Infrastructure Credit Guarantee Company Limited

Annual Report
for the year ended 31 December 2023

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Corporate information

			Nationality
Directors	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

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

RC RC1368639

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 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 preference shares to the beneficiary preference 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.

Directors' report
for the year ended 31 December 2023

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				
Shareholders:				
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:				
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 resource

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.

Directors' report
for the year ended 31 December 2023

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	Chinua Azubike
FRC/2023/PRO/DIR/071/816114	FRC/2018/ICSAN/00000016559
Chairman	Managing Director/Chief Executive Officer
19 March 2024	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.

(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

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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.

KPMG

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

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

Mr. 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	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-Jan-24	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.

Notes to the 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.

Notes to the financial statements

4 Material accounting policies - Continued

(c) Property and equipment - Continued

(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

(i) 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.

(ii) 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.

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.

Notes to the financial statements

4 Material accounting policies - Continued

(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.

Notes to the financial statements

4 Material accounting policies - Continued
(l) Financial instruments - Continued
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.

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.

Notes to the financial statements

4 Material accounting policies - Continued

(l) Financial instruments - Continued

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.

(ii 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)).

Notes to the financial statements

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

(iii) 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.

Notes to the financial statements

6 Financial risk management - Continued

(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.

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

Notes to the financial statements

6 Financial risk management - Continued

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

Notes to the financial statements

6 Financial risk management - Continued

Foreign Exchange rate risk - Continued

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**

31 December 2022				
In thousands of Naira		**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-Dec-22**
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 thousand 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**

Notes to the financial statements

6 Financial risk management - Continued

(ii) Credit risk - Continued

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 2023**	**31 December 2022**
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**

Notes to the financial statements

6 Financial risk management - Continued

(ii) Credit risk - Continued

Collateral held as security and other credit enhancements - Continued

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**

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.

Notes to the financial statements

6 Financial risk management - Continued

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	12,374,871	-
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**

Notes to the financial statements

6 Financial risk management - Continued

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
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

			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	AAA **	Nigeria	437,212	1,715,879	-	-
Access Bank Plc	A+ **	Nigeria	5,900,192	4,362,067	-	-
Zenith Bank Plc	AA- **	Nigeria	-	-	-	-
United Bank for Africa Plc	AA- ***	Nigeria	402	8,713	-	-
Ecobank Nigeria Limited	A- ***	Nigeria	1,035	762	27,297,055	4,726,563
Guaranty Trust Bank	AA **	Nigeria	220,402	206,978	-	-
Standard Chartered Bank	AAA **	Nigeria	718,831	36,108	-	-
Others		Nigeria	908	452	-	-
			7,278,981	**6,330,959**	**27,297,055**	**4,726,563**

Notes to the financial statements

6 Financial risk management - Continued

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	BBB- *	Nigeria	117,304	206,861
North South Power Company Limited	A+ ***	Nigeria	325,953	422,766
GEL Utility Limited	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**

Guarantee fee receivables at amortised cost - Continued
Concentration by sector - Continued

Transport sector				
TSL	BBB+ *	Nigeria	426,322	647,514
GPC	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+ *	Nigeria	-	-
			-	-
Social Infra (Housing sector)				
Modern Shelter Systems	BBB+ *	Nigeria	116,362	-
			116,362	-
Input to infrastructure				
LFZC	BBB+ *	Nigeria	2,899,924	2,137,840
PAN African Towers Limited	BBB *	Nigeria	754,176	974,926
Coleman Technical Industries Limited			411,233	-
Abuja Steel Mill			624,333	-
			4,689,665	**3,112,766**
Total			**8,674,803**	**6,521,348**

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

Concentration by region

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

Notes to the financial statements

6 Financial risk management - Continued

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	228,812	142,713
		1,612,483	**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.

Notes to the financial statements

6 Financial risk management - Continued

(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	150,033,323	2,411,911	2,832,751	7,324,160	137,464,501
Guarantee fee receivable	17	8,674,785	8,674,785	420,978	303,996	842,973	7,106,838
Trade and other receivables	18	602,664	831,476	831,476	-	-	-
		174,261,591	167,257,812	11,382,593	3,136,747	8,167,133	144,571,339
Financial guarantee liability	23	10,365,600	10,365,600	674,284	734,326	1,406,045	7,550,944
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	77,203,157	9,245,501	2,402,421	6,533,085	59,022,150
Cumulative liquidity gap				**9,245,501**	**11,647,922**	**18,181,007**	**77,203,157**

(iii) Liquidity risk - Continued

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

Notes to the financial statements

6 Financial risk management - Continued

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.

(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**

Notes to the financial statements

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)

	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 N3.06 billion (2022: N1.9 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.

Notes to the financial statements

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:

	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
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"

Notes to the financial statements

13 Other operating expenses - Continued

(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

	31 December 2023		31 December 2022	
In thousands of Naira	**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	1%
Education tax	30,928	0%		
Tax exempt income	(15,163,091)	-32%	(2,602,695)	-6%
Information technology tax (see note 14(a))	470,474	1%	62,788	0%
Unrecognised Deferred tax	-	0%	95,654	0%
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)	0%
	668,225	**1%**	**(100,607)**	**26%**

(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**

Notes to the financial statements

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.

Notes to the financial statements

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
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

(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	**228,812**	**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**

Notes to the financial statements

20 Property and equipment

In thousands of Naira	Office equipment	Computer equipment	Furniture & fittings	Motor vehicles	Work in progress	Leasehold improvement	Total
Cost							
Balance as at 1 January 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.

Notes to the financial statements

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.

Notes to the Financial Statements

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	1,724,736
Non current	337,119	7,449
	2,364,295	**1,732,185**

(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	-
Provision during the year	257,869	440,468
Payment during the year	-	(184,844)
	513,533	255,664

Notes to the Financial Statements

(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	-	-
Provision 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.

Notes to the Financial Statements

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
	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%)).

Notes to the Financial Statements

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).

31 Related parties transactions - Continued

(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:

In thousands of Naira

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	1,269,588	5,222,785	15 December 2017 - 14 December 2027
North South Power	8,500,000	7,536,150	7,809,761	317,959	7,218,191	28 February 2019 - 27 February 2034
GEL Utility	13,000,000	12,223,071	12,639,849	482,313	11,740,758	28 August 2019 - 27 August 2034
Transport Services Ltd (TSL)	12,000,000	10,500,000	12,000,000	1,500,000	9,000,000	6 October 2020 - 5 October 2030
North South Power	1,364,079	842,357	1,227,671	6,854,110	682,040	18 May 2021 - 30 June 2027
Viathan Funding Ltd	1,523,151	990,048	1,294,678	152,315	837,733	30 September 2021 - 30 March 2028
Lagos Free Zone Company	10,500,000	10,500,000	10,500,000	-	10,500,000	16 September 2021 - 16 September 2041
GPC Energy and Logistics	20,000,000	20,000,000	20,000,000	1,543,694	18,456,306	23 November 2021 - 23 November 2031
LFZC II Funding SPV Plc	25,000,000	25,000,000	25,000,000	-	25,000,000	10 March 2022 - 16 March 2042
PAN African Towers Limited	10,000,000	10,000,000	10,000,000	369,925	9,630,075	2 February 2022 - 2 February 2032
Asiko Power Limited	1,500,000	1,417,859	1,500,000	182,838	1,235,021	13 April 2022 - 30 April 2029
Gas Terminalling Ltd	3,500,000	3,500,000	3,500,000	116,667	3,383,333	31 October 2022 - 31 October 2029
Darway	800,000	800,000	800,000	-	800,000	30 September 2022 - 30 September 2029
GLNG	650,000	650,000	650,000	-	650,000	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	-	5,000,000	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	-	-	3,000,000	31 May 2023- 30 April 2030
LFZC III Funding SPV Plc	17,500,000	17,500,000	-	-	17,500,000	29 March 2023 - 16 March 2043

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Victoria Island Power	9,200,000	9,200,000	-	-	9,200,000	7th June 2023 - 30th June 2030
Hotspot Network Limited	955,000	955,000	-	-	955,000	31 July 2023 - 31 July 2030
GLNG III	208,104	178,375	-	71,350	107,025	31 July 2023 - 30 June 2026
Coleman Technical Industries Limited	10,000,000	10,000,000	-	833,333	9,166,667	12th July 2023 - 30 July 2030
Abuja Steel Mill	10,000,000	10,000,000	-	-	10,000,000	30 Sept 2023- 31 August 2030
Victoria Island Power II	3,800,000	3,800,000	-	-	3,800,000	19 Sept 2023 - 31 December 2025
Me Cure Industries Plc	4,000,000	4,000,000	-	4,000,000	-	9 November 2023 - 31 December 2024
Me Cure Industries Plc II	2,500,000	2,500,000	-	2,500,000	-	19 Dec 2023 - 31 Dec 2024
Modern Shelter Systems	3,000,000	3,000,000	-	375,000	2,625,000	28 November 2023 to 31 January 2028
Victoria Island Power 3	3,000,000	3,000,000	-	-	3,000,000	21 December 2023 - 30 June 2025
ACOB Lighting Tecnology Ltd	755,000	755,000	-	-	755,000	31 December 2023 - 31 December 2030
Asiko Power III	8,500,000	8,500,000	-	8,500,000	-	21 December 2023 - 31 December 2024
	204,755,335	**191,840,233**	**120,002,799**	**29,069,092**	**169,464,933**	

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 **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	Notes	**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**

(b) 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**

(c) Changes in trade and other receivables

In thousands of Naira	Notes	**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**

(d) 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**

(e) 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**

Notes to the Financial Statements

(f) 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**

(g) Movement in irredeemable 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**

(h) 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**

(i) 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)**	-

(j) Unrealised foreign exchange gain

In thousands of Naira		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**

(k) Movement in Unsecured Subordinated Capital

In thousands of Naira		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**

(l) Changes in prepayments

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 Information - Other National Disclosures

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)	116,014	-	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	**52,246,155**	**100**	**9,814,294**	**100**

Other national disclosures

Five Year Financial summary

Statement of Financial Position

In thousands of Naira	*Note*	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	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
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

Other information - Supplementary financial information
Statement of financial position
As at:

	Note	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:

	Note	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.

Other information - Supplementary financial information
Statement of changes in equity
For the year ended 31 December 2023

	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**

Other information - Supplementary financial information
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.

Other information - Supplementary financial information

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)

		31 December 2023	31 December 2022
(b)	**Interest expense**		
	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**

Other information - Supplementary financial information

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**

Other information - Supplementary financial information

7 Other operating expenses

(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		3,601	
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%**

Other information - Supplementary financial information

(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**

Other information - Supplementary financial information

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 2022	31 December 2022
Prepayments	259	125
Current	**259**	**125**
Non-Current	**-**	**-**
Total	**259**	**125**

Other information - Supplementary financial information

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)
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.

Other information - Supplementary financial information

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 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%).

Other information - Supplementary financial information

18 Deferred tax asset -Continued

(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	-

Other information - Supplementary financial information

21 Lease liabilities

In thousands of Dollars	31 December 2023	31 December 2022
Opening	226	199
Unwinding of discount (see note 3b)	28	47
Effect of movement in exchange rate	(126)	(20)
	128	**226**

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

(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

Preference shares (redeemable)

(c) 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%)

Other information - Supplementary financial information

Following receipt of total shares consideration of USD27 million on 9 December 2020, InfraCo Africa Investment Limited was allotted 9,119,770,195 units of preference shares of USD 0.002558 each by a Board Resolution dated 10 December 2020. In September 2021, 1,439,586 preference shares of USD0.002431 each was allotted to Leadway Assurance Company Limited. In June 2022, by a Board Resolution, additional preference share of N426,819 was allotted to InfraCo Africa Investment Limited from its' deposit for shares.

The terms of the redeemable preference shares confer on the Company the discretion to use its best effort to provide an exit option for AFC and InfraCo Africa Investment Limited as soon as practicable. Dividend payment on redeemable preference shares is discretionary based on the recommendation of the Board and subject to the approval of the shareholders. Redemption is solely at the option of the Company.

(d) In December 2016, the Company entered into USD50,000,000 Callable Capital Funding Facility Agreement with GuarantCo Limited (the "Callable Capital"). The Callable Capital is the unfunded second loss component of the Company's capital structure and acts as a liquid credit backstop to the Company's paid in share capital (the "Core Capital"). The Callable Capital is a 15-year unconditional and irrevocable obligation of GuarantCo and can be called on demand by the Company to replenish the Company's Core Capital if at any time the Company determines that as a result of actual or expected credit losses on its guaranteed portfolio, its Core Capital will become impaired by 80%. The Callable Capital is a revolving facility, subject to a cumulative outstanding limit of USD 50 million of which USD25 million is available based on the terms of the agreement. The Callable capital agreement became effective on 12 December 2017.

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
	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%).

Other information - Supplementary financial information

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)	490	55
Lease liability	29(p)	(126)	(20)
Current tax liability	29(q)	(356)	(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 December 2023	31 December 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:

In thousands of Dollars

Client	Guaranteed amount	Outstanding balance Dec 2023	Outstanding balance Dec 2022	*Amount due within 12	*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

Other information - Supplementary financial information

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
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 **Notes**

(a) Purchase and redemption of investment securities

In thousands of Dollars	Notes	**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**

(b) Changes in financial guarantee liability

In thousands of Dollars	Notes	**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 year	**17**	**10,891**	**16,011**

(c) Changes in trade and other receivables

In thousands of Dollars	Notes	**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 year	**12**	**639**	**576**

Other information - Supplementary financial information

(d) 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 year	**11**	**9,114**	**14,143**

(e) 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**

(f) 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 year	**22a**	**12,131**	**9,275**

(g) 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 year	**22b**	**22,250**	**22,250**

(h) 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 year	**22c**	**59,466**	**57,921**

(i) 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**	-

Other information - Supplementary financial information

(j) 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**

(k) 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 year	**16**	**135**	**135**

(l) 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 year	**15**	**136**	**329**

(m) 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**

(n) 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		(490)	(55)
At the end of the year	**18**	**400**	**1,049**

(o) 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**

(p) 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		(356)	(25)
At the end of the year	**8(c)**	**630**	**215**

(q) 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**

Other information - Supplementary financial information

(r) 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)	490	55
Lease liability	29(p)	(126)	(20)
Current tax liability	29(q)	(356)	(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;

Other information - Supplementary financial information

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
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)**

Other information - Supplementary financial information

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
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 thousand of Dollars	***Note***	**31 December 2023**	**31 December 2022**
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	633	571
Total exposure to credit risk		**183,070**	**184,618**

Other information - Supplementary financial information

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 information - Supplementary financial information

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 Naira	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.

Other information - Supplementary financial information

GLNG

In thousands of Naira	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 Naira	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 Naira	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 Naira	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.

Other information - Supplementary financial information

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

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

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%

Other information - Supplementary financial information

Measurement of expected credit losses (ECLs)

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

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

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

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

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

Concentration of credit risk

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

Concentration by Sector

			Cash Equivalents		**Investment Securities**	
In thousands of Dollars	***Rating***	***Location***	**31 December 2023**	**31 December 2022**	**31 December 2023**	**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**

Other information - Supplementary financial information

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

Other information - Supplementary financial information

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.

Other information - Supplementary financial information

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	157,633	2,534	2,976	7,695	144,427
Guarantee fee receivable	11	9,114	9,114		-	886	8,228
Trade and other receivables	12	633	873	873	-	-	-
		183,070	175,712	11,499	2,976	8,581	152,656
Financial guarantee liability	17	10,891	10,891	-	-	886	10,005
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	73,719	9,962	2,976	7,490	53,291
Cumulative liquidity gap				**9,962**	**12,938**	**20,428**	**73,719**

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**

Other information - Supplementary financial information

(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**

Other information - Supplementary financial information

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**