,218**

11 Guarantee fee receivable

In thousands of Dollars	31 December 2023	31 December 2022
Opening Balance	14,143	11,387
Present value of guarantee fee received	(2,440)	(2,508)
Addition during the year	4,702	6,764
Effect of movement in exchange rate	(7,291)	(1,501)
Gross guarantee fee receivable	9,114	14,143
Impairment allowance	-	-
Guarantee fee receivable (see (a) below)	9,114	14,143

Current	1,722	3,160
Non-current	7,393	10,983
Total	**9,114**	**14,143**

(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 2023	31 December 2022
Other financial assets		
Trade receivable (a)	871	837
Receivable from GuarantCo	-	39
Other receivables	2	5
	873	881
Impairment (see note (b) below)	(240)	(310)
	633	571
Non financial assets		
Cash advance	6	5
	6	5
Total- Other assets	**639**	**576**
Current	639	576
Non-Current	-	-
Total	**639**	**576**

(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 2023	31 December 2022
Opening balance	310	296
Recognised in income statement (See note 4)	133	40
Effect of movement in exchange rate	(202)	(27)
Closing balance	**240**	**310**

13 Prepayments

In thousands of Dollars	31 December 2023	31 December 2022
Prepayments	259	125
Current	**259**	**125**
Non-Current	**-**	**-**
Total	**259**	**125**

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 2022	131	231	168	310	5	321	1,166
Additions	66	27	2	91	8	1	195
Transfer from WIP	-	-	1	-	(8)	4	(3)
Effect of movement in exchange rate	(17)	(30)	(22)	(41)	(1)	(43)	(154)
Balance as at 31 December 2022	**180**	**228**	**149**	**360**	**4**	**283**	**1,204**
Balance as at 1 January 2023	180	228	149	360	4	283	1,204
Additions	18	18	2	86	1	11	136
Disposals	-	-	(2)	-	-	-	(2)
Transfer from WIP	-	-	-	-	-	-	-
Effect of movement in exchange rate	(93)	(118)	(76)	(185)	(2)	(145)	(619)
Balance as at 31 December 2023	**105**	**128**	**73**	**261**	**3**	**149**	**719**
Accumulated depreciation							
Balance as at 1 January 2022	84	161	112	187	-	54	598
Depreciation for the year	31	33	25	44	-	30	163
Effect of movement in exchange rate	(13)	(24)	(16)	(28)	-	(9)	(90)
Balance as at 31 December 2022	**102**	**170**	**121**	**203**	**-**	**75**	**671**
Balance as at 1 January 2023	102	170	121	203	-	75	671
Depreciation for the year	26	26	14	56	-	22	144
Disposal	-	-	(2)	-	-	-	(2)
Effect of movement in exchange rate	(61)	(96)	(66)	(122)	-	(46)	(391)
Balance as at 31 December 2023	**67**	**100**	**67**	**137**	**-**	**51**	**423**
Carrying amounts							
Balance as at 31 December 2022	**78**	**58**	**28**	**157**	**4**	**208**	**533**
Balance at 31 December 2023	**38**	**28**	**6**	**124**	**3**	**98**	**296**

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022:Nil).

(ii) There were no impairment losses on any class of property and equipment during the period (2022:Nil).

(iii) There are no restriction on the Company's title to its property and equipment in the period (2022:Nil).

(iv) All property and equipment are non-current.

15 Right of use asset

In thousands of Dollars	31 December 2023	31 December 2022
Cost		
Balance as at beginning of the year	475	547
Effect of movement in exchange rate	(245)	(72)
Balance at end of the year	**230**	**475**
Accumulated Depreciation		
Balance as at beginning of the year	146	114
Charge for the period	34	51
Effect of movement in exchange rate	(86)	(19)
Balance at end of the year	**94**	**146**
Carrying amount	**136**	**329**
Amounts recognised in profit or loss		
Interest on lease liabilities	28	47
Balance as at the period/year	**28**	**47**
Current	-	-
Non-Current	**136**	**329**

16 Intangible assets

Purchased software

In thousands of Dollars	31 December 2023	31 December 2022
Cost		
Balance as at beginning of the year	227	175
Additions	88	71
Reclassification from P&E -Work in progress- ERP	-	3
Effect of movement in exchange rate	(118)	(22)
Balance at end of the year	**197**	**227**
Accumulated Amortisation		
Balance as at beginning of the year	92	66
Charge for the year	26	37
Effect of movement in exchange rate	(56)	(11)
Balance at end of the year	**62**	**92**
Carrying amount	**135**	**135**

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 2023	31 December 2022
Opening balance	16,011	13,373
Amortised guarantee liability during the year	(2,468)	(1,759)
Addition during the year	5,602	6,159
Effect of movement in exchange rate	(8,254)	(1,762)
Financial guarantee liability	10,891	16,011
Current	1,960	2,941
Non-current	8,930	13,070
	10,891	**16,011**

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 2023	31 December 2022
Property and equipment	(87)	129
Tax losses	-	742
Allowance for expected credit losses	487	158
	400	**1,049**

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2022: 30%).

Deferred taxes are calculated on all temporary differences under the liability method using a statutory tax rate of 30% (2022: 30%).

(a) Movements in temporary differences during the year:

In thousands of Dollars	"1 January 2023"	Recognised in profit or loss	Effect of movement in exchange rate	31 December 2023
Property and equipment	129	(219)	3	(87)
Tax losses	742	(526)	(216)	-
Allowance for expected credit losses & other deferred tax items	158	586	(257)	487
	1,029	**(159)**	**(470)**	**400**

(b) Movements in temporary differences 1 January 2022 to 31 December 2022:

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	(2)	129
Tax losses	589	216	(30)	742
Allowance for expected credit losses & other deferred tax items	158	36	(15)	179
	755	**349**	**(47)**	**1,049**

19 Other liabilities

In thousands of Dollars	31 December 2023	31 December 2022
Financial liabilities		
Due to GuarantCo (see note (i) below)	354	16
Accruals (see note (ii) below)	975	1,410
	1,329	**1,426**
Non financial liabilities		
Employee liabilities (see note (iii) below)	117	598
Other payables (see note (iv) below)	520	976
Output VAT	125	144
Deferred revenue	393	699
	1,155	**2,417**
Total - Other Liabilities	**2,484**	**3,843**
Current	2,130	3,827
Non current	354	16
	2,484	**3,843**

(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 2023	31 December 2022
Long term incentive scheme (see note (i) below)	540	554
Short term incentive scheme (see note (ii) below)	443	-
	982	**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.

In thousands of Dollars	31 December 2023	31 December 2022
Opening Balance	554	
Accruals during the year	397	
Payment during the year	-	1,032
Effect of movement in exchange rate	(411)	(478)
	540	**554**

(ii) Short-term incentive (STI) is newly introduced profit-based incentive bonus scheme which replaced the erstwhile performance pay. It is computed as 10% of profit before tax after adjustment for unrealized exchange differences subject to achieving agreed KPIs".

In thousands of Dollars	31 December 2023	31 December 2022
Opening Balance	-	-
Accruals during the year	649	-
Payment during the year	-	-
Effect of movement in exchange rate	(206)	-
	443	**-**

21 Lease liabilities

In thousands of Dollars	31 December 2023	31 December 2022
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 2023	31 December 2022
Non-current	94	154
Current	34	72
	128	**226**

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 2023	31 December 2022
(a)	**Authorised**		
	50,000,000,000 shares of USD 0.003284 each (2022: 50,000,000,000 shares of USD 0.003284 each)	**164,204**	**164,204**

Ordinary shares

Issued and fully paid

6,215,390,843 shares of USD 0.002652 each (2022: 3,497,636,698 shares of USD 0.002652 each)		
Movement in the year		
Opening balance	9,275	9,275
Issue of ordinary shares	2,855	-
	12,131	**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 was allotted to Leadway Assurance Company Limited.

(b) 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	57,921	53,507
Issue of redeemable preference shares (see 22 (e))	-	1,092
Capitalisation of preference dividends (see 23 (a))	1,545	3,322
	59,467	**57,921**

At the Board Meeting of the Company, held on 27 March 2023, the Board approved the declaration and capitalization of dividend of N1,500,584 million (1,470,764 net WHT); NSIA: N521 million (exempted from WHT), AFC: N681 million (exempted from WHT), Infraco: 273.8 milloin (i.e. N246.4 million net of WHT @10%) and Leadway 24.3million (i.e. N21.9 million net of WHT @10%).

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.

31 December 2023	**Number of ordinary shares held**	**Number of preference shares held**	**Total number of shares held**
Shareholders:			
Nigeria Sovereign Investment Authority (NSIA)	1,239,493,751	10,187,280,172	11,426,773,923
Africa Finance Corporation (AFC)	1,239,493,751	9,952,067,699	11,191,561,450
InfraCo Africa Investment Limited (InfraCo)	1,214,703,876	9,807,852,155	11,022,556,031
Leadway Assurance Company Limited	640,493,326	1,461,531,905	2,102,025,231
AIICO Insurance Plc	1,881,206,139	-	1,881,206,139
Closing balance	**6,215,390,843**	**31,408,731,931**	**37,624,122,774**
Shares held in trust:			
United Capital Trustees Limited (UCTL)	8,784,609,157	3,591,268,069	12,375,877,226
	15,000,000,000	**35,000,000,000**	**50,000,000,000**

On 14 December 2023, AIICO Insurance Plc was admitted as shareholder acquiring 5% shares for N1,881,206,139 valued at N1.48 per share for a consideration of N2,784,185,085. AIICO Insurance Plc, a publicly quoted company limited by shares, incorporated under the CAMA 2020 and having its registered address at AIICO Plaza, Plot PC 12, Churchgate Street, Victoria Island, Lagos and with registered company number 7340.

Also, during Board meeting on 27 October 2023 the Board approved the payment of ordinary dividends of N874 Million for all ordinary shares ranking for dividends for the interim period ending 30 June 2023. The ordinary dividends were capitalized by issuing additional dividend shares to the beneficiary shareholders.

(e) Deposit for Shares

In thousands of Dollars	**31 December 2023**	**31 December 2022**
Opening balance	-	1,092
Issue of redeemable preference shares (see 22 (c))	-	(1,092)
Closing balance	**-**	**-**

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 1,881,206,139 units of ordinary shares allotted to AIICO PLC at N1.48 per share was N2,7854,185,085 billion, 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 Dollars	31 December 2023	31 December 2022
991,595,001 ordinary shares of USD 0.0000512 each	51	51
522,851,695 ordinary shares of USD 0.0004376 each	229	229
1,881,206,139 ordinary shares of USD 0.00048 each	948	-
Gross proceeds	**1,228**	**280**

23 Retained earnings

In thousands of Dollars	31 December 2023	31 December 2022
Balance as at 1 January	5,767	3,693
Preference dividend	(1,577)	(3,327)
Ordinary dividend	(919)	
	3,272	**366**
Profit for the year	5,515	5,391
Translation difference	(658)	10
Balance at the end of year	**8,129**	**5,767**

(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 2023	31 December 2022
Unsecured subordinated long-term loan at amortised cost		
Opening	71,539	69,635
Accrued Interest	4,407	3,913
Interest repayment	(6,074)	(2,624)
Effect of movement in exchange rate	1,685	615
	71,557	**71,539**
Current	4,407	3,913
Non-current	67,150	67,626
	71,557	**71,539**

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 2023	31 December 2022
At the beginning of the year		**1,087**	**5,860**
Cash and cash equivalent	29(r)	3,535	1,959
Investment securities	29(a)	1,663	(6,296)
Financial guarantee liability	29(c)	(8,254)	(1,012)
Trade and other receivables	29(d)	254	27
Prepayments	29(r)	(32)	11
Guarantee fee receivable	29(e)	7,291	862
Other liabilities	29(f)	(2,023)	(110)
Employee benefit obligation	18(b)	428	(478)
Unsecured Subordinated Capital	29(n)	1,685	150
Property and equipment	29(k)	227	35
Right of use asset	29(m)	245	41
Intangible asset	29(l)	118	12
Deferred tax asset	29(o)	510	55
Lease liability	29(p)	(126)	(20)
Current tax liability	29(q)	(376)	(19)
Retained earnings	23	(658)	10
		4,487	(4,773)
At the end of the period		**5,574**	**1,087**

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 Dec. 2023 ($'000)	31 Dec.2022 ($'000)
Guarantco	Payables - Fee accrual in respect of callable capital provided by GuarantCo.	18	354	2

27 Contingent liabilities, litigations and claims

As at 31 December 2023, the Company had issued the following Guarantees which represent contingent liabilities outstanding:

Client	Guaranteed amount	Outstanding balance Dec 2023	Outstanding balance Dec 2022	*Amount due within 12 Months	*Amount due over 12 months	Issue date
Viathan Funding Ltd	10,507	6,821	7,965	1,334	5,487	15 December 2017 - 14 December 2027
North South Power	8,931	7,918	8,205	334	7,584	28 February 2019 - 27 February 2034
GEL Utility	13,658	12,842	13,280	507	12,335	28 August 2019 - 27 August 2034
Transport Services Ltd (TSL)	12,608	11,032	12,608	1,576	9,456	6 October 2020 - 5 October 2030
North South Power	1,433	885	1,290	7,201	717	18 May 2021 - 30 June 2027
Viathan Funding Ltd	1,600	1,040	1,360	160	880	30 September 2021 - 30 March 2028
Lagos Free Zone Company	11,032	11,032	11,032	-	11,032	16 September 2021 - 16 September 2041
GPC Energy and Logistics	21,013	21,013	21,013	1,622	19,391	23 November 2021 - 23 November 2031
LFZC II Funding SPV Plc	26,266	26,266	26,266	-	26,266	10 March 2022 - 16 March 2042
PAN African Towers Limited	10,507	10,507	10,507	389	10,118	2 February 2022 - 2 February 2032
Asiko Power Limited	1,576	1,490	1,576	192	1,298	13 April 2022 - 30 April 2029
Gas Terminalling Ltd	3,677	3,677	3,677	123	3,555	31 October 2022 - 31 October 2029
Darway	841	841	841	-	841	30 September 2022 - 30 September 2029
GLNG	683	683	683	-	683	28 September 2022 - 30 September 2029
Transport Services Ltd (TSL)	1,576	-	1,576	-	-	30 September 2022 - 30 September 2029
GLNG	5,253	5,253	4,203	-	5,253	30 December 2022 - 31 December 2023
Transport Services Ltd (TSL) III	3,677	-	-	-	-	30 December 2022 - 31 December 2023
Falcon Incorporation Limited	3,152	3,152	-	-	3,152	14 February 2023 - 31 December 2023
LFZC III Funding SPV Plc	18,386	18,386	-	-	18,386	31 May 2023- 30 April 2030
Victoria Island Power	9,666	9,666	-	-	9,666	29 March 2023 - 16 March 2043

Client	Guaranteed amount	Outstanding balance Dec 2023	Outstanding balance Dec 2022	*Amount due within 12 Months	*Amount due over 12 months	Issue date
Hotspot Network Limited	1,003	1,003	-	-	1,003	7th June 2023 - 30th June 2030
GLNG III	219	187	-	75	112	31 July 2023 - 31 July 2030
Coleman Technical Industries Limited	10,507	10,507	-	876	9,631	31 July 2023 - 30 June 2026
Abuja Steel Mill	10,507	10,507	-	-	10,507	12th July 2023 - 30 July 2030
Victoria Island Power II	3,992	3,992	-	-	3,992	30 Sept 2023- 31 August 2030
Me Cure Industries Plc	4,203	4,203	-	4,203	-	19 Sept 2023 - 31 December 2025
Me Cure Industries Plc II	2,627	2,627	-	2,627	-	9 November 2023 - 31 December 2024
Modern Shelter Systems	3,152	3,152	-	394	2,758	19 Dec 2023 - 31 Dec 2024
Victoria Island Power 3	3,152	3,152	-	-	3,152	28 November 2023 to 31 January 2028
ACOB Lighting Tecnology Ltd	793	793	-	-	793	21 December 2023 - 30 June 2025
Asiko Power III	8,931	8,931	-	8,931	-	31 December 2023 - 31 December 2030
	215,128	**201,557**		**30,541**	**178,049**	

There was no claim against the Company as at 31 December 2023 (2022:Nil) in respect of the issued guarantees.

Also there was no litigation against the Company during the financial period (2022: Nil).

*Amount due within and over 12 months is inclusive of interest charged

28 Events after reporting date

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.

29 Statement of cash flow notes

(a) Purchase and redemption of investment securities

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the year		156,793	153,050
Interest Income (See note 3)		13,405	12,520
Interest received		(9,076)	(10,404)
Effect of movement in exchange rate		(1,663)	6,296
Impairment loss on investment securities (see note 4)		(1,241)	(542)
Closing balance	10	(165,248)	(156,793)
Cash outflow/(inflow)		**(7,023)**	**4,564**

(b) Interest received

In thousands of Dollars		31 December 2023	31 December 2022
Interest receivable on investment securities beginning of the period		-	-
Interest income (see note 3)		13,405	12,520
Interest receivable on investment securities		(73)	(1,187)
Effect of movement in exchange rate		(4,256)	(929)
Cash inflow		**9,076**	**10,404**

(c) Changes in financial guarantee liability

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		16,011	12,623
Net movement (cash outflow)		3,134	4,400
Effect of movement in exchange rate		(8,254)	(1,012)
At the end of the period	**17**	**10,891**	**16,011**

(d) Changes in trade and other receivables

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		576	528
Impairment loss on other assets (see note 4)		(133)	(40)
Net movement (cash outflow)		450	115
Effect of movement in exchange rate		(254)	27
At the end of the period	**12**	**639**	**576**

(e) Changes in guarantee fee receivable

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		14,143	10,749
Net movement (cash inflow)		2,263	4,257
Effect of movement in exchange rate		(7,291)	(862)
At the end of the period	**11**	**9,114**	**14,143**

(f) Changes in other liabilities

In thousands of Dollars		31 December 2023	31 December 2022
Balance at the beginning of the period		3,843	2,565
VAT paid during the year		-	-
Net movement (cash inflow)		664	1,388
Effect of movement in exchange rate		(2,023)	(110)
At the end of the year	**19**	**2,484**	**3,843**

(g) **Movement in ordinary share capital**

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period (see note 22)		9,275	9,275
Net movement (net inflow)		2,855	-
At the end of the period	**22a**	**12,131**	**9,275**

(h) **Movement in irredeemable preference shares**

In thousands of Dollars		31 December 2023	31 December 2022
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 2023	31 December 2022
At the beginning of the period (see note 22(c))		57,921	53,507
Dividend capitalisation		1,545	3,322
Issue of redeemable preference shares (see 22 (e))		-	1,092
At the end of the period	**22c**	**59,466**	**57,921**

Movement in unsecured subordinated long term loan

(j) **Gain on disposal of property and equipment**

In thousands of Dollars	31 December 2023	31 December 2022
Cost (see note 14)	2	-
Accumulated depreciation (see note 14)	(2)	-
Net book value	-	-
Sales proceed	0	-
Gain on disposal of property and equipment	**0**	**-**

(k) **Movement in property and equipment**

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		533	538
Depreciation		(144)	(165)
Additions		136	195
Effect of movement in exchange rate		(227)	(35)
At the end of the year	**14**	**296**	**533**

(l) Movement in intangible asset

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		135	103
Amortisation		(26)	(37)
Additions		88	71
Reclassification		-	3
Effect of movement in exchange rate		(62)	(5)
At the end of the period	**16**	**135**	**135**

(m) Movement in Right of Use Asset

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		329	488
Charge for the period		(34)	(51)
Additions		(56)	7
Reclassification		-	-
Effect of movement in exchange rate		(103)	(21)
At the end of the period	**15**	**136**	**329**

(n) Movement in Unsecured Subordinated Capital

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		71,539	75,770
Interest expenses (see note (3)(b))		4,407	4,378
Repayment (see note 22)		(6,074)	(2,624)
Effect of movement in exchange rate		1,685	(5,986)
At the end of the year	**24**	**71,557**	**71,539**

(o) Movement in Deferred Tax Asset

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		1,049	755
Addition		(159)	349
Effect of movement in exchange rate		(510)	(55)
Balance at the end of the period	**18**	**400**	**1,049**

(p) Movement in Lease Liability

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		226	199
Unwinding of discount (see note 3b)		28	47
Effect of movement in exchange rate		(126)	(20)
At the end of the year	**21**	**128**	**226**

(q) Movement in Current Tax Liability

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		215	122
Charge for the year see note 8(a):			
Minimum tax		94	85
Current tax		776	148
Reclassified to expenses		-	-
Payment during the year		(99)	(116)
Effect of movement in exchange rate		(376)	(25)
Effect of movement in exchange rate		630	215
At the end of the year	**8(c)**	**215**	**116**

(r) Changes in prepayments

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the period		-	131
Net movement (cash outflow)		291	(7)
Effect of movement in exchange rate		(32)	1
At the end of the period	**12**	**259**	**125**

(s) Effect of movement in exchange rates on cash held

In thousands of Dollars		31 December 2023	31 December 2022
At the beginning of the year - Translation reserves	25(b)	1,087	5,860
Investment securities	29(a)	1,663	(6,296)
Financial guarantee liability	29(c)	(8,254)	(1,012)
Trade and other receivables	29(d)	254	27
Prepayments	29(r)	(32)	11
Guarantee fee receivable	29(e)	7,291	862
Other liabilities	29(f)	(2,023)	(110)
Employee benefit obligation	18(b)	428	(478)
Unsecured Subordinated Capital	29(n)	1,685	150
Property and equipment	29(k)	227	35
Right of use asset	29(m)	245	41
Intangible asset	29(l)	118	12
Deferred tax asset	29(o)	510	55
Lease liability	29(p)	(126)	(20)
Current tax liability	29(q)	(376)	(19)
Retained earnings	23	(658)	10
At the end of the period - Translation reserves	25(b)	(5,574)	(1,087)
Effect of movement in exchange rates on cash held		**(3,535)**	**(1,959)**

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 2023			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	24,561	24,561	-	-	-	-
Investment securities	10	142,241	12,821	15,349	20,022	94,049	-
Guarantee fee receivable	11	16,439	-				16,439
Trade and other receivables	12	633	-	-	-	-	633
		183,874	**37,382**	**15,349**	**20,022**	**94,049**	**17,072**
Liabilities							
Financial guarantee liability	17	18,124	-	-	-	-	18,124
Due to related parties	26(a)	-	-	-	-	-	-
Other liabilities	19(a)	1,219	-	-	-	-	1,219
Lease liability	21	128					
Unsecured subordinated long term loan	24	73,618	-	37	1,858	71,723	-
		93,089	-	37	1,858	71,723	19,343
Total interest re-pricing gap		**90,785**	**37,382**	**15,312**	**18,164**	**22,326**	**(2,271)**

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	13,111	-	-	-	-
Investment securities	10	156,793	4,143	2,634	10,560	139,456	-
Guarantee fee receivable	11	14,143	-	-	-	-	14,143
Trade and other receivables	12	571	-	-	-	-	571
		184,618	17,254	2,634	10,560	139,456	14,714
		167,425	**16,110**	**7,034**	**20,349**	**112,658**	**11,274**
Liabilities							
Financial guarantee liability	17	16,011	-	-	-	-	16,011
Other liabilities	19(a)	1,426	-	-	-		1,426.00
Lease liability	21	226	-	-	-	226	-
Unsecured subordinated long term loan	24	71,539	-	17,218	3,585	50,736	-
		89,202	-	17,218	3,585	50,962	17,437
Total interest re-pricing gap		**95,416**	**17,254**	**(14,584)**	**6,975**	**88,494**	**(2,723)**

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:

In thousands of Dollars	31 December 2023	31 December 2022
Profit or loss & equity		
Increase	2,035	1,967
Decrease	(2,035)	(1,967)

(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 2023	31 December 2022
Cash and cash equivalents	9		
Investment securities	10	165,248	156,793
Guarantee fee receivable	11	9,114	14,143
Trade and other receivables	12	633	571
Total exposure to credit risk		**183,070**	**184,618**

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 2023, there was nil expected credit losses (2022: 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 2023:

Viathan Funding Ltd

In thousands of Dollars	31 December 2023	31 December 2022
Open Market value of property held	15,388	31,764
Reserve account (Bank balance)	5	14
Total value of the collateral held	**15,393**	**31,778**
Outstanding value of the guarantee at the end of the year	(7,861)	(19,248)
Excess of collateral over outstanding value of the guarantee	**7,532**	**12,530**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	76,435	157,775
Reserve account (Bank balance)	2,219	3,987
Total value of the collateral held	**78,654**	**161,762**
Outstanding value of the guarantee at the end of the year	(15,836)	(19,600)
Excess of collateral over outstanding value of the guarantee	**62,818**	**142,162**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	21,076	37,431
Reserve account (Bank balance)	2,689	5,088
Total value of the collateral held	**23,765**	**42,519**
Outstanding value of the guarantee at the end of the year	(12,842)	(27,412)
Excess of collateral over outstanding value of the guarantee	**10,923**	**15,107**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	33,940	70,059
Reserve account (Bank balance)	254	249
Total value of the collateral held	**34,194**	**70,308**
Outstanding value of the guarantee at the end of the year	(11,032)	(29,278)
Excess of collateral over outstanding value of the guarantee	**23,162**	**41,030**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	350,151	424,023
Reserve account (Bank balance)	-	-
Total value of the collateral held	**350,151**	**424,023**
Outstanding value of the guarantee at the end of the year	(37,298)	(76,990)
Excess of collateral over outstanding value of the guarantee	**312,853**	**347,033**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	43,150	89,070
Reserve account (Bank balance)	685	1,758
Total value of the collateral held	**43,835**	**90,828**
Outstanding value of the guarantee at the end of the year	(21,013)	(43,375)
Excess of collateral over outstanding value of the guarantee	**22,822**	**47,453**

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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	2,759	5,695
Reserve account (Bank balance)	116	302
Total value of the collateral held	**2,875**	**5,997**
Outstanding value of the guarantee at the end of the year	(1,490)	(3,253)
Excess of collateral over outstanding value of the guarantee	**1,385**	**2,744**

Other than the reserve account and bank balances; the valuation for Asiko'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 Dollars	31 December 2023	31 December 2022
Open Market value of property held	30,477	81,507
Reserve account (Bank balance)	498	1,516
Total value of the collateral held	**30,975**	**83,023**
Outstanding value of the guarantee at the end of the year	(10,507)	(21,687)
Excess of collateral over outstanding value of the guarantee	**20,468**	**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 falls in category 3 of the fair value hierarchy.

Darway Coast

In thousands of Dollars	31 December 2023	31 December 2022
Open Market value of property held	1,681	3,470
Reserve account (Bank balance)	1,728	243
Total value of the collateral held	**3,409**	**3,713**
Outstanding value of the guarantee at the end of the year	(841)	(1,735)
Excess of collateral over outstanding value of the guarantee	**2,568**	**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 2023	31 December 2022
Open Market value of property held	8,119	16,759
Reserve account (Bank balance)	513	100
Total value of the collateral held	**8,632**	**16,859**
Outstanding value of the guarantee at the end of the year	(5,936)	(10,085)
Excess of collateral over outstanding value of the guarantee	**2,696**	**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 falls in category 3 of the fair value hierarchy.

Abuja Steel Mill Limited

In thousands of Dollars	31 December 2023	31 December 2022
Open Market value of property held	32,942	-
Reserve account (Bank balance)	135	-
Total value of the collateral held	**33,077**	**-**
Outstanding value of the guarantee at the end of the year	(11)	-
Excess of collateral over outstanding value of the guarantee	**33,066**	**-**

Other than the reserve account and bank balances; the valuation for Abuja Steel Mill limited assets was undertaken and signed by Osas and Oseji. This valuation falls in category 3 of the fair value hierarchy.

Mecure Industries

In thousands of Dollars	31 December 2023	31 December 2022
Open Market value of property held	13,002	-
Reserve account (Bank balance)	-	-
Total value of the collateral held	**13,002**	**-**

Outstanding value of the guarantee at the end of the year	(7)	-
Excess of collateral over outstanding value of the guarantee	**12,995**	**-**

Other than the reserve account and bank balances; the valuation for Mecure Industries assets was undertaken and signed by Adefila & Partners. This valuation falls in category 3 of the fair value hierarchy.

Coleman Technical Industries

In thousands of Dollars	31 December 2023	31 December 2022
Open Market value of property held	117,527	-
Reserve account (Bank balance)	-	-
Total value of the collateral held	**117,527**	**-**
Outstanding value of the guarantee at the end of the year	(11)	-
Excess of collateral over outstanding value of the guarantee	**117,516**	**-**

Other than the reserve account and bank balances; the valuation for Coleman assets was undertaken and signed by Idowu Shada & Co. 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 2023, 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 2023	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	8,092	(17)	8,075
Investment securities	10	A1 - AAA*	Performing	12-month ECL	166,685	(1,437)	165,248
Guarantee fee receivables	11	BBB-*	Performing	12-month ECL	9,114	-	9,114
Trade and other receivables	12	BBB- AA*	Performing	12-month ECL	873	(240)	633
Total exposure to credit risk					**184,764**	**(1,694)**	**183,070**

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)	156,793
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					**186,170**	**(1,552)**	**184,618**

**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 2023 for the years 2024 to 2025.

	2024	2025
Crude oil price (USD)	100.00	88.00
GDP growth rate (%)	2.50	3.90
Prime Lending rate (%)	16.50	14.50
Inflation	17.10	13.00

Source: Fitch Solutions

Below is the disclosure of scenario probability weightings applied in measuring ECL for both 2023 and 2024

	Probability of Default	
Scenarios	**2023**	**2024**
Best Case	41%	20%
Base Case	28%	50%
Worst Case	31%	30%

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

In thousands of Dollars	Rating	Location	Cash Equivalents 31 December 2023	Cash Equivalents 31 December 2022	Investment Securities 31 December 2023	Investment Securities 31 December 2022
Financial Institutions						
Stanbic IBTC Bank PLC	AAA **	Nigeria	459	3,721	-	-
Access Bank Plc	A+ **	Nigeria	6,165	9,460	-	-
Zenith Bank Plc	AA- **	Nigeria	-	-	-	-
United Bank for Africa Plc	AA- ***	Nigeria	-	19	-	3,084
Ecobank Nigeria Limited	A- ***	Nigeria	1	2	28,680	10,251
Guaranty Trust Bank	AA **	Nigeria	232	449	-	-
Standard Chartered Bank	AAA **	Nigeria	755	(971)	-	-
Others	A+ **	Nigeria	1	100	-	655
			7,614	**12,780**	**28,680**	**13,990**
Sovereign/ Government						
Federal government of Nigeria	B+**	Nigeria	-	-	138,006	147,760
Total					**166,686**	**161,750**

Concentration by product

In thousands of Dollars	31 December 2023	31 December 2022
Bank balances	2,635	5,827
Placement with banks	5,457	7,308
Commercial papers	-	-
Eurobonds	28,680	10,251
FGN bonds	138,006	147,760
Total	**174,777**	**171,146**

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

Concentration by region

In thousands of Dollars	31 December 2023	31 December 2022
Nigeria	174,777	171,146
Total	**174,777**	**171,146**

Guarantee fee receivables at amortised cost

Concentration by sector

In thousands of Dollars	Rating	Location	31 December 2023	31 December 2022
Power Sector				
Viathan Funding Plc	BBB- *	Nigeria	123	449
North South Power Company Limited	A+ ***	Nigeria	342	917
GEL Utility Limited	BBB+ *	Nigeria	562	1,476
Asiko Energy Holding Limited	BBB+ *	Nigeria	64	713.00

Darway	BBB+ *	Nigeria	53	156.00
GLNG	BBB+ *	Nigeria	445	300.00
Gas Terminalling Ltd	BBB+ *	Nigeria	178	-
Falcon Incorporation Limited	BBB+ *	Nigeria	192	-
Victoria Island Power	BBB+ *	Nigeria	789	-
ACOB Lighting Tecnology Ltd	BBB+ *	Nigeria	69	-
			2,817	**4,011**
Transport sector				
TSL	BBB+ *	Nigeria	448	680
GPC	BBB+ *	Nigeria	711	958
			1,159	**1,638**
ICT Telecommunications				
Hotspot Network Limited	BBB+ *	Nigeria	88	-
			88	**-**
Social Infra (Health sector)				
Me Cure Industries Plc	BBB+ *	Nigeria	-	-
			-	**-**
Social Infra (Housing sector)				
Modern Shelter Systems	BBB+ *	Nigeria	122	-
			122	**-**
Input to infrastructure				
LFZC	BBB+ *	Nigeria	3,047	4,636
PAN African Towers Limited	BBB*	Nigeria	792	2,114
Coleman Technical Industries Limited			432	-
Abuja Steel Mill			656	-
			3,839	**6,750**
Total			**8,025**	**12,399**

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

Concentration by region

In thousands of Dollars	31 December 2023	31 December 2022
Nigeria	9,114	14,143
	9,114	**14,143**

Financial guarantee contracts (off balance sheet)

In thousands of Dollars	31 December 2023	31 December 2022
Viathan Funding Ltd	10,507	16,441
North South Power	8,931	16,937
GEL Utility	13,658	27,412
Transport Services Ltd (TSL)	12,608	26,025
North South Power	1,433	2,662
Viathan Funding Ltd	1,600	2,808
Lagos Free Zone Company	11,032	22,772
GPC Energy and Logistics	21,013	43,375
LFZC II Funding SPV Plc	26,266	54,218
PAN African Towers Limited	10,507	21,687
Asiko Power Limited	1,576	3,253
Gas Terminalling Ltd	3,677	7,591
Darway	841	1,735
GLNG	683	1,410
Transport Services Ltd (TSL)	1,576	3,253
GLNG	5,253	8,675
Transport Services Ltd (TSL) III	3,677	-
Falcon Incorporation Limited	3,152	-
LFZC III Funding SPV Plc	18,386	-
Victoria Island Power	9,666	-
Hotspot Network Limited	1,003	-
GLNG III	219	
Coleman Technical Industries Limited	10,507	-
Abuja Steel Mill	10,507	-
Victoria Island Power II	3,992	-
Me Cure Industries Plc	4,203	-
Me Cure Industries Plc II	2,627	-
Modern Shelter Systems	3,152	-
Victoria Island Power 3	3,152	-
ACOB Lighting Tecnology Ltd	793	-
Asiko Power III	8,931	-
	215,128	**260,254**

Loss allowance by financial instrument

In thousands of Dollars	Note	31 December 2023	31 December 2022
Cash and cash equivalent	9	17	24
Investment securities at amortised cost	10	1,437	1,218
Trade and other receivables	12	240	310
		1,695	**1,552**

(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 2022	296	-	115	779	1,191
New financial assets originated or purchased	336	-	140	1,321	1,797
Financial assets that have been derecognised	(296)	-	(115)	(779)	(1,189)
Impairment loss/(write back) 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	-	140	1,218	1,668
New financial assets originated or purchased	133	-	147	2,459	2,739
Financial assets that have been derecognised	(310)	-	(140)	(1,218)	(1,668)
Impairment loss for the period (see note 4)	133	-	7	1,241	1,070
Effect of movement in exchange rate	(202)		-	(1,022)	(1,224)
As at 31 December 2023	**240**	**-**	**17**	**1,437**	**1,515**

(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 (2022: 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 133 thousand (2022: USD 40 thousand) which has been recognised in profit or loss.

(iii) The loss allowance of USD 1241 thousand (2022: USD 542 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 7 thousand (2022: 25) 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 2023

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	8,075	8,092	8,092	-	-	-
Investment securities	10	165,248	415,871	12,374	2,546	19,375	381,575
Guarantee fee receivable	11	9,114	9,114		-	1,425	7,689
Trade and other receivables	12	633	873	873	-	-	-
		183,070	**433,950**	**21,339**	**2,546**	**20,800**	**389,264**
Financial guarantee liability	17	10,891	10,891	-	-	1,425	9,466
Other liabilities	19(a)	1,329	1,329	1,329	-	-	-
Lease liability	21	128	128	-	-	-	128
Unsecured subordinated long term loan	24	71,557	89,645	208	-	205	89,232
Gap (assets-liabilities)		99,165	331,957	19,802	2,546	19,170	290,438
Cumulative liquidity gap				**19,802**	**22,349**	**41,519**	**331,957**

31 December 2022

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	13,111	13,135	13,135	-	-	-
Investment securities	10	156,793	158,011	3,836	2,438	9,776	141,961
Guarantee fee receivable	11	14,143	14,143	-	-	2,941	11,202
Trade and other receivables	12	571	571	571	-	-	-
		184,618	**185,860**	**17,542**	**2,438**	**12,717**	**153,163**
Financial guarantee liability	17	16,011	16,011	-	-	3,310	12,701
Other liabilities	19(a)	1,426	1,426	1,426	-	-	-
Lease liability	21	226	226	-	-	-	226
Unsecured subordinated long term loan	24	71,539	71,539	-	-	187	71,352
Gap (assets-liabilities)		95,416	96,658	16,116	2,438	9,220	68,884
Cumulative liquidity gap				**16,116**	**18,554**	**27,774**	**96,658**

(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 2023	31 December 2022
Qualifying capital		
Investment securities	165,248	156,793
Cash and bank balances	8,075	13,111
Projected operating expenses	(1,106)	(1,684)
Qualifying core capital	**172,216**	**168,220**
Unfunded contingent capital	25,000	25,000
Other non-credit guarantee related liabilities	3,242	4,284
Qualifying capital	**200,458**	**197,504**
Notional amount guaranteed		

Amount guaranteed	201,557	260,253
Co-guarantee (USAID)	(11,266)	(24,159)
Insured Value (ATIA)	-	-
Credit risk mitigant/reserve account	(10,752)	(14,202)
Notional amount guaranteed	**183,830**	**229,083**
Net capital leverage ratio	**0.92**	**1.16**
Gross capital leverage ratio	**0.97**	**1.28**

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 2023

In thousands of Dollars	**Note**	Carrying amount	Amortised Cost	Other financial liabilities (amortised cost)	Fair value
Cash and cash equivalents	9	8,075	8,075	-	8,075
Investment securities	10	165,248	165,248	-	165,248
Guarantee fee receivable	11	9,114	9,114	-	9,114
Trade and other receivables	12	633	633	-	633
Total financial assets		**183,070**	**183,070**	**-**	**183,070**
Unsecured subordinated long term loan	24	71,557	-	71,557	71,557
Financial guarantee liability	17	10,891	-	10,891	10,891
Other liabilities	19(a)	1,329	-	1,329	1,329
Total financial liabilities		**83,777**	**-**	**83,777**	**83,777**

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	-	154,408
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**	**-**	**182,233**
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**

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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