



2022 ANNUAL REPORT & FINANCIAL STATEMENTS

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01 Introduction

Our Shareholders



Our Sponsors



Global Affairs
Canada



USAID
FROM THE AMERICAN PEOPLE

WEST AFRICA
**TRADE &
INVESTMENT
HUB**



Vision

To be the leading non-bank Financial Institution meeting Africa's financing provider's needs, effectively serving SMEs while maintaining our uncompromised principals as we grow.



Mission

The promotion of economic development and poverty reduction in Africa. In support of the vision above, AGF aims:

- ❖ To be more resource efficient;
- ❖ To build strong partnerships between financial institutions and AGF;
- ❖ To reduce the inability of SMEs to provide acceptable guarantees;
- ❖ To encourage and support banks and other financial institutions in their SME financing by sharing the risk involved;
- ❖ To support capacity development of our partners by seeking to build their existing knowledge and capacity.



Values

Integrity

In our relationships and transactions with our clients and among each other, we are honest, trustworthy, reliable, transparent and accountable



Customer first

We meet our internal and external customers' expectations



Creativity

We embrace new ideas and respond swiftly to changes in our environments



Unity of purpose

We dedicate ourselves to pursuing the agreed common goals



Right first time

We deliver on our commitments accurately and promptly.



02

Chairman's Statement

The year 2022 has indeed been instrumental in our journey to drive economic development and poverty reduction in Africa. With a footprint in 40 countries in Africa, and an increasing guarantee portfolio supporting the traditionally underserved SME segment, AGF continues to be a key player in Africa's economic narrative. SME growth is at the centre of the economic growth, globally, but more so in Africa.

Driving Africa's Growth

I cannot think of a better time to be focused on African economies than the time we are in today. Africa has been described as “the remaining main frontier of underexploited markets with a huge potential for experimenting with product innovations and virgin investment opportunities”. – ORF Research, article by Dr Moses Khisa. While other economies slow down, Africa's is steadily growing, leading to predictions that the global economy's future depends on the youthful continent whose population growth will surpass the rest of the world by 2050.

Cognizant of the youth's potential in driving economic growth in Africa, AGF has so far unlocked financing for over 15,000 youth-owned SMEs. We have addressed the question of a youthful yet jobless continent as this financing has not only maintained but created thousands of jobs. We have noted the concerted efforts by our partner financial institutions to design tailored solutions that address the specific needs of SME groups such as those owned by youth and women. This completely aligns with AGF's business development strategy, which includes capacity development for PFIs and SMEs.

Sustainable Development

The view of climate action, emissions reductions and sustainable investment as optional cost burdens is something we can no longer afford. It is inevitable - and essential - that Africa and its private sector stays ahead of the curve.

AGF's Green Guarantee Facility has demonstrated how renewable energy technologies and green businesses in general have the potential to mitigate climate change and significantly improve living standards in Africa's communities. The facility is also addressing the challenge of limited access to energy that continues to undermine productivity and growth of households and businesses in Africa. By end of 2022, the green guarantee had unlocked USD 205 million of financing since its launch. In this same year, AGF issued its first

equity guarantee that supported the funding of a rooftop solar installation in Ghana, paving the way for long-term renewable energy investments for commercial and industrial businesses across Africa.

Performance

The global economy continues to experience inflationary cost pressures and significant fluctuations in currency exchange. However, AGF managed to deliver a better performance at the end of the year compared to 2021, with an increase of the group income by 35%. The increase in revenue as at the end of December 2022 compared to the same period last year is mainly due to a notable increase in guarantee activity from new guarantee volume and guarantee utilization volume by the financial institutions during the year.

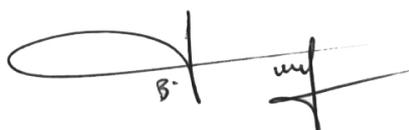
On the other hand, AGF's group expenses including the expected credit loss movement was 14% more than in the same period in the previous year. This resulted in an improvement in the net income in 2022 compared to 2021. The Euro further depreciated against the dollar, resulting to almost the same level of foreign currency translation loss as the previous year. The comprehensive loss of USD 6.6 million – of which USD 3.5 million was foreign exchange translation loss – in December 2022 was 21% lower than the previous year.

Total assets as at December 2022 stood at slightly above USD 230M, mainly due to increase in funds from capital increase by our partners.

Looking Ahead

AGF remains committed as we look forward to another year of driving SME growth through our strategic partnerships, risk-sharing mechanisms and capacity development initiatives.

I want to thank our shareholders for their continued trust and support. I also acknowledge the entire AGF fraternity for their commitment towards the realization of our vision.



Felix A. BIKPO
Chairman of the Board of Directors

03

Message
from the
Group
Chief
Executive
Officer



From a global perspective, 2022 was the year of post pandemic recovery following a drastic economic disruption. AGF's two-phased approach focused on economic stabilization, followed by an economic revival. In 2022, we continued to provide commercial stimuli to the financial sector with the aim of mitigating the deterioration of SMEs' perceived risk.

De-risking the SME sector

SMEs in Africa remain financially underserved, even though they provide employment to more than 90% of the population. Sustainability of Africa's SME is no longer a farfetched idea as credit penetration to previously untapped SME subsectors becomes a reality.

Our approach is to bridge the SME financing gap through specifically designed risk-sharing guarantee products coupled with capacity development to address the knowledge and technical gaps facing both lenders and SMEs. By end of 2022, AGF has cumulatively unlocked USD 3.5 billion of SME financing through approximately 197 Partner Financial Institutions across 40 countries in Africa. This has resulted in credit access for 33,000 SMEs, further creating employment and improving livelihoods.

We have also noted a commendable trend with our PFIs' commitment to tailor facilities that meet specific financing gaps for SMEs, such as women and youth-owned business and some are now navigating the green economy space.

Capacity Development

Capacity Development (CD) is a growth and sustainability enabler for both the PFIs as well as the SMEs. To complement our guarantee products, we have continued to address knowledge and skill gaps in the SME financing value chain through our CD initiatives. The uptake has continued to gain momentum and we now have more than 30 CD partners drawn from Financial Institutions, Business Development Services and Generic CD interventions.

In 2022, in partnership with the African Development Bank, we introduced the Affirmative Finance Action For Women in Africa (AFAWA) Finance Series which is a combination of business development, training and engagement series with financial institutions, key regulatory-policy stakeholders and Women SMEs. As part of capacity development, the AFAWA Finance Series includes a two-day training for financial institutions to demonstrate the business case for financing Women SMEs. This includes training on best practices and approaches, including the 2X challenge, to enable them develop to financial and non-financial products for women entrepreneurs.

Environmental and Social Framework

AGF has a well-established and implemented Environmental and Social Framework (E&S), aligned to Good International Industry Practice (GIIP). In the 2022 E&S assessment,

AGF had no exposure to report on any excluded sector. A Monitoring and Assurance (M&A) review on AGF carried out by GuarantCo made key positive observations; -

- Continuous improvement & development is valued by AGF.
- AGF has a green guarantee product which supports climate change mitigation and adaptation projects.
- AGF has a gender policy that commits to creating an enabling environment for both females and males.

Impact

AGF has had tangible results that continue to create impact. I am delighted to highlight some key achievements and impact realised in the year ending 2022.

We have provided our PFIs several external stimuli to continue supporting SMEs reeling from COVID-19 pandemic-induced deterioration in creditworthiness and the resultant rise in number of financial institutions reluctant to finance SMEs. Through our COVID-19 Guarantee, we have issued USD 89 million to our PFIs, enabling thousands of SMEs to sustain their businesses.

In the same vein, food security is humanity's security. AGF unlocked close to USD 350 million, for over 3,000 SMEs in the Agriculture Sector. Our commitment towards contributing to Africa's competitiveness was realised through the injection of USD 1.3 billion in loans granted to more than 5,000 SMEs in the Energy, Infrastructure and Manufacturing Sectors, which are key drivers of economic growth for Africa.

Enhancing capacity for both Financial Institutions and SMEs has far reaching ripple effects for businesses, families and the community at large. We have consistently provided generic CD interventions bringing together stakeholders involved in providing growth finance to various populations and sector value chains. This year, we successfully held financing forums and trainings along Development, Mineral Sector, Women financing, Youth Financing, Green Financing and Regional Credit Financing.

Our Commitment

As we look to the future, here at AGF, we do so with optimism, our commitment renewed to relentlessly support our PFIs and SMEs against unpredictable economic times. It is with great pleasure that we share with you our progress and impact for the year 2022.



Jules NGANKAM
Group Chief Executive Officer

04

Our People

BOARD OF DIRECTORS



Felix
BIKPO



Morten
CHRISTIANSEN



Olawale Bashirudeen
SHONIBARE



Richard MARNEY



Christian YOKA
(Until 20 December
2022)



Kenny
NWOSU



Sandhya JOGEE



Riad AUBDOOL



Henrik FRANKLIN
(Appointed
22 February
2022)



Antoine BURGARD
(Appointed
20 December
2022)

MANAGEMENT



Jules NGANKAM
Group Chief Executive
Officer



Constant N'ZI
Deputy Group CEO
and Group Chief
Risk Officer



Daisy WANJIE
Group Chief
Finance Officer



Franck ADJAGBA
Group Director of
Business Development



Josphat NGARUIYA
Group Director of
Human Resources
(until February 2022)



Ali BALLO
Group Chief Internal
Controller & Compliance
Officer



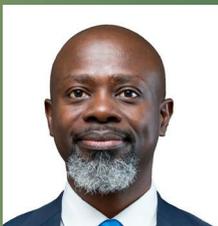
David EKABOUMA
Group Director of
Monitoring and Evaluation



Juneid KODABUX
Group Director of
Legal and Corporate Affairs



Nishdeep SETHI
Group Director
Structured Finance



Allan AKOKO
Group Director of
Human Resources
(since December 2022)

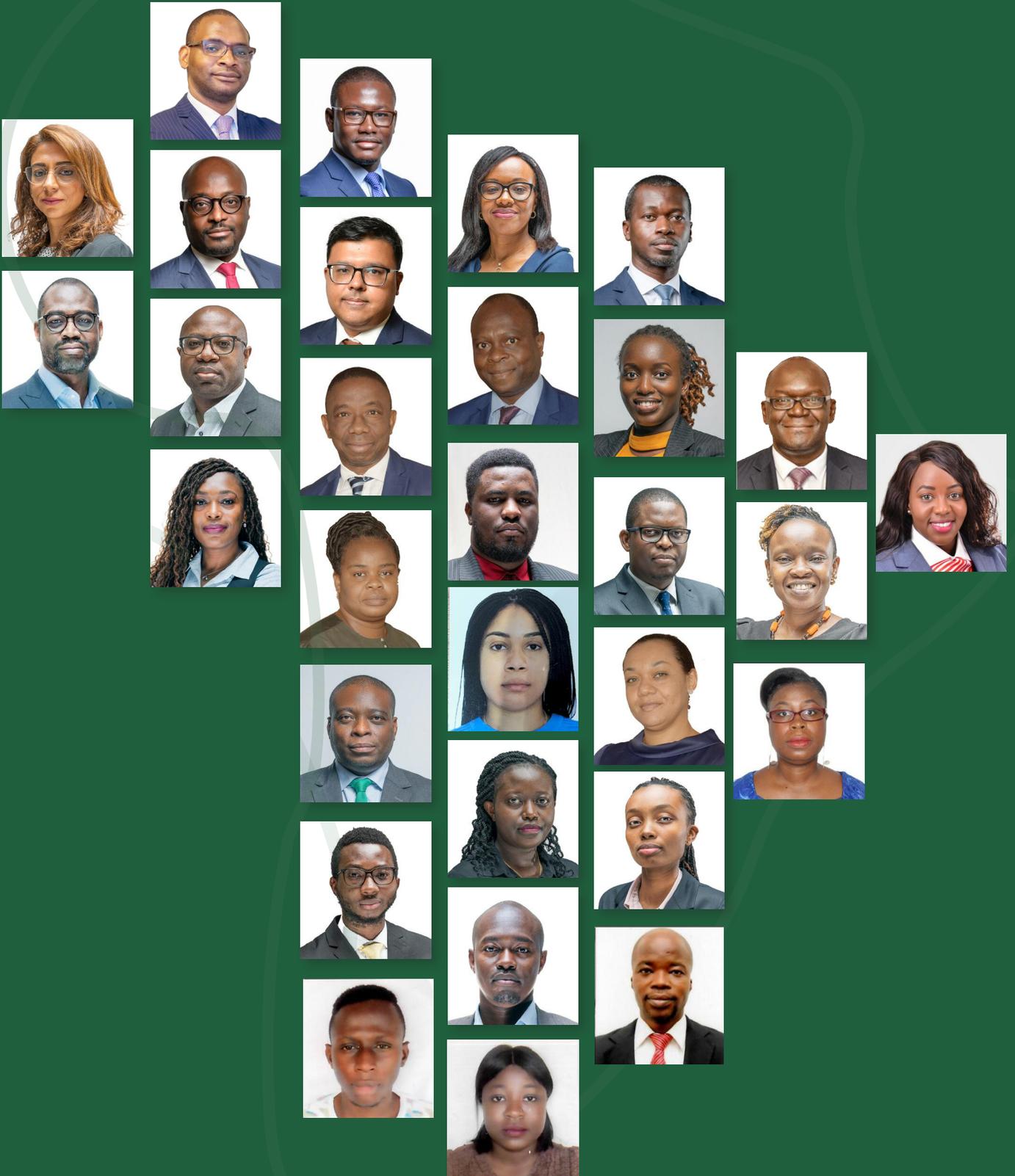


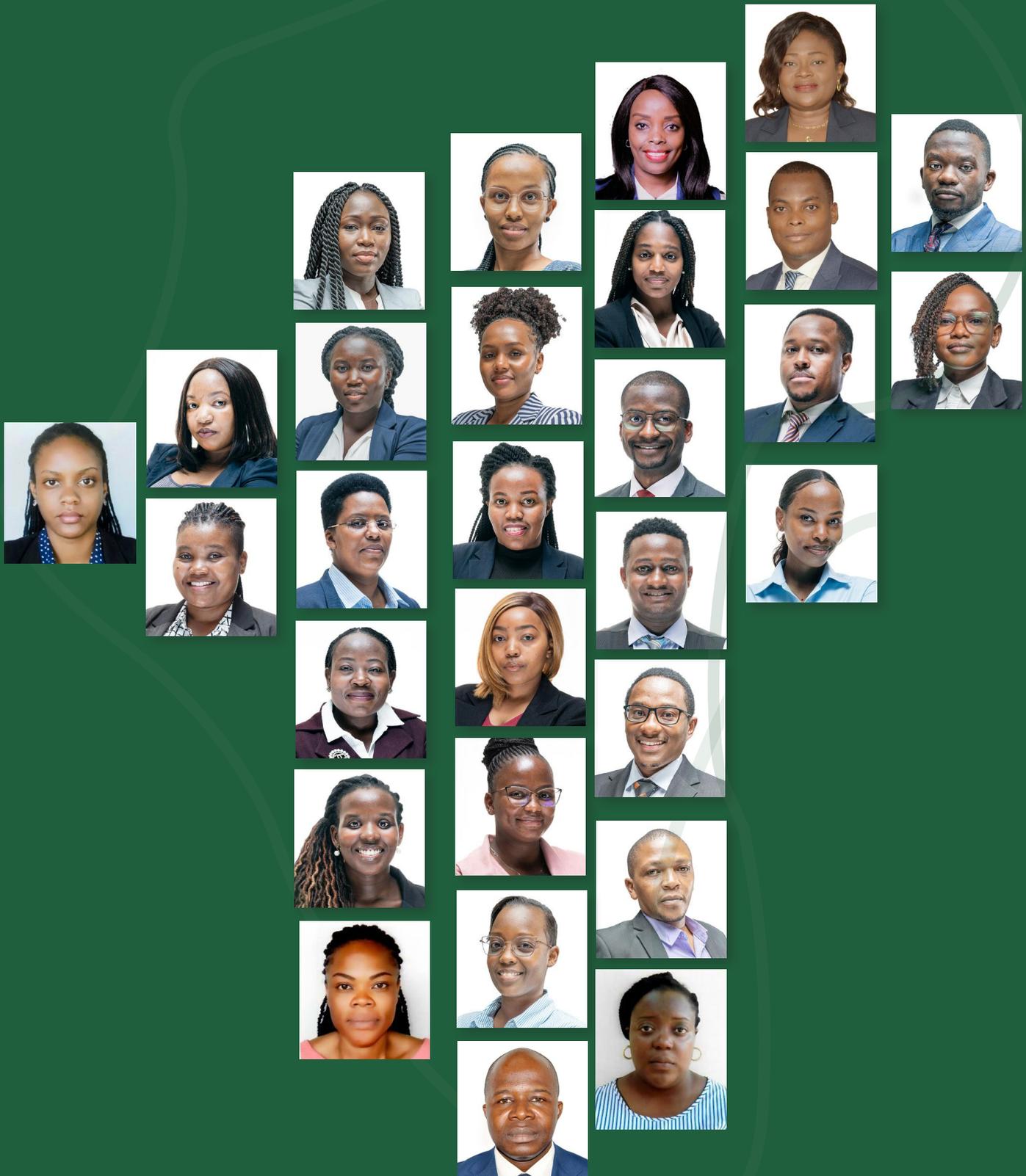
Bendjin KPEGLO
Managing Director
AGF West Africa



Sibi LAWSON
Deputy Managing Director
AGF West Africa

OUR TEAM





05

Statement of Corporate Governance

AGF is committed to the highest standards of corporate governance and business ethics. We believe that sound and effective corporate governance is fundamental to enhancing our Board of Directors' ability to guide the Management in its efforts to generate sustainable value, enhance business integrity and maintain investor confidence in our ability to achieve our corporate mission and vision.

We uphold standards – transparency, integrity, accountability and responsibility - that reflect applicable legal and regulatory requirements and a thoughtful approach to emerging practices.

In 2022, the Board continued to achieve high levels of corporate governance in the following areas;

- ❖ Ensuring adequate accounting records are maintained for disclosure at any time, and with reasonable accuracy, to reflect the financial position of the Company.
- ❖ Taking reasonable steps to safeguard the assets of AGF, prevent and detect fraud and other irregularities.
- ❖ Presenting financial statements that give a true and fair view of the affairs of the Company.
- ❖ Ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements.
- ❖ Ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business.

Continuous Development Programme

The annual Board Retreat was held in Mauritius in April 2022 where various topics were discussed during the workshops and the directors were trained on AML/CFT requirements in Mauritius.

Constitution

The Constitution of AGF was last amended on 14 December 2022, in line with the Companies Act 2001.

Statement of compliance

AGF holds the highest standards of corporate governance through awareness of business ethics and supervision of its management team by the Board of Directors. The Board is satisfied that it has discharged its responsibilities for the year in respect of Corporate Governance.

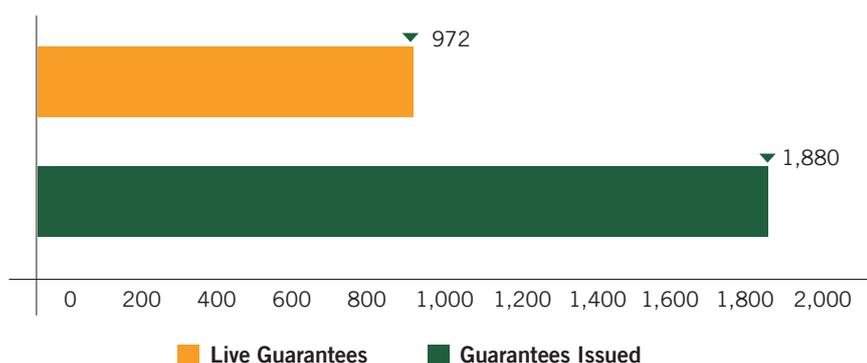
06

Business Activities

Guarantee Portfolio

AGF provides guarantee instruments designed to share risk with public and private actors in order to mobilize additional capital and draw in new partners to achieve development impact.

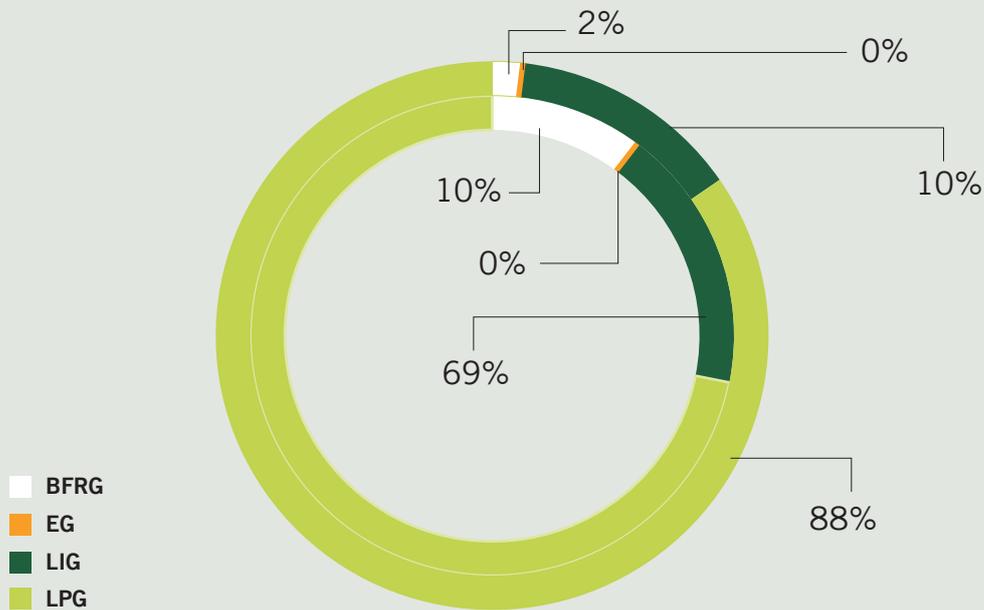
By the end of 2022, AGF had cumulatively issued USD 1.88 billion of guarantees to 197 Partner Financial Institutions (PFIs) in 40 African countries. The outstanding volume of guarantees stood at USD 972 million, out of which USD 222 million was re-guaranteed by our partners AfDB, AFREXIM, ARIZ/AFD, GUARANTCO and SIDA.



AGF has three types of guarantees designed to unlock financial resources and credit access to spur growth of SMEs across various sectors in Africa. They are;

- ❖ **Bank Fund Raising Guarantee (BFRG)** covers bonds issued by a PFI to investors for whom the parameters have been defined, although the individual investors, may not be known, for the purpose of raising long-term resources to finance SMEs.
- ❖ **Equity Guarantee (EG)** covers initial capital investment loss for investors providing equity or quasi-equity to SMEs. The Equity Guarantee provides an alternative source of financing to SMEs that face difficulties in accessing bank financing due to their weak financial structure.
- ❖ **Loan Individual Guarantee (LIG)** covers a single loan made by a PFI to a single Borrower whose identity is known.
- ❖ **Loan Portfolio Guarantee (LPG)** covers a portfolio of loans made by a PFI to a target Borrower segment (Qualifying Borrowers) for which the parameters have been defined but the individual borrowers are not known at the time of the guarantee agreement. The guaranteed party is not required to obtain approval from AGF prior to the placement of each loan under the guarantee.

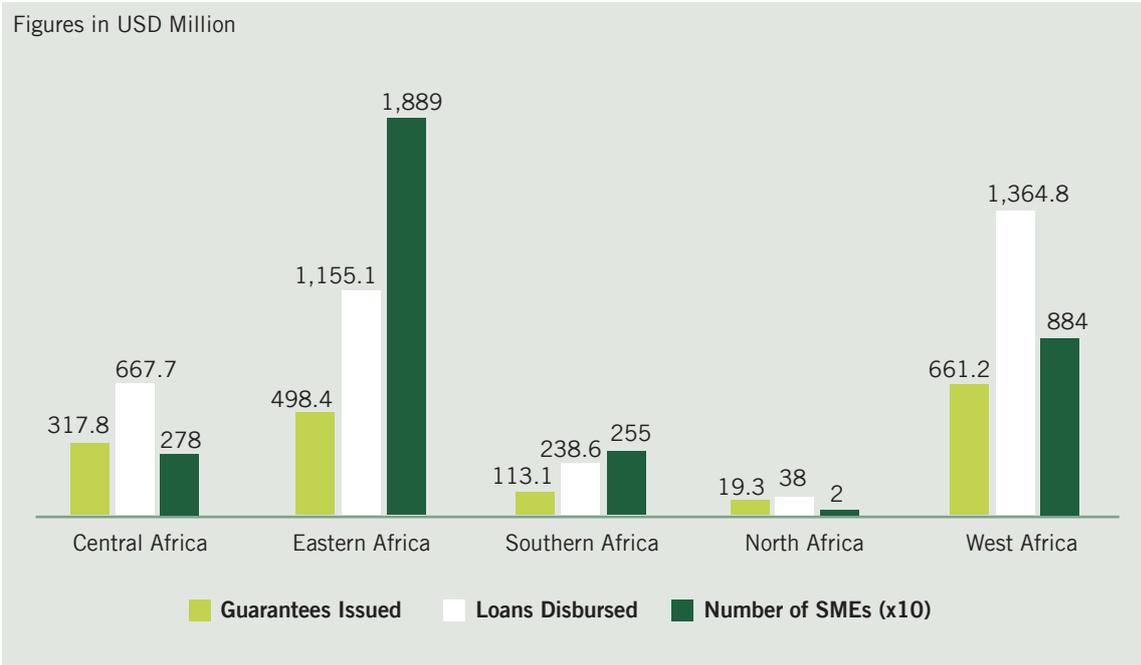
Out of the four products offered above, AGF has so far predominantly issued LPGs, followed by LIGs and then BFRGs, as shown in below graph:



The USD 972 million of outstanding guarantees are geographically spread over the Central, East, Southern and West Africa regions. West Africa had the largest share of issued and live guarantees followed by East Africa as seen in below graph.



AGF guarantees trigger the confidence of PFIs to extend credit facilities to SMEs who may not qualify for loans especially due to lack of collateral. In 2022, USD 3.5 billion was disbursed to about 33,000 SMEs.

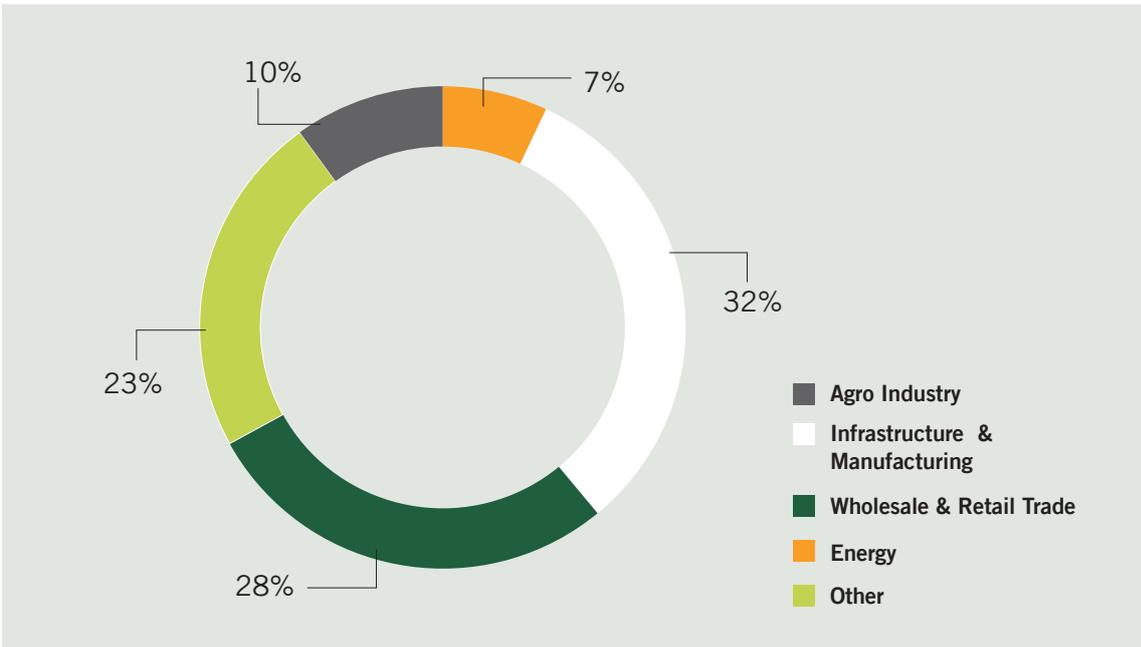


Since inception, the total guarantees claimed and approved by AGF have amounted to USD 29.5 million, representing about 2.3% of the total guarantees provided since inception.

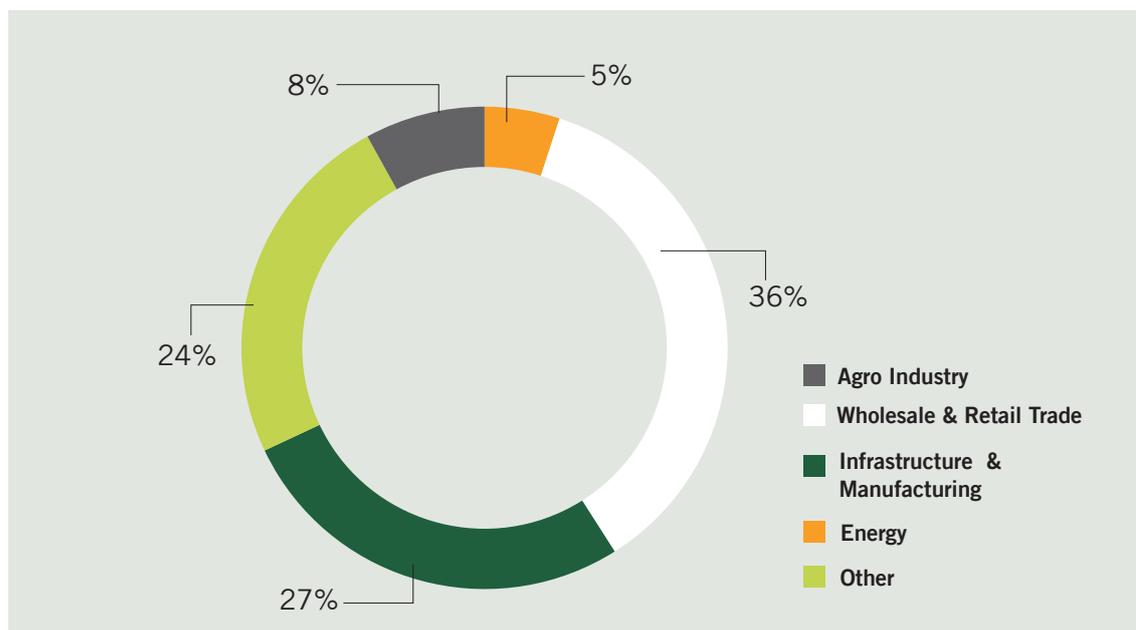
AGF's NPL ratio, continued its decreasing trend over the year 2022, thanks to a better economic environment and a higher diversification in AGF's portfolio.

AGF has prioritized three sectors (i.e., Agriculture, Energy and Infrastructure & Manufacturing) that are not only key to rapid economic development in Africa, but also have higher potential to create thousands of jobs for youth and women.

The graph below shows distribution of the disbursed facilities per sector, since inception, where most facilities were disbursed to SMEs in Infrastructure & Manufacturing sector, followed by the Wholesale & Retail trade sector.



Over the year 2022 Wholesale & Retail trade sector, benefited the most from AGF guarantees followed by the Infrastructure & Manufacturing sector as shown in below graph.



The outstanding utilized guarantees amounting to USD 326 million had a geographical spread across Central Africa, East Africa, Southern Africa and West Africa regions as shown in below table:

31 December 2022		
Region	Number of SMEs	Outstanding Guaranteed Amount (in USD Million)
Central Africa	839	49
Eastern Africa	6,485	96
Northern Africa	5	4
Southern Africa	613	27
West Africa	3,585	150
Total	11,527	326

Capacity Development Portfolio

AGF works with PFIs to mitigate their operational risks when on-lending to SMEs by providing technical assistance and training. AGF Capacity Development (CD) serves a risk mitigation component and is availed through Financial Institutions and Business Development Service (BDS) providers as a complementing product to all guarantee products. AGF CD as a market development enabler, also offers PFIs a platform to grow their SME portfolio and helps SMEs to be credit-ready.

By the end of 2022, the number of CD partners stood at 31 as detailed below:

Description	Number	In %
BDS & SMEs	21	67.7%
FIs	6	19.3%
Generic CD interventions	4	13.0%
Total	31	100%

All BDS and SMEs CD interventions comprise of training and mentorship programmes designed to enhance their capabilities in areas such as business management skills, business planning and financial management. The main goal for this intervention is to ensure that mentored SMEs are linked to FIs to provide financial solutions to the SMEs for their growth. This ultimately contributes towards utilization of AGF Guarantee products accessed by the FIs.

For Financial Institutions (FIs), CD interventions include automation of products and credit process, trainings around credit, risk management and products development. Some trainings such as Green Financing and Women Financing are offered to all FIs with an existing or no guarantee with AGF. They are usually organized to encourage FIs to enhance financial inclusion in areas or population segments that are disenfranchised as far access to financing is concerned.

Generic CD interventions are largely awareness and sensitization forums bringing together stakeholders involved in providing growth finance to various populations and sector value chains. Over the period and to date, AGF undertakes financing forums and trainings along Development, Mineral Sector, AFAWA Women financing, Youth Financing, Green Financing and Regional Credit Financing.

By end of 2022, the breakdown of these interventions together with their beneficiaries are shown below:

Description	Amount (USD Million)		Number of SMEs	Number of FI staff Trained	
	Committed	Disbursed		Male	Female
Green Finance	1.5	0.96	127	270	220
Generic credit (Risk & credit)	0.5	0.4	112	251	41
AFAWA Women Finance	3.6	1	313	32	77
Youth & Entrepreneurship (YEI)	0.2	0.19	344	0	0
SMEs Preparedness	0.5	0.23	104	40	6
Total	6.3	2.78	1000	593	344

In 2022, AGF committed USD 6.3 million for CD with PFIs who had entered into a guarantee agreement with AGF, or with BDS providers to support SME be credit-ready. CD's main objective is to mitigate risks identified when conducting due diligence by improving the PFI's capacity to effectively appraise and manage SME loans and hence limit default rates. The secondary objective of AGF CD is market development which involves growing the SME loan book through enhanced Guarantee Utilization levels. We achieve this through re-engineering PFI strategies, policies and processes, launching a new product or enhancing the capacity of its SME clientele.

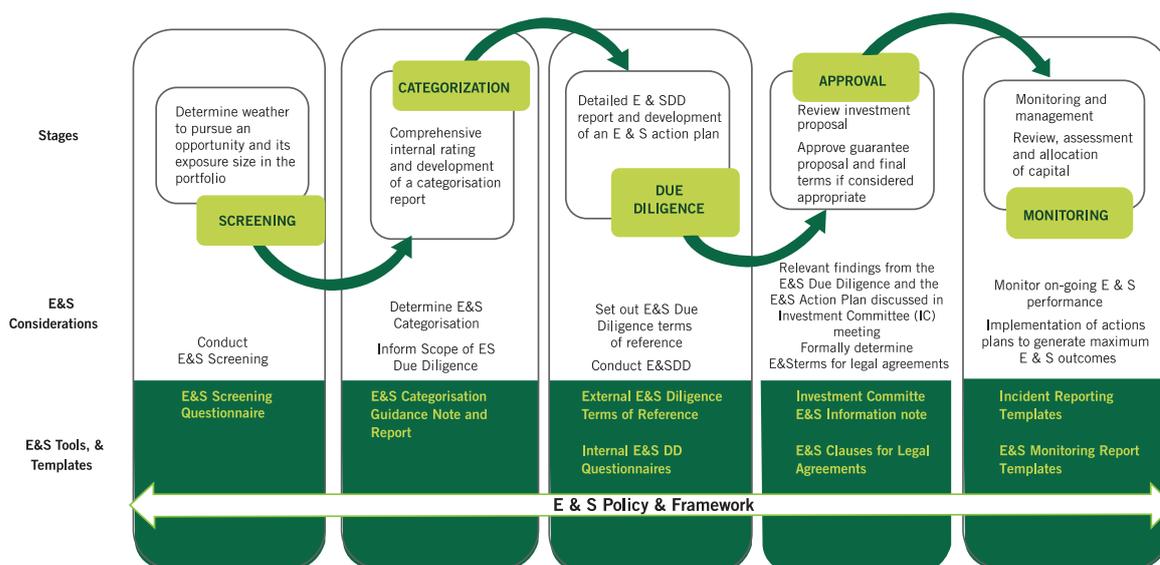
The analysis of the utilization of AGF guarantee, as well as the claim ratio, as of 31 December 2022 revealed that CD has reached its primary and secondary objectives. As shown below, PFIs that have benefited from our CD support outperformed those yet to enroll for the program in quality of the portfolio and financing granted to SMEs through enhanced Guarantee Utilization.

Description	PFIs with CD	PFIs without CD
Number of PFIs	30	167
Guarantee issued (USD million)	522.6	1,357.5
Finance made available (USD million)	1,045.2	2,715.0
Volume of loan disbursed (USD million)	1,108.0	2,356.3
Utilization rate (%)	110%	76%
Cumulative Claim Ratio (%)	0.63%	2.23%

Environmental & Social Framework

In order to adhere to Environmental and Social Risk Management, AGF is guided by its E&S Policy and E&S Management Framework (ESMF), for the assessment of the E&S Risks of each guarantee facility. The Policy sets out the Environmental & Social objectives and principles which guide AGF's business activities to achieve sound E&S performance. The E&S Policy and ESMF are based on the IFC Performance Standards and aligned to International Standards for Financial Intermediaries (including but not limited to the EDFI Principles for Responsible Financing, the AfDB operational Safeguards, the core ILO Labour Standards).

The E&S risk assessment is integrated into the guarantee appraisal process and includes different stages and associated steps, as presented hereunder:



In accordance with the AGF E&S Framework, we have categorized the guarantee exposure based on the level of threat and risk or none to social and environmental sustainability.

The following are categories, as specified under the policy and framework, in line with our reference standards:

- **Category A or FI-1:** Projects with potential significant adverse social or environmental impacts which are diverse, irreversible or unprecedented.
- **Category B or FI-2:** Projects with potential limited adverse social or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Category C or FI-3:** Projects with minimal or no social or environmental impacts.

There are two types of E&S assessment that AGF undertakes:

1. Direct assessment of SMEs' E&S risks (applicable to Loan Individual Guarantees, Equity Guarantees and Treasury Investment on Corporate Companies). For this, the Categories applied are A, B, and C.
2. Indirect assessment of SMEs' E&S risks through delegation of assessment to PFIs and direct assessment of the PFIs' E&S framework by AGF (applicable to Loan Portfolio Guarantees, Bank Fundraising Guarantees, Capacity Development and Treasury Investment on PFI). For this, the Categories applied are FI-1, FI-2, FI-3.
 - **Monitoring:** The monitoring is conducted in line with the signed Guarantee Agreement provisions in terms of monitoring and reporting requirements captured therein e.g. frequency of monitoring or reporting, level of detail of information based on category etc. The PFI's monitoring usually occurs in one or more of the following means:

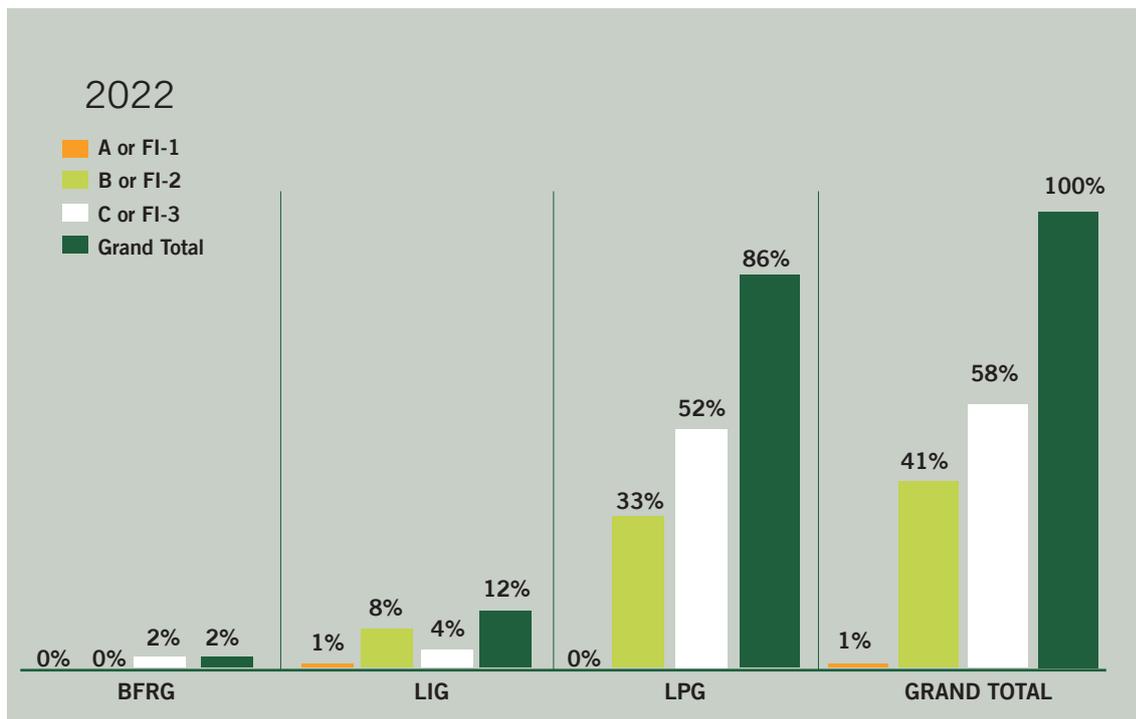
- o Review of E&S Action Plan implementation.
- o Review of annual monitoring reports prepared by the PFI.
- o Provision of Capacity Development assistance and opportunities to PFIs to support them in mitigating their operational risks when lending to SMEs, where applicable.

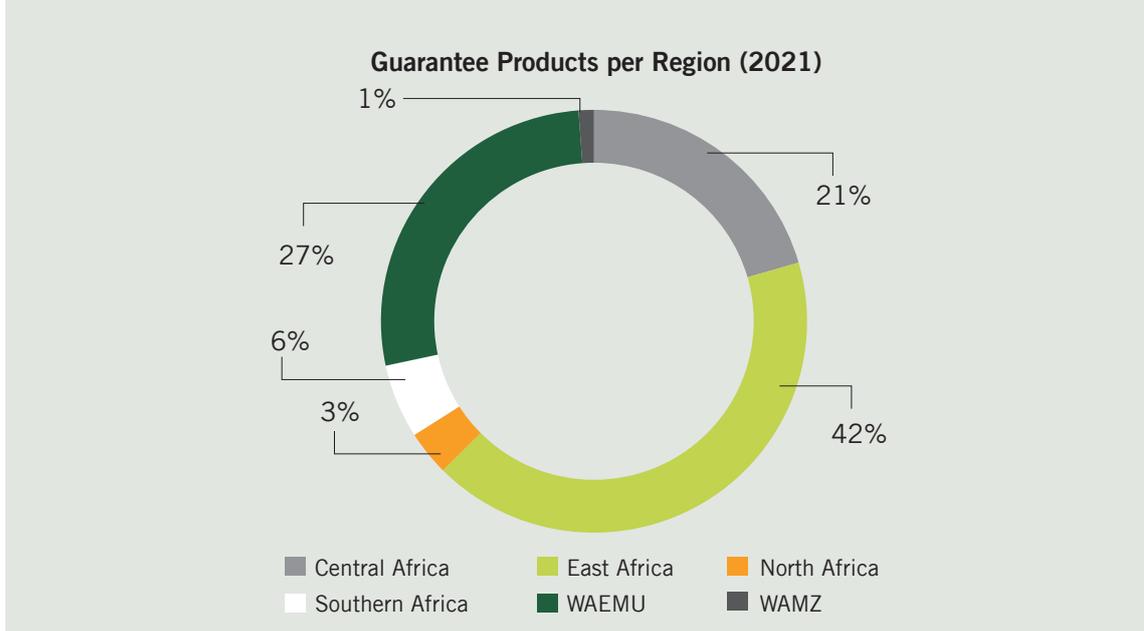
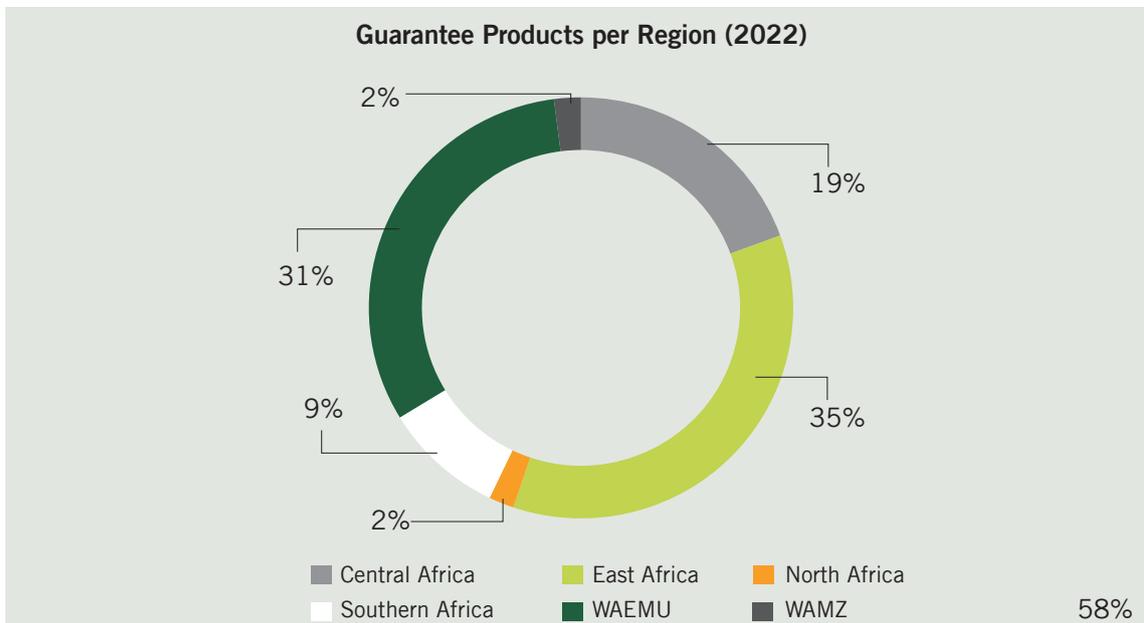
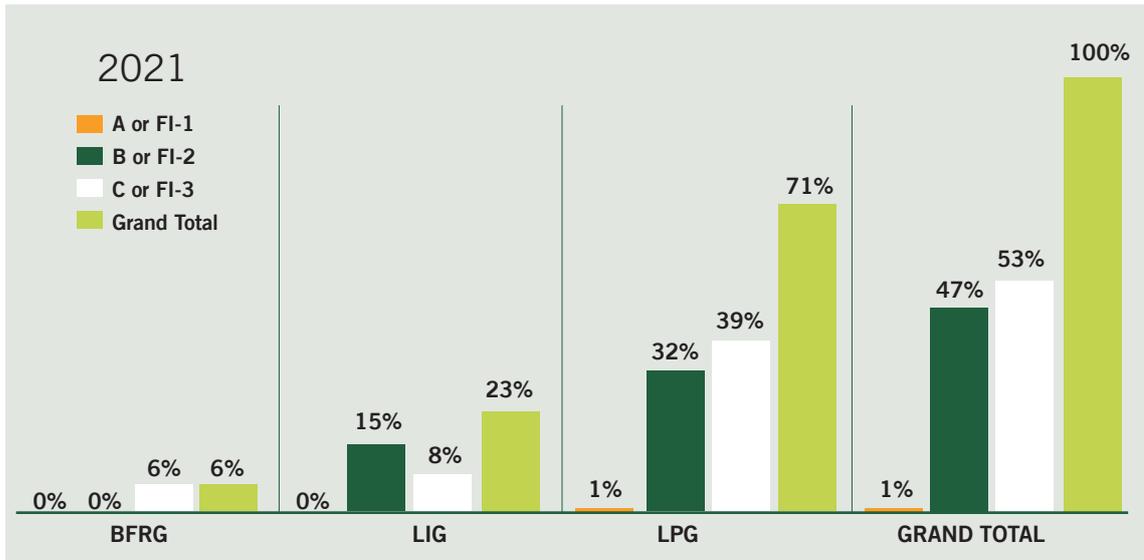
2022 Highlights

1. E&S Category by Guarantee Product

Year 2022	A or FI-1	B or FI-2	C or FI-3	Grand Total
BFRG	0%	0%	2%	2%
LIG	0%	8%	4%	12%
LPG	1%	33%	52%	86%
Grand Total	1%	41%	58%	100%

Year 2021	A or FI-1	B or FI-2	C or FI-3	Grand Total
BFRG	0%	0%	6%	6%
LIG	0%	15%	8%	23%
LPG	1%	32%	39%	71%
Grand Total	1%	47%	53%	100%





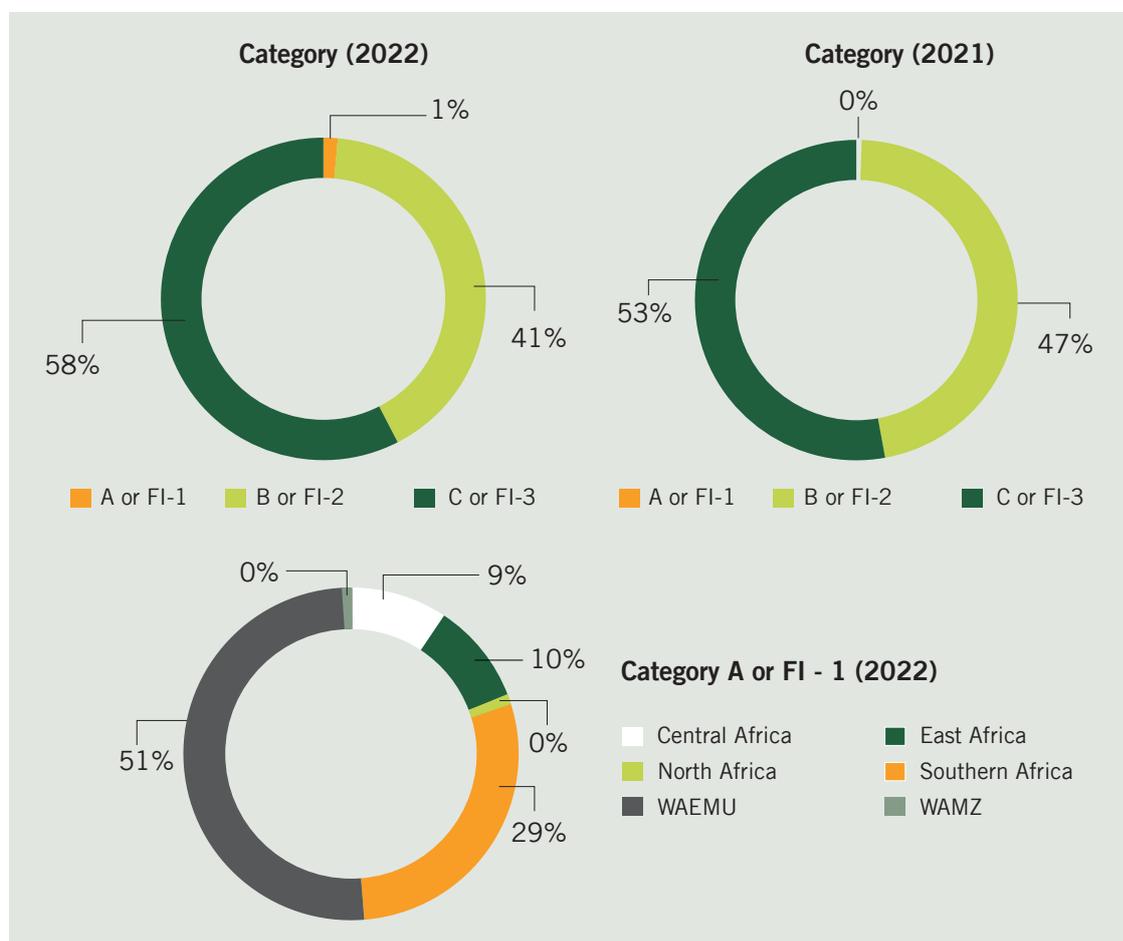
2. E&S Category by Regions

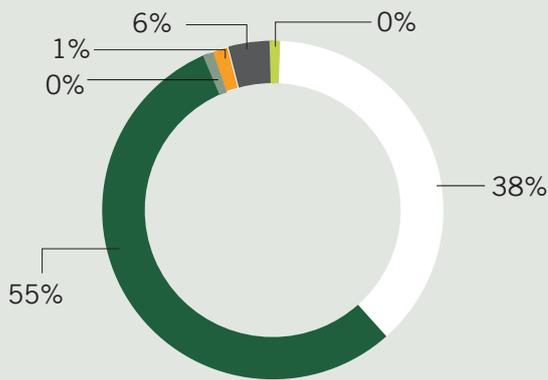
Year 2022

Year 2022	A or FI-1	B or FI-2	C or FI-3	Grand Total
Central Africa	0%	7%	13%	19%
East Africa	0%	12%	24%	35%
North Africa	0%	1%	1%	2%
Southern Africa	0%	6%	3%	9%
WAEMU	1%	15%	15%	31%
WAMZ	0%	1%	2%	3%
Grand Total	1%	41%	58%	100%

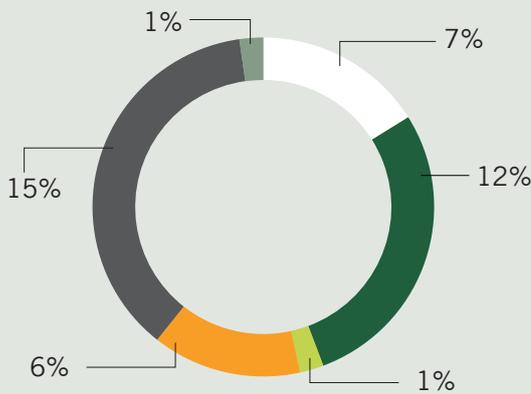
Year 2021

Year 2021	A or FI-1	B or FI-2	C or FI-3	Grand Total
Central Africa	0%	7%	14%	21%
East Africa	0%	15%	26%	42%
North Africa	0%	2%	2%	3%
Southern Africa	0%	4%	1%	6%
WAEMU	0%	18%	9%	27%
WAMZ	0%	1%	0%	1%
Grand Total	1%	47%	53%	100%

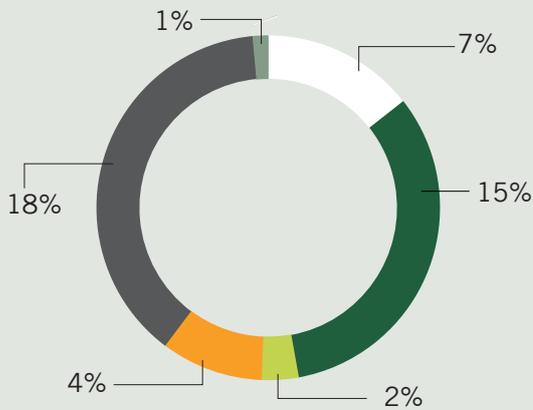




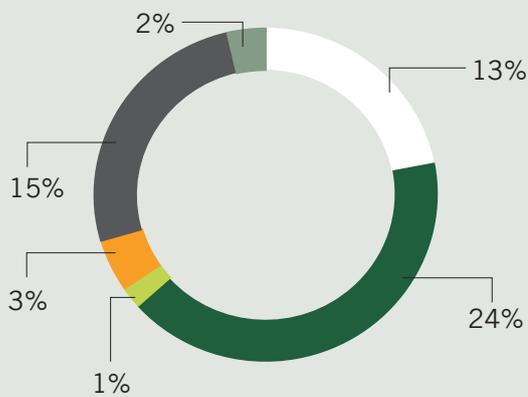
Category A or FI - 1 (2021)



Category B or FI - 2 (2022)

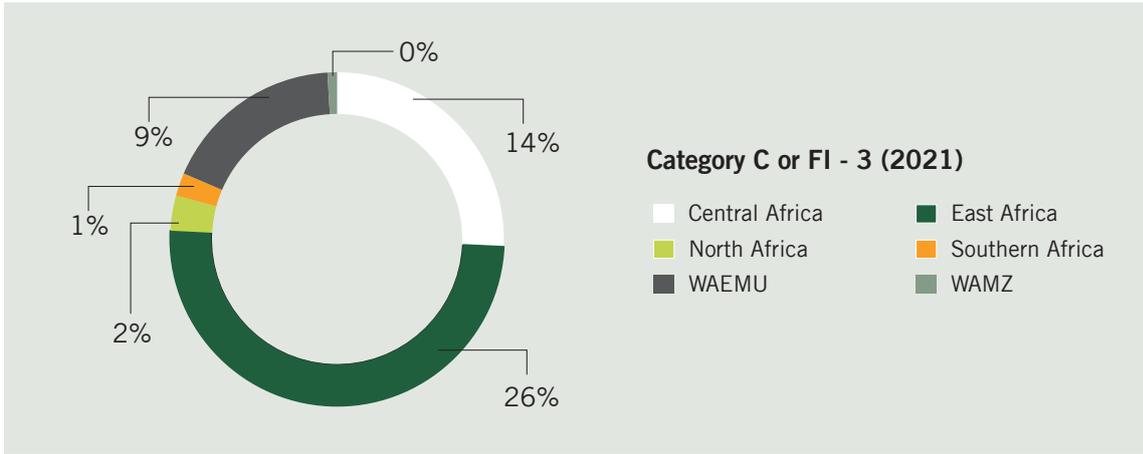


Category B or FI - 2 (2021)

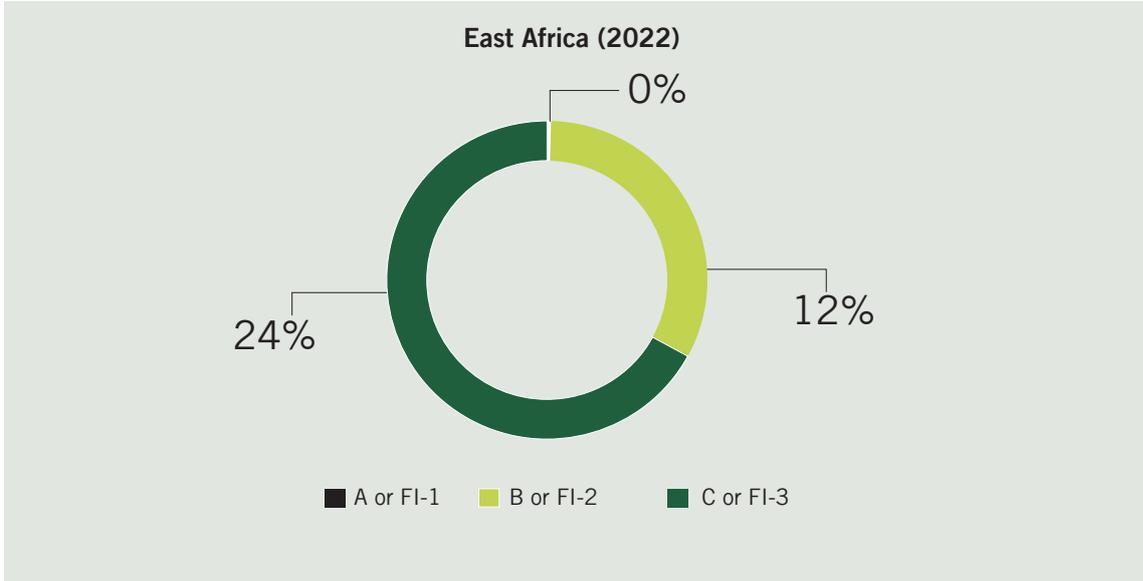
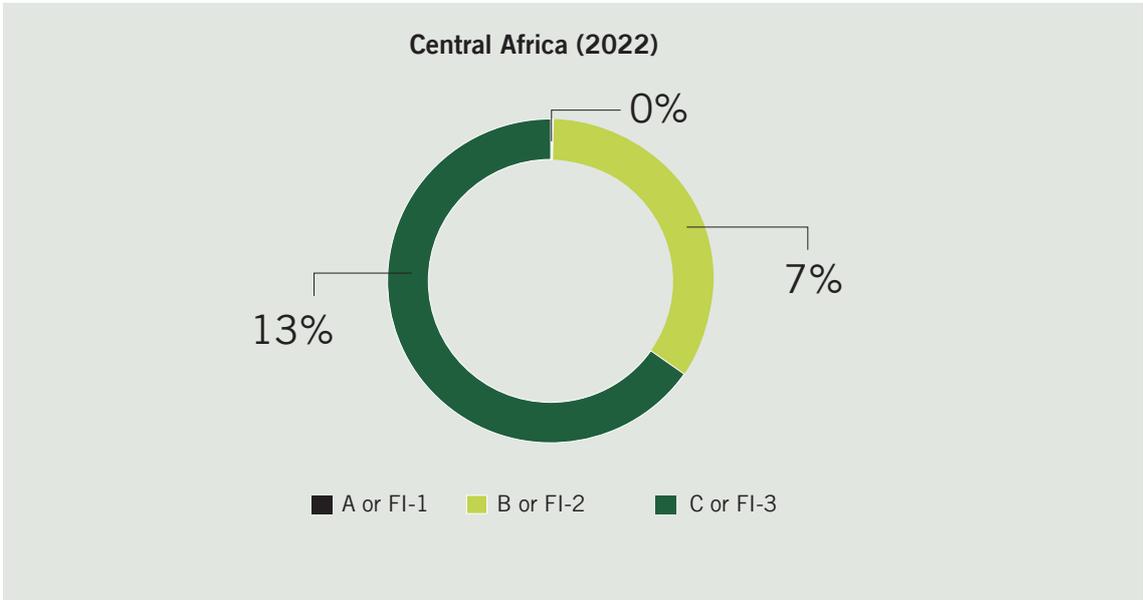


Category C or FI - 3 (2022)

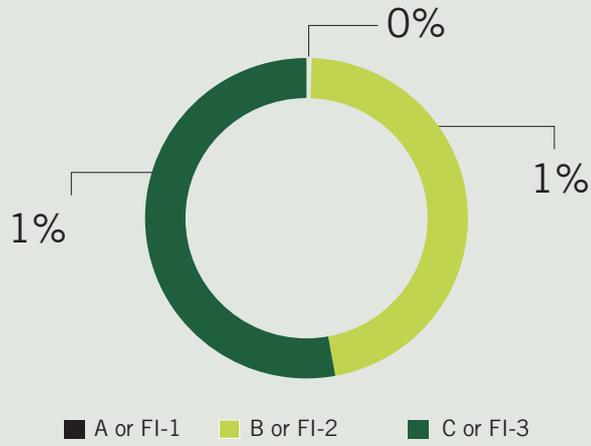




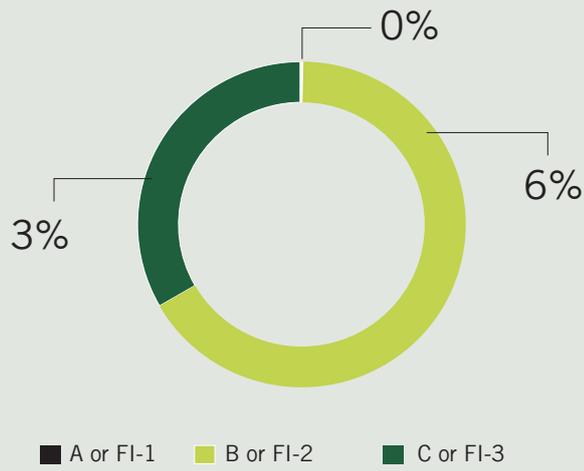
AGF guarantee exposure is largely categorized as Low Risk (C or FI-3) and Medium Risk (B or FI-2) as shown in the charts above. In terms of regional distribution that includes Central, East, Northern, Southern Africa, West African Economic and Monetary Union (WAEMU), West African Monetary Zone (WAMZ), Category B or FI-2 guarantees varies relative to the rest of the portfolio.



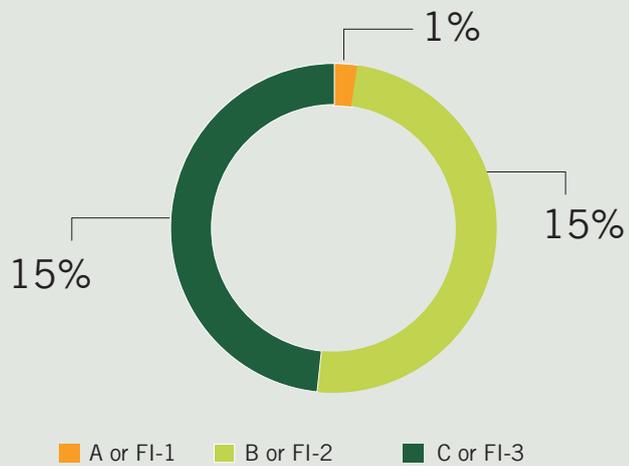
North Africa (2022)



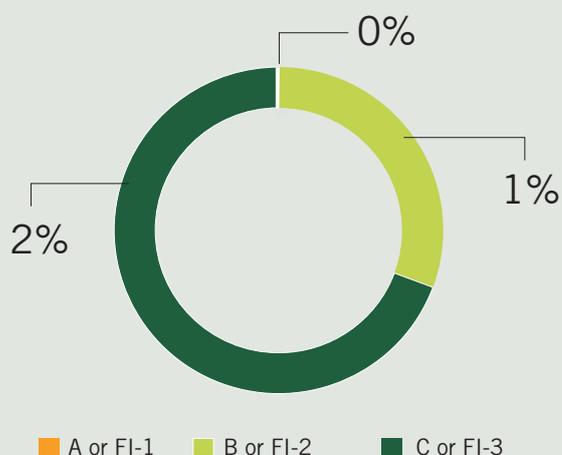
Southern Africa (2022)



WAEMU (2022)



WAMZ (2022)

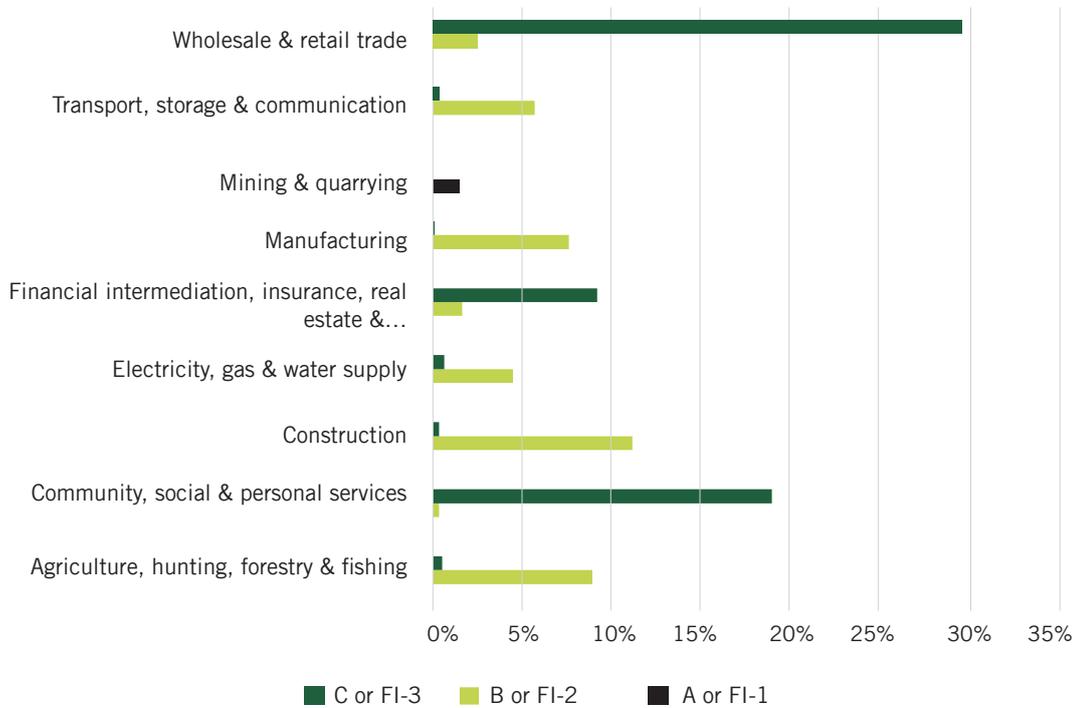


3. E&S Category by AGF's Priority Sectors

Year 2022	A or FI-1	B or FI-2	C or FI-3	Grand Total
Agriculture, hunting, forestry & fishing	0%	9%	0%	9%
Community, social & personal services	0%	0%	18%	19%
Construction	0%	11%	0%	11%
Electricity, gas & water supply	0%	4%	1%	5%
Financial intermediation, insurance, real estate & business services	0%	2%	9%	10%
Manufacturing	0%	7%	0%	7%
Mining & quarrying	1%	0%	0%	1%
Transport, storage & communication	0%	6%	0%	6%
Wholesale & retail trade	0%	2%	29%	31%
Grand Total	1%	41%	58%	100%

Year 2021	A or FI-1	B or FI-2	C or FI-3	Grand Total
Agriculture, hunting, forestry & fishing	0%	9%	0%	9%
Community, social & personal services	0%	0%	16%	16%
Construction	0%	8%	1%	9%
Electricity, gas & water supply	0%	5%	1%	5%
Financial intermediation, insurance, real estate & business services	0%	2%	12%	14%
Manufacturing	0%	10%	0%	10%
Mining & quarrying	1%	0%	0%	1%
Transport, storage & communication	0%	9%	0%	9%
Wholesale & retail trade	0%	3%	23%	26%
Grand Total	1%	47%	53%	100%

Industry and Sectors (Year 2022)



Industry and Sectors (Year 2021)



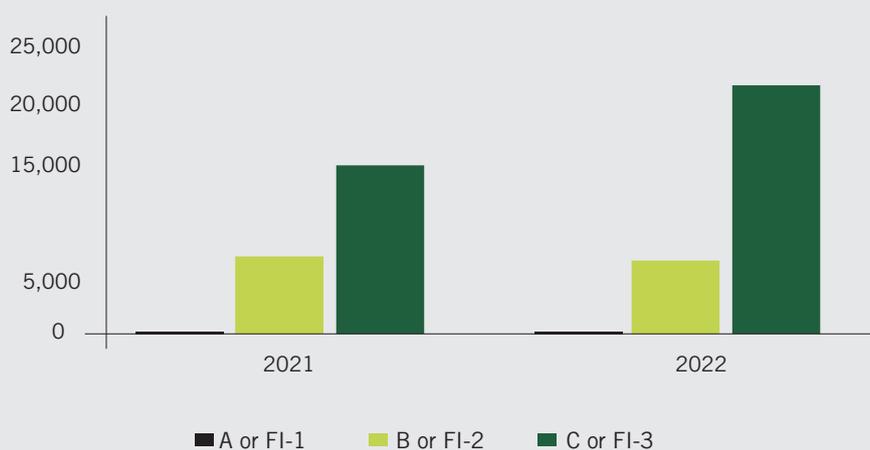
4. E&S Category by number of SMEs per Category

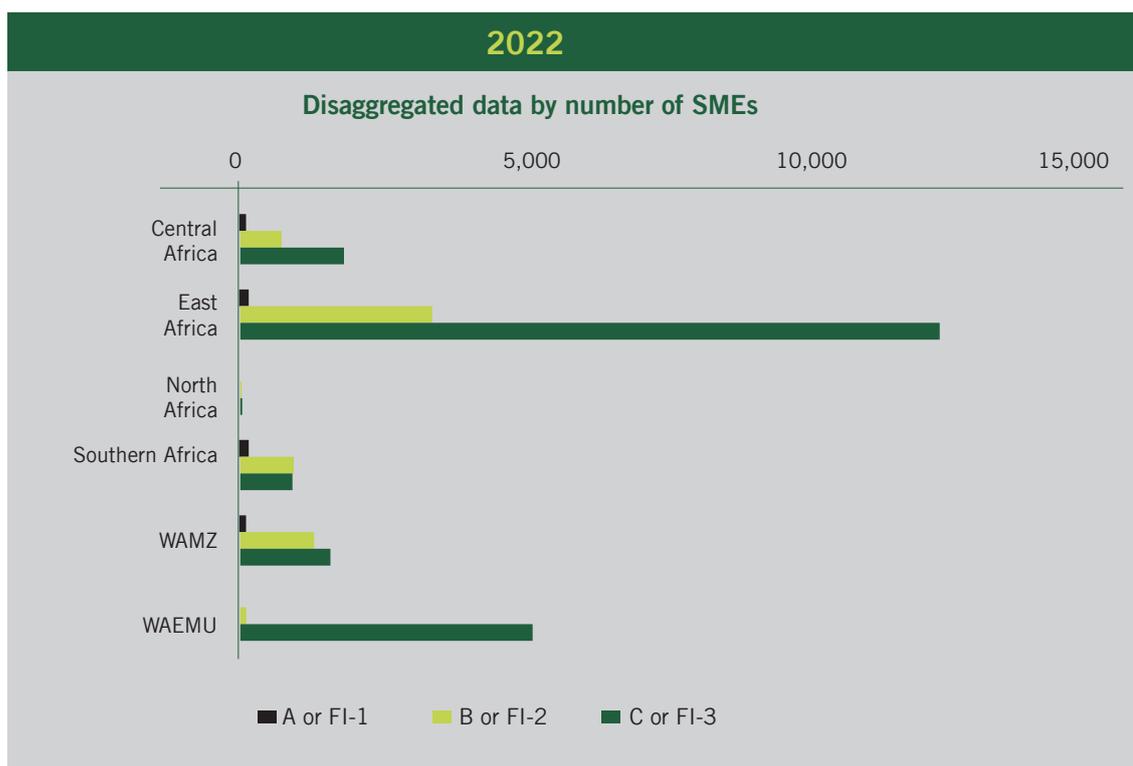
Year 2022	A or FI-1	B or FI-2	C or FI-3	Grand Total
Central Africa	12	745	1,867	2,624
East Africa	30	3,431	12,547	16,008
North Africa		3	26	29
Southern Africa	29	954	937	1,920
WAEMU	6	1,318	1,614	2,938
WAMZ		107	5,241	5,348
Grand Total	77	6,558	22,232	28,867

Year 2021	A or FI-1	B or FI-2	C or FI-3	Grand Total
Central Africa	7	432	1,047	1,486
East Africa	24	4,965	12,456	17,445
North Africa		3	15	18
Southern Africa	10	793	890	1,693
WAEMU	2	701	657	1,360
WAMZ		33	16	49
Grand Total	43	6,927	15,081	22,051

Comparison of 2021 and 2022

Disaggregated data by number of SMEs





E&S Performance Review

Exposure on Excluded Sectors

As of 31st of December 2022, AGF had no exposure to report on any excluded sector.

Incidents reported in 2022.

There were 31 incidents relating to fire, health and safety injuries reported on a few guarantee exposures of AGF at the end-borrower level.

Such incidents reported by PFIs are in relation to their clients involved in various sectors including manufacturing, agriculture and commerce in East, West, Southern and Central Africa, as presented in the table below. **There were no fatalities in all the reported incidents.**

Number of incidents by PFI	Number of incidents
SIMA Investment Managers & Advisors, LLC	20
Oiko Credit	7
Afriland First Bank SA	3
Letshego Uganda	1
Grand Total	31

Number of incidents by status	Number of incidents
Closed	17
Insufficient Information	12
Under investigation	2
On Hold	0
Grand Total	31

Number of incidents by individuals involved	Number of incidents
Employee	30
Contractor	0
Visitor	0
General Public	0
N/A - Stock burnt in Fire	1
Grand Total	31

Number of incidents by Sector	Number of incidents
Agriculture, hunting, forestry & fishing	4
Community, social & personal services	1
Electricity, gas & water supply	23
Manufacturing	1
Wholesale & retail trade	2
Grand Total	31

Number of incidents by type of incident	Number of incidents
Health & Safety	20
Occupational Health & Safety	9
Social	2
Environmental	0
Labour	0
Grand Total	31

AGF has requested PFIs for more details on the 12 incidents with “insufficient information” and a status update for those “under investigation.”

These incidences were due to:

- Lack of adequate adherence to safety procedures and measures in relation to road safety
- Lack of adequate implementation of machine safety procedures
- Assault and Robbery
- Government change in minimum wage policy

The following were preventive and corrective measures undertaken to address future occurrences of such incidences:

- Refresher trainings on Health and Safety (includes road and field operations safety)
- Issuance of Personal Protective Equipment (PPEs) (helmets and reflective vests) to all commercial teams with motorbikes and auditing PPEs condition for reissuance
- Training staff on safe driving and riding after dusk
- Implementation of accident mitigation measures and sharing learning from incident report with drivers, riders and agents
- Conduct disciplinary hearing for misconducts and breaching of set guidelines e.g., riding without PPEs
- Share and discuss Fire Evacuation and Safety sheet, with all site staff and third-party contractors to ensure all members of staff know how to react in case of an emergency and how to evacuate the premises as quick and as safe as possible.
- Recommend preventative measures to be taken on sites and workstations (Including requisitions for additional fire equipment and first aid kits) to avoid fire incidents.
- In consultation with the administration, conduct an evacuation fire drill for all workers on site.
- Ensure all workers on site have access to the provided Emergency Numbers.

AGF's Value-add: Capacity Development

AGF's Capacity Development initiative complements its guarantee products by providing strategic support to PFIs in order to mitigate their potential operational risks when lending to SMES. This assistance to participating institutions is designed to increase their SME financing and risk management capabilities. The AGF Capacity Development facility (including services, systems, training) is a matching grant facility based on a specific project rationale for particular purposes and on condition that the recipient makes a specified contribution for the same purpose.

In 2022, AGF conducted 9 CD Needs Assessment focusing on E&S; 3 were LIGs while 6 were directly from potential/current PFIs. AGF also undertook E&S Assessment for an LIG (CMTP) through Ecobank Togo. Capacity Development support also included awareness sessions, targeted to PFIs and SMEs, in relation to the implementation of E&S framework for improved risk management.

Independent E&S Reviews by AGF Stakeholders

E&S Due Diligence by IBIS Consultants

In June 2022, AGF engaged IBIS Consultants to undertake Due Diligence of an LIG transaction for Ecobank Togo that was allocated a High-Risk category (Category A). This was as per AGF's E&S process of screening and categorization of Carrieres Mines Travaux Publics Togo (CMTP) which was the SME (borrower), with core activities in the mining/extractives sector.

The final Due Diligence report and E&S Action Plan (ESAP) delivered in July 2022 has been discussed with AGF West Africa and actions and recommendations are being implemented and monitored.

E&S Monitoring and Assurance review by GuarantCo

In December 2022, an E&S Monitoring and Assurance (M&A) review was conducted on AGF by GuarantCo (a re-guarantor).

The outcome pre and post M&A review was summarized as per the table below with Green Shade showing "No or Low Risk" and Amber shade depicting "Medium Risk".

Table 5. AGF Risk Register Summary - Post- M&A site visit

	Pre - M&A Review	Post M&A Review
Project operational Performance	2.0	2.0
Environmental & Social Governance	2.0	2.0
Project HSES Performance	1.0	1.0
Health and Safety Performance	1.0	1.0
Environmental Performance	1.0	1.0
Social Performance	1.0	1.0

The review indicated that in general, AGF has a well-established and implemented E&S Framework, aligned to Good International Industry Practice (GIIP). Each transaction is screened, categorized and a Due Diligence conducted, commensurate to the level of risk.

All Action Points and recommendations in this report are in the process of being implemented.

Other key positive observations from the M&A Review include:

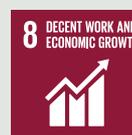
- Continuous improvement & development is valued by AGF as shown by the annual review of the E&S Framework, refresher training provided to employees and workshops on HSES DD findings provided by consultants.
- AGF has a green guarantee product which supports climate change mitigation and adaptation projects.
- AGF has a gender policy that commits to creating an enabling environment for both females and males.

Our Results: A Pathway To Sustainable Development Goals

Results at a Glance

Improving Lives in Africa

About **33,000 SMEs** have benefitted from AGF guarantees to create additional revenue for their owners and employees.



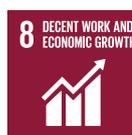
Fostering Job Creation

320,000

Additional jobs created

17,800

Youth-owned SMEs with access to credit



Fighting Climate Change

3.2 million tons of CO2 equivalent (*)

Greenhouse Gas (GHG) avoided



Promoting Gender Equality

USD 930 million

Loans granted to 9,000+ women-led SMEs

347 women-led

SMEs Trained under AGF's Capacity Development Assistance



Contributing to Africa's Competitiveness

USD 340 million

Loans granted to 3,200+ SMEs in the Agriculture Sector.



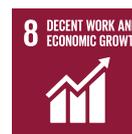
Partnering for Poverty Reduction

USD 3.7 Billion

Private capital made available

197 Partner Financial Institutions

40 Countries



Performance Highlights

AGF's COVID-19 Guarantee: An innovative contribution to Africa's resilience

AGF provided Partner Financial Institutions external stimulus to continue supporting African SMEs reeling from COVID-19 pandemic-induced deterioration in creditworthiness, and the resultant rise in number of financial institutions reluctant to finance small and medium businesses. The stimulus has enabled entrepreneurs to save many jobs and businesses.

AGF's COVID-19 response is structured in two phases:

- **Stabilization phase:** This phase provides financial institutions more comfort to restructure facilities to ease payment terms and conditions of SME loans and help SMEs to stay alive and save already created jobs.
- **Revival phase:** In this phase, PFIs are supported to accelerate financing faster recovery and growth of SMEs to spur wealth and employment creation in post-Covid-19 context.

By the end of 2022, AGF had issued USD 89 million in COVID-19 Guarantee to 26 PFIs. The guarantees benefitted 1,260 SMEs and helped to save from collapse approximately 12,300 jobs.

Unlocking existing financial resources to foster sustainable and inclusive economic growth in Africa

Mainstreaming Gender Lens Investing

In Sub Saharan Africa (SSA) countries, entrepreneurship and enterprise creation are key elements to boosting economic growth and creating profitable jobs at a macroeconomic level. Data shows countries in this African region have some of the highest percentage of people working as entrepreneurs in the world. In SSA, 81.2% of women in the labour force are self-employed entrepreneurs compared to 47.3% worldwide.

However, Women SMEs (WSMEs) encounter unique barriers to access financing, in addition to those faced by MSMEs in general (namely higher collateral and financing costs due to perceived risks associated with MSMEs). A lack of land ownership owing to social and cultural norms, and less favourable interactions with financial institutions owing to relatively lower financial literacy are some of the factors that are unique challenges faced by WSMEs. As Africa looks to meet the SDGs by 2030, the full participation of women as producers, consumers, business owners and key –decision makers can be a potent force for change.

AGF is taking leadership in applying a gender lens in partnership with key stakeholders, by providing risk-mitigating instruments to financial institutions advancing gender equality. To date, USD 930 million of loans have been granted to about 9,000 women-led SMEs by AGF's partners.

Catalyzing financial inclusion to improve lives in Africa

Approximately 33,000 SMEs have gained access to income-enhancing loans. Majority of these beneficiaries have their operations in rural areas and/or provide life-changing products or services.

AGF has made improving access to finance for SMEs in agriculture a key priority. By end of 2022, USD 340 million of loans were granted to over 3,200 SMEs in different agricultural value-chains by AGF's partners.

Agriculture and agribusiness accounts for 32% of GDP in Sub-Saharan Africa and employs 65% of the work force and is likely to have a bigger impact on poverty reduction than other sectors as it offers the most direct route of raising returns to poor people's main assets (i.e., land and labour).

Fostering job creation and youth entrepreneurship.

Africa is in dire need of job creation. With a burgeoning young population often viewed as a challenge rather than an asset, policy makers and other stakeholders across the continent are seeking to increase the quantity and the quality of jobs as a mean to tackle poverty. Since SMEs form a dominant share of the private sector in Africa, and account for more than 50% of jobs in their respective economies, it is therefore critical to enable them to access finance to grow and create jobs that will as a result mostly benefit youths. To date, an estimated 320,000 jobs have been directly created by the SMEs benefiting from AGF guarantee. In addition, 17,800 youth-owned SMEs accessed to credit thanks to AGF's guarantee. The impact is far reaching and also demonstrates the economic potential of Africa's

young entrepreneurs and innovators to create millions of high-quality jobs and promote inclusive economic growth continent-wide.

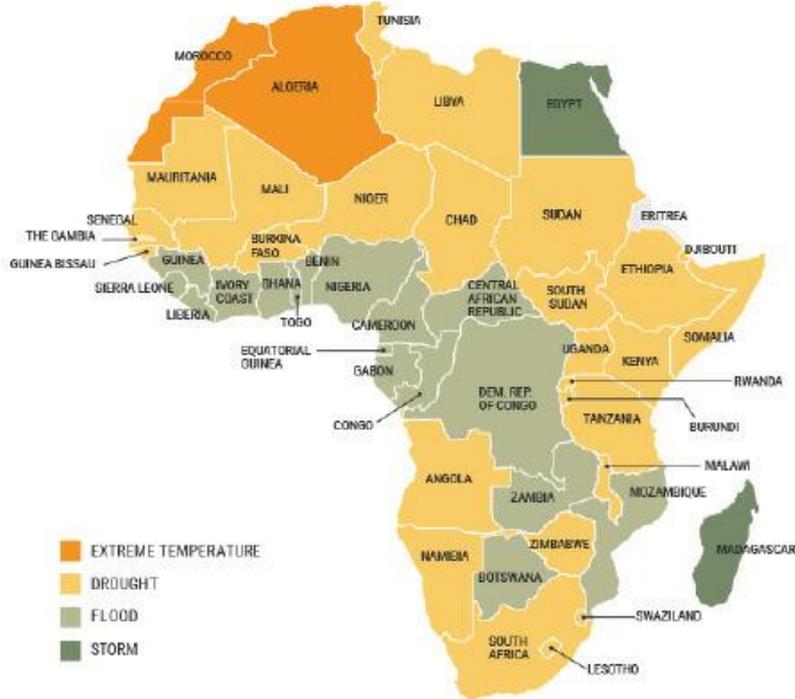
Contributing to Africa’s competitiveness, while mitigating the effects of climate change

Infrastructure development is a key driver for progress across the African continent and a critical enabler for productivity and sustainable economic growth. Yet, Africa still faces serious infrastructure shortcomings across all sectors, both in terms of access and quality. For instance, electricity only reaches half its people, while clean cooking only a third; roughly 600 million people lack electricity and 890 million cook with traditional fuels. Furthermore, a recent World Bank study found that the poor state of infrastructure in many parts of Africa reduced national economic growth by 2% points every year and cut business productivity by as much as 40%, making Africa the region with the lowest productivity levels in the world.

In response to these critical issues impairing the competitiveness of African SMEs, AGF has made access to credit for investments in energy, manufacturing and infrastructure a key priority. By end of 2022, USD 1.3 billion of loans had been granted to finance investments led and/or benefitting SMEs in these sectors.

AGF’s Green Guarantee Facility (GGF) is demonstrating how renewable energy technologies and businesses have the potential to reduce emissions and significantly improve living standards in Africa’s rural communities. The facility is addressing limited access to sources of energy that continues to undermine productivity and growth of households and businesses. Climate change has the potential to reduce agricultural yields, increase water scarcity and the frequency of extreme weather as shown below.

Figure 1. Natural Disaster Type Affecting Highest Number of People by Country (2000-2019)



Source: Centre for Research on the Epidemiology of Disasters

By end of 2022 GGF had unlocked USD 205 million of financing since its launch. Out of these, USD 154 million has already been disbursed to SMEs. This shows that private sector innovation has the potential to reach people in ways that large-scale government investment in grid extension and climate adaptation infrastructure has so far struggled to deliver on.

Partnerships Highlights

Fueling growth of SMEs with a focus on women entrepreneurship and green financing

In 2022, AGF continued to support commercial banks in scaling up access to credit for SMEs across all sectors with a focus on gender and green financing. This affirms AGF's commitment to reduce the USD 42 billion gender financing gap facing women in Africa and to also contribute to sustainable development through mitigation and adaptation of climate change impact. AGF's guarantees that support women-led or owned SMEs are backed by the Affirmative Finance Action for Women in Africa (AFAWA), while green guarantees are backed by the Nordic Development Fund (NDF) and Investment Fund for Developing Countries (IFU).



Oragroup

Oragroup topped AGF's largest transaction through a USD 97 million portfolio guarantee agreement that will support SMEs in 12 West and Central African countries. This renewed partnership comes on the heels of three previous agreements signed between the two financial institutions since 2015 including a portfolio guarantee and two bank fundraising guarantees that have enabled the Oragroup to finance thousands of SMEs and put up a strong financial performance.



CRDB Bank, Tanzania

To see more entrepreneurs in Tanzania have access to financing, AGF signed a USD 50 million guarantee agreement with Cooperative and Rural Development Bank (CRDB). The guarantee will also significantly impact the socio-economic growth of the region. The partnership is also largely backed by the AFAWA Guarantee for Growth and the Green Guarantee.



ABSA Bank, Kenya

A USD 11 million Loan Portfolio Guarantee Facility was signed with Absa Bank Kenya Plc. The partnership, through AGF's capacity development assistance, will also enable the bank to play a critical role in enhancing business managerial capabilities of small businesses in areas such as governance, human capital management, quality control, packaging, financial management and marketing.

In another arrangement, AGF and Absa Bank Kenya partnered with a Business Development Service Provider, Melanin Kapital, to improve access to finance for women-owned and led SMEs through the joint 'TUUNGANE 2XNa Absa' program. Melanin Kapital will initially screen over 600 SMEs for a loan from Absa Bank and covered under AGF's guarantee mechanism.

The program will provide target SMEs with sustainability training, capacity building, mentor matchmaking and networking activities to prepare them to get access to credit and grow their business sustainably.





Stanbic Bank, Kenya

SMEs in Kenya will also benefit from a Portfolio Guarantee Facility of USD 9 million that allows Stanbic Bank Kenya expand their lending capacity and coverage to SMEs. The facility is centered around transforming the SME sector, while also supporting women-led businesses that lack access to financing, due to structural inequalities and discrimination.



SBM Bank, Kenya

AGF also sealed a risk-sharing agreement with SBM Bank Kenya amounting to USD 9 million, towards unlocking opportunities for green transactions and support scaling of women-led enterprises through accessible and competitively priced credit. Businesses that focus on clean energy, cleaner production, green services, and climate-smart agriculture and natural resource management will be the key beneficiaries.



Société Générale, Ghana and Burkina Faso

AGF extended a total guarantee facility of USD 8 million to Société Générale banks in Ghana and Burkina Faso to promote development of women-led and green-focused SMEs. The bank's operation in Ghana and Burkina Faso will each benefit from guarantee facilities of USD 4 million, allowing them to expand credit access to SMEs lacking sufficient collateral.



AGF and Empower commit to expand Africa's solar power access

AGF issued its first equity guarantee towards funding rooftop and other solar installations, paving the way for expansion of renewable energy access in Africa. The purely green oriented equity guarantee agreement was signed between AGF and impact investor, Empower New Energy to broaden a range of financing instruments available to SMEs in Africa's renewable energy sector.

The partnership will boost efforts by small and medium business to meet a fast-growing demand for clean energy, as African countries accelerate fight against energy poverty and impact of climate change.



Boosting Agri-SME financing in Africa

AGF partnered with an investment vehicle managed by responsAbility Investments AG (responsAbility) to increase funds to small and medium businesses in the agricultural sector value chain. Through a Loan Portfolio Guarantee facility amounting to USD 5 million, the partnership seeks to play a critical role in bridging the financing gap facing agri-SMEs in sub-Saharan Africa. Among key challenges that will be addressed include access to growth funds, talent acquisition and retention, access to markets, business development knowledge and public-private partnerships.



Mobilising finance for WASH Sector SMEs

AGF made a foray into Water, Sanitation and Hygiene (WASH) sector, with guarantees focused on improving quality and sustainability of water supply and sanitation services in Africa. Through a USD 9 million partnership with National Bank of Kenya (NBK), AGF will offer partial guarantees on loans to various private and public sector SMEs. The guarantees will also be extended to women-led businesses and Green Financing in Kenya over a 7-year tenor guarantee. The guarantee will greatly improve the lives and health of Kenyans through increased access to safe hygienic and sanitation facilities.

AGF, British International Investment ink 8-year re-guarantee pact

AGF and UK's development finance institution and impact investor, British International Investment (BII) entered an eight-year pact for re-guarantees worth USD 75 million. Through this facility, AGF and BII will provide credit guarantees to Partner Financial Institutions for up to 75% of the risk on SME loans. The partnership is expected to facilitate up to USD 150 million in loans to 17,300 SMEs through Partner Financial Institutions.



**Consolidated
Financial Statements
For the Year Ended
31 December 2022**

Corporate Information

DIRECTORS

Mr. Felix Adahi Bikpo

Appointed 01 July 2020

Mr. Morten Christiansen

Appointed 07 April 2014

Mr. Riad Aubdool

Appointed 30 June 2015

Mrs. Sandhya Jogee

Appointed 15 November 2019

Mr. Olawale Bashirudeen Shonibare

Appointed 03 December 2019

Mr. Richard Marney

Appointed 10 February 2021

Mr. N'ganguia Christian Yoka

Appointed 18 February 2021 up to
20 December 2022

Mr. Kenny Nwosu

Appointed 18 February 2021

Mr. Henrik Franklin

Appointed 22 February 2022

Mr. Antoine Burgard

Appointed 20 December 2022

COMPANY SECRETARY & ADMINISTRATOR

Rogers Capital Fund Services Ltd
Rogers House
5, President John Kennedy Street
Port Louis
Republic of Mauritius

MANAGEMENT

Jules Ngankam

Group Chief Executive Officer

Constant Nzi

Deputy Group CEO and Group Chief Risk Officer

Daisy Wanjie

Group Chief Finance Officer

Franck Adjagba

Group Director of Business Development

Josphat Ngaruiya

Group Director of Human Resources until
February 2022

Ali Ballo

Group Chief Internal Controller &
Compliance Officer

David Ekabouma

Group Director of Monitoring and Evaluation

Juneid Kodabux

Group Director of Legal and Corporate Affairs

Nishdeep Sethi

Group Director of Structured Finance

Allan Akoko

Group Director of Human Resources
from 27 December 2022

Bendjin Kpeglo

Managing Director, AGF West Africa

Sibi Lawson

Deputy Managing Director, AGF West Africa

REGISTERED OFFICES & PRINCIPAL PLACES OF BUSINESS

MAURITIUS

Rogers Capital Fund Services Ltd
Rogers House
5, President John Kennedy Street Port Louis
Republic of Mauritius

KENYA

Africa House, 3rd and 4th Floor
Muthangari Road
Nairobi
Republic of Kenya

Corporate Information

AUDITOR

PricewaterhouseCoopers Ltd
PwC Centre, Avenue de Telfair
Telfair 80829, Moka
Republic of Mauritius

LEGAL ADVISERS

UGGC Avocats
47 Rue Monceau, 75008
Paris France

Daly & Figgis
8th Floor ABC Towers,
ABC Place P.O Box 40034—00100
Nairobi Kenya

Subsidiary Company

AGF West Africa
5082, Boulevard Gnassingbe
Eyadéma, Lomé II Lomé, Togo

BOARD COMMITTEES

Audit, Risk and Compliance Committee

Kenny Nwosu - Chairman
Mortén Christiansen
Sandhya Jogee

Treasury Management Committee

Olawale Bashirudeen Shonibare - Chairman
Riad Aubdool
N'ganguia Christian Yoka
(until 19 December 2022)

Human Resources Committee

Morten Christiansen - Chairman
Sandhya Jogee
Olawale Bashirudeen Shonibare

Investment Committee

Riad Aubdool - Chairman
Kenny Nwosu
Richard Marney

Capacity Development Committee

Richard Marney - Chairman
Riad Aubdool
Henrik Franklin

BANKERS

MAURITIUS

ABSA Bank (Mauritius)
International Banking Division
1st Floor, ABSA House
68–68A, Cybercity
Ebene
Mauritius

UNITED KINGDOM

Barclays Bank London PLC
Intermediaries I
London Offshore Corporate
Barclays, 16th Floor
1 Churchill Place, London, E14 5HP
United Kingdom

KENYA

Stanbic Bank Kenya
International Life House
Branch Road, Upper Hill
P.O. Box 75104–00200,
Nairobi, Kenya

Ecobank Kenya Ltd
Gikomba Branch
Muindi Bingu Street
P.O Box 49584–00100
Nairobi, Kenya

NCBA
Upper Hill Branch
Mara and Ragati Roads
P.O Box 44599–00100
Nairobi, Kenya

ABSA Bank (Kenya)
Waiyaki Way
4th Floor, Absa HQ
Nairobi, Kenya

Equity Bank Kenya
Equity Centre, Hospital
P.O. Box 75501–00200
Nairobi, Kenya

Corporate Governance Report

The Board of Directors of the African Guarantee Fund — for Small and Medium-sized Enterprises Ltd (“AGF” or the “Company”) has the pleasure in submitting the Corporate Governance Report for the financial year ended 31st December 2022.

Introduction

AGF was incorporated on 28th March 2011 as a private company Ltd by shares under the Companies Act 2001 and is domiciled in the Republic of Mauritius. AGF was granted a Category 1 Global Business License under the Financial Services Act 2007 and is authorized by the Financial Services Commission under the Securities Act 2005 to operate as a Closed-End Fund.

With the aim of promoting economic development and poverty reduction in Africa, AGF provides African financial institutions with guarantees, capacity development and other similar or related financial products specifically intended to support small and medium-sized enterprises (SMEs) in Africa to grow and to increase employment.

Statement of compliance

AGF holds standards of corporate governance through awareness of business ethics and supervision of its management team by the Board of Directors.

The main objectives and functions of the Board of Directors (the “Board”) as regards Corporate Governance are to:

- ❖ determine, agree, and develop the Company’s general policy on Corporate Governance in accordance with the applicable Code of Corporate Governance; select candidates for eventual Board appointments; and
- ❖ review the terms and conditions of all service agreements between the Company and service providers.

The Board is satisfied that it has discharged its responsibilities for the year in respect of Corporate Governance.

Principle One: Governance Structure

The Board is fully committed to achieving and sustaining the highest standards of Corporate Governance with the aim of maximizing long-term value creation. The Board assumes full responsibility for leading and controlling the Company. Emphasis is placed on the conduct of business practices that display characteristics of good corporate governance namely discipline, integrity, transparency, independence, accountability, fairness, professionalism, and social responsibility.

In addition, the Board continuously reviews the implications of Corporate Governance principles and practices in light of its experience and regulatory requirements.

The Board believes that strong Corporate Governance is essential for delivering sustainable value, enhancing business integrity, and maintaining investors’ confidence towards achieving AGF’s corporate objectives and vision.

Board Charter and Constitution

The Company has a Board Charter in place since 15 June 2018. The purpose of this Board Charter is to promote the highest standards of Corporate Governance within the Company and to clarify, inter alia, the roles and responsibilities of the Board in accordance with the principles of good corporate governance. The Board Charter serves not only as a reminder of the Board’s roles and responsibilities but also as a general statement of intent and expectation as to how the Board shall discharge its duties and responsibilities.

The Constitution of AGF, which was last amended on 24 February 2022, is in line with the Companies Act 2001.

The Board is composed of skilled, knowledgeable, and experienced professionals, carefully selected to be highly effective in the governance of the organization. They assume full responsibility for leading and controlling the organization and for meeting all legal and regulatory obligations.

The business and affairs of the Company are managed by the Board.

The Board of AGF comprises of independently minded non-executive Directors. The Board must at all times be composed of 2 Independent Directors, that is directors appointed for their personal or professional qualities who are in a position to perform their duties without being influenced by any connection with the Company, the Shareholders or its management.

Directors are elected (or re-elected, as the case may be) on a three-year mandate and a director cannot hold office for more than two (2) terms, that is, a maximum of six (6) years in total.

Subject to the Constitution, the Board is to be constituted as follows:

- ❖ At all times, consist of two (2) Directors resident in Mauritius;
- ❖ Each Founding Shareholder has the right to appoint one (1) Director;
- ❖ Each new holder of Class B or Class C Shares who subscribes for at least 10% of the shareholding in the Company may be given the right to appoint one (1) Director so long as they are shareholders of the Company; and
- ❖ Must consist at least two (2) Independent Directors.

The Board comprises of Directors with the mix of skills, backgrounds, academic qualifications, and experience in the fields of:

- ❖ Banking, finance, Risk management, accounting, legal, business management, information technology and investment management; and
- ❖ Entrepreneurship, knowledge of target market/sector and socio-economic perspective and business development (including Small and Medium Enterprises (SMEs) in Africa).

The Board endeavors to have at all times one Director who is specialized in the following fields: Risk Management; Legal; Banking / Finance; and Entrepreneurship / knowledge of SMEs.

A Chairman of the Board is elected from amongst the Directors of AGF by a board resolution. The Chairman is responsible for the overall leadership and efficient functioning of the Board and is accountable to the Board and the Shareholders. The current Chairman of the Company is Mr. Felix Adahi BIKPO.

Under regulatory supervision of the Financial Services Commission, all officers and agents of AGF are expected to maintain a high level of ethics in their behavior and business transactions. The transactions of AGF are carried out as per its Constitution, Shareholders' Agreement, the Board Charter and the Code of Business Conduct and Ethics, applicable to all direct and indirect employees who deal with the matters of the Company.

AGF is involved in the provision of services and its operations do not materially impact on the environment. Investing strategies include investment in sound, ethical and environmentally friendly entities. The Board Charter of AGF is reviewed on an annual basis with the latest version reviewed and approved by the Board for adoption with effect from 2018.

Principle Two: The Structure of The Board and its Committees

The Board has attempted to create the right balance and composition in such a way as to best serve the organization. The Board is a unitary Board and comprises 9 directors.

Improvement will be brought to the gender diversity as the Board currently comprises of 8 males and 1 female.

The profile of the Board members as at 31 December 2022 is as follows:

Mr. Felix Adahi Bikpo

Felix has more than 25 years of experience in the financial sector with extensive experience in Sub-Saharan Africa. He has led several financial institutions across the continent including banks, guarantee funds and the private equity sector. He is passionate about spurring a thriving SME sector as a means of creating economic and social sustainability in Africa. Prior to his appointment as Chairman of the Board, Felix was the Group CEO at African Guarantee Fund. Felix has previously served as the Founding CEO and Chairman of Success Finance, an Asset Management and Private Equity Fund. He has worked in the capacity of Chief Executive Officer at Access Pan-Africa, a holding company of Access Bank Plc. Nigeria where he was in charge of affiliates outside of Nigeria and at Atlantic Financial Group, a regional banking group operating under Banque Atlantique with a presence in 8 African Countries. As a Managing Director, Mr. Bikpo has worked with Ecobank Niger, and with Fonds de Garantie des Investissements Prives en Afrique de l'Ouest (Now AGF West Africa) where he was the first Managing Director. He has also served as Vice President of Citibank NA, where he was in charge of Financial Control in French speaking countries. Mr. Bikpo is a graduate of ESSEC - Paris and holds a Master's Degree in Economics from the University of Côte d'Ivoire.

Mr. Riad Aubdool

Riad is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Member of the Chartered Institute of Securities and Investment (Chartered MCSI). He is registered with the Mauritius Institute of Professional Accountants, both as a professional and public accountant. Riad is a member of the Mauritius Institute of Directors. Riad has 25 years of professional experience in financial services, which includes fund administration, secretarial, accounting, tax compliance, AML, auditing and consulting. He gathered his experience with 9 years at PwC Mauritius, and 13 years with management companies. He has administered funds/special licensed companies with AuA of approximately USD 26 Billion, which included major international financial institutions as clients. He holds directorship in investment managers/advisors and collective investment schemes (open ended and closed ended funds). He has previously been director on listed companies, both in Mauritius and overseas. He was also the Executive Director of a fund administrator before he set up his own company in 2020. He is currently the Managing Director of Zain Consultancy Ltd, a company providing management consultancy and financial advisory services.

Mr. Morten Christiansen

Morten spent 32 years of his career working for the Investment Fund for Developing Countries (IFU) in various management positions, and was from 2015 to 2019 as Senior Vice President responsible for all IFU's investment operations globally. Since mid-2019, Morten is an independent adviser to IFU and DANIDA. During his career, Morten worked several years based in West Africa, and has been a board member of a number of financial institutions in Africa. He holds a Master's Degree in Political Science and a Bachelor's Degree in Spanish, both from the University of Århus.

Mrs. Sandhya Jogee

Sandhya holds a Bachelor of Commerce (Management) and an MBA from the University of Mauritius and is a member of the Association of Chartered Certified Accounts (ACCA) since 2010. She is also a member of the Mauritius Institute of Professional Accountants. She joined Rogers Capital Corporate Services Ltd in 2009 and has 10 years of experience in fund administration and accounting (including preparing NAV statements, quarterly reports, investors' portfolio reports and other financial reports for investors). Sandhya has been managing both private equity and open-ended funds with equity value of around USD One Billion.

Mr. Christian Yoka

Christian is the Regional Director for Eastern Africa at the Africa French Development Agency (AFD) covering 11 countries. He previously served as a legal expert within the Risk Department at AFD's headquarters before joining the Sub-Saharan Africa Department as Country Officer for Cameroon, Central African Republic and Equatorial Guinea. He then served as Country Director in Democratic Republic of Congo based in Kinshasa, Regional Director for Ethiopia, Sudan and South Sudan based in Addis, and Regional Director for Cameroon, Central African Republic and Equatorial Guinea based in Yaoundé. He holds a Masters of Law, International Banking & Finance Law from Boston University and an Advanced Diploma in Business & Tax Law, from University of Paris 1 Panthéon-Sorbonne.

Mr. Olawale Bashirudeen Shonibare

Olawale is Director responsible for Energy Financial Solutions, Policy and Regulations at the African Development Bank. He oversees the team of Investment officers responsible for structuring across the board range of products offered by the bank (equity, debt, guarantees and capital markets solutions) to support public and private sector investment in the Energy sector in Africa. On the policy and regulation side, he leads a team of economists, statisticians and policy specialists who work with governments to create an enabling environment to encourage private sector participation in the energy sector. Olawale has over 25 years' experience in Debt and Equity Capital Markets, Mergers and Acquisitions and Project Finance spanning Asia, Europe, Middle East and Africa. He was the Deputy Group CEO/ Managing Director, Investment Banking at United Capital Plc (former UBA Capital Plc) in Lagos, Nigeria. He has held previous senior level executive positions, including Managing Director and Head of Infrastructure, Africa, Middle East and New Markets at Renaissance Capital in Dubai, Director KPMG in Dubai and Associate Director KPMG, London.

Mr. Richard Marney

Richard has a broad and varied forty-five-year career in emerging markets banking, principal investing, economics and asset management. He has held senior-level business development, risk-management, fundraising and operating roles in: Commercial and investment banking, Micro-finance, Impact investment asset management and Private equity working in globally recognized financial services organizations.

Mr. Kenny Nwosu

Kenny is the Chief Executive Officer of Norsad Finance located in Gaborone, Botswana. He has previously worked with Axum Capital Partners, Equator Capital Partners, Whitehall Capital, Deutsche Bank, City Financial Partners in

South Africa, Mauritius and London. He holds an Executive MBA from London Business School, an MSc, Artificial Intelligence from University of Aberdeen in Scotland and a BA Hons, Economics from University of Nottingham in England.

Mr. Henrik Franklin (since 22 February 2022)

Henrik is Director for Portfolio Origination and Management at the Nordic Development Fund. He has 23 years of experience in international development in Africa, Asia & Latin America, focusing on strategic & operational management, portfolio management, quality assurance & change management. He has held different positions at IFAD, AfDB and IDB. A Swedish national, Henrik is fluent in Spanish and English, with knowledge of Portuguese and French, and holds a M.Sc. degree in Biology from Stockholm University.

Mr. Antoine Burgard (since 20 December 2022)

Antoine is a Senior Investment Officer at Proparco for East Africa. He has 20 years' experience in the banking sector in various positions (strategy, financial analysis, and financial management) and works on development projects with financial institutions in Africa. He holds a Master's Degree in Finance (DESS Finance) from the University of Paris - Panthéon Assas and a Degree in Business Administration (MSG) from University of Paris – Dauphine.

Board meetings and attendance

The Board of Directors meets at least once quarterly. The following table shows the list of Board members and the number of Board meetings held during the year and the attendance of individual Directors.

No. of meetings held	Board	Annual Meeting 2022
Directors	4	1
Mr. Riad Aubdool	4	
Mr. Morten Christiansen	4	
Mrs. Sandhya JOOGEE	4	
Mr. Wale SHONIBARE	4	
Mr. Felix BIKPO	4	
Mr. Kenny Nwosu	4	
Mr. Richard Marney	4	
Mr. Christian Yoka	-	
Mr. Henrik Franklin	4	
Mr. Antoine Burgard	-	

AGF has an Audit & Risk Committee which is currently responsible for assessing the systems of internal controls regarding risk management, finance, accounting, financial reporting, and business practices and conduct.

Principle Three: Directors' Appointment Procedures

Directors' appointment procedures

As per the Code of Corporate Governance, there should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. AGF has a formal, rigorous and transparent procedure in place for the appointment of the Directors and also an induction program for the newly appointed Directors.

The Directors of AGF are appointed as follows:

- (i) two directors resident in Mauritius are appointed by Ordinary Resolution;
- (ii) each of the founding shareholders has the right to appoint one (1) Director, so long as they are registered as holders of Class B Shares or Class C Shares (as applicable) in the Company. Such director shall be appointed upon receipt by the Administrator of clear instructions via letter from the Founding Shareholder setting out the name of the person to be appointed as Director of the Company and such person shall be of high caliber and have the relevant experience to act as Director and such appointment shall be approved by an Ordinary Resolution at the Annual Meeting of the Shareholders or through written resolutions of the Shareholders; and
- (iii) at least two independent Directors appointed by Special Resolution.

Induction

Upon his or her appointment, each Board member participates in an induction program that covers AGF's strategy, general financial and legal affairs, financial reporting by AGF, any specific aspects unique to the Company and its business activities, and the responsibilities of a Board member, as well as every other existing process at large.

Continuous Development Programme

The Board is aware of the requirement of holding Continuous Development Programmes. The Board works on the training needs of each board member and a board retreat is held annually in Mauritius where the directors have the opportunity to update themselves on selected topics relating to the business of AGF and also generally. The Board Retreat was held in Mauritius in April 2022 whereby, amongst others, the directors received a training on AML/CFT requirements.

Company Secretary

The Company Secretary has an advisory role in all governance-related matters concerning the Company and acts as the main point of contact for the Directors, should they require guidance on their statutory responsibilities. The principal functions of the Company Secretary include supplying the Board with high quality and timely information, collaborating with the Board in the preparation of agendas and coordinating the information flow between the Directors.

Rogers Capital Fund Services Ltd ("RCFS") has been appointed by the Board as Company Secretary.

The Board assumes full responsibility for succession planning within the Company. The Board has adopted a talent retention and succession policy for the Company.

Principle Four: Directors' Duties, Remuneration and Performance

Legal Duties

All Directors on the Board are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Code of Ethics

The ethical standards of the Company are defined in the Board Charter. These policies and procedures enable the Company to meet its regulatory obligations and also meet its objective of creating and operating with the highest levels of business integrity and ethical best practice. The ethical standards of the Company are defined and approved in the Board Charter.

Board Evaluation

The Code encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and that of its committees and individual directors and produce a development plan on an annual basis. Pursuant to the Board Charter, the Board must once a year conduct a self-assessment exercise.

Conflict of Interest

The Directors must declare the nature of their interest(s), depending on the following circumstances:

- (a) at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration; or
- (b) if the Director is not at the date of the meeting interested in the proposed contract or arrangement, then at the next meeting held after he becomes interested; or
- (c) in a case where the Directors becomes interested in a contract or arrangement after it is made, then at the first meeting of the Directors held after he becomes so interested.

A full register of interests is kept by the Company Secretary and is updated on a regular basis. The register is also available to the shareholders of the Company upon request to the Company Secretary. AGF has adopted a conflicts of interest policy.

IT Governance Policy

The Code provides that the Board is responsible for the governance of the organization's information strategy, information technology and information security. The Board has adopted an ICT Policy and Procedure Manual for AGF since November 2016.

Directors' Remuneration

AGF pays an amount of USD 5,000 per annum to Rogers Capital Fund Services Ltd ("RCFS"), being fees payable for the services provided by the Mauritius resident directors of AGF.

The Directors nominated by the shareholders are not remunerated but their travel and accommodation expenses are covered by AGF for the purposes of attending board and shareholders meetings.

The Board expenses was a total amount of USD 327,107 in 2022 (2021: USD 231,554).

Directors' Liability Insurance

AGF has in place a proper liability Directors & Officers and Professional Indemnity Insurance cover for its Directors and Officers, renewable on a yearly basis, to cover for any legal action entered against them.

The Directors' Liability cost for 2022 was USD 19,461 (2021: USD 19,369).

Related Party Transactions

Please refer to note 26 of the financial statements.

Principle Five: Risk Governance and Internal Control

The oversight of risk management and internal control activities at the level of the Company is currently delegated to the Audit & Risk Committee which regularly reviews the effectiveness of the internal control and risk management systems of the Company. The Audit & Risk Committee also reviews the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.

AGF has its own Risk Management Policies and Procedures Manual and Compliance Anti Money Laundering Manual in place.

The main risks to which AGF is exposed are financial risks. Please refer to Note 4 of the financial statements for the measures devised to manage those risks.

Principle Six : Reporting with Integrity

The Board is required to ensure that adequate accounting records are maintained so as to disclose at any time, and with reasonable adequacy, the financial position of the Company. The Board is also responsible for taking reasonable steps to safeguard the assets of AGF and to prevent and detect fraud and other irregularities.

The Board must present financial statements for each financial year, which give a true and fair view of the affairs of the Company, and the results for that period.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Company.

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Company will not continue as a going concern in the next financial year.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principle Seven: Audit

Directors' responsibilities

The Directors are responsible for the preparation and fair preparation of the financial statements in accordance with International Financial Reporting Standards and all the requirements of the Companies Act 2001, and Financial Reporting Act 2004 and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Any deviations from the above will be reported in the independent auditors' report attached to the financial statements.

External Audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented. PricewaterhouseCoopers Mauritius was appointed as the statutory auditors for the financial year ended 31 December 2022 at the annual meeting of the Company held in June 2022.

Audit Fees

Fees payable to the Group's external auditors for audit services for the year are as follows:

	2022	2021
	USD	USD
External auditors	281,861	233,133

Internal Audit

The responsibility of monitoring the internal control systems in place has been kept at the level of the Audit & Risk Committee which is overseen by the Board, given the size and complexity of the Company.

Principle Eight : Relations with Shareholders and other Key Stakeholders

As at 31 December 2022, the stated capital of AGF comprises of 7,954 Class B Shares of par value 10,000 each, 13,520 Class C Shares of par value 10,000 each, 3 Class D Shares.

The shareholders of AGF are African Development Bank, Ministry of Foreign Affairs/Danida, Ministry of Foreign Affairs and Cooperation on behalf of the Government of Spain, Agence Francaise de Development, Nordic Development Fund, the Investment Fund for Developing Countries, KfW and Facilité d'Investissement et de Soutien aux Entreprises en Afrique (FISEA). The annual meeting will be held in June 2023.

Other key stakeholders

AGF has contribution capital from Government of Canada and USAID. No shares have been issued to these stakeholders.

Analysis of ownership

AGF had 8 Shareholders which include 4 clients of Class B, 4 clients of Class C and 3 clients of Class D as at 31 December 2022.

Shareholders' calendar

AGF has planned the following forthcoming events:

Reporting date	31 December 2022
Publication of year end results	Within six months from end of 31 December 2022

Statement of Compliance

Name of Company: African Guarantee Fund – For Small and Medium-sized Enterprises Ltd

Reporting period: Year ended 31 December 2022

We, the undersigned being the directors of African Guarantee Fund – For Small and Medium-sized Enterprises Ltd (the “Company”) confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the Code of Corporate Governance (the “Code”).

On behalf of the board

Director

Date:

Director

Date:

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of African Guarantee Fund for Small and Medium Sized Enterprises Ltd (the "Company") and its subsidiary, (together the "Group").

Principal activities

The principal activity of the Group is to significantly increase the access of African Small and Medium-sized Enterprises (SMEs) to finance from the financial sector. The Group has two lines of activity:

- Provision of partial financial guarantees on a product and portfolio basis; and
- Support for capacity development of the client financial institutions to help them improve their SME financing capabilities.

The Group is composed of two distinct entities, presented below:

- African Guarantee Fund has a branch registered in Nairobi, Kenya. It is registered as a branch of a foreign entity under the Kenyan Companies Act. The main operations are located in Kenya.
- African Guarantee Fund Pour Les Petites Et Moyennes Entreprises, registered in Lomé, Togo. It is registered as a financial institution, subject to the provisions of the banking law in the West African Monetary Union (WAEMU/WAMU).

Business review

The results of the Group and Company are set out on page 22 while the financial position as at 31 December 2022 are set out on page 23.

Dividend

The Directors do not recommend the payment of any dividend for the year under review (2021: Nil).

Directors

The Directors who held office at the date of this report are set out on page 2.

Events subsequent to the end of the reporting period

There were no material subsequent events after the reporting date requiring disclosure in these financial statements as at the date of the financial statement approval.

Statement as to disclosure to the group's auditor

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

- (i) there is, so far as the Director is aware, no relevant audit information of which the Group's auditor is unaware; and
- (ii) the Director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Terms of appointment of the auditor

PricewaterhouseCoopers continues in office in accordance with the Mauritian Companies Act 2001.

The Directors monitor the effectiveness, objectivity, and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

Certificate from the Secretary

Under section 166 (d) of the Mauritius Companies Act

We certify to the best of our knowledge and belief, that African Guarantee Fund for Small and Medium Sized Enterprises Ltd has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001 for the year ended 31 December 2022.

By order of the Board

Secretary

2023

Statement of Directors' Responsibilities

The Directors are required in terms of the Mauritian Companies Act 2001 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Having made an assessment of the Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

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

Approved by the board of directors on _____ April 2023 and signed on its behalf by:

Director _____

Director _____

Interoffice opinion on the audit of the consolidated financial statements for African Guarantee Fund for Small and Medium Sized Enterprises Ltd



Independent Auditor's Report

To the Shareholders of
African Guarantee Fund - for Small and Medium-sized Enterprises Ltd

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of African Guarantee Fund – for Small and Medium-Sized Enterprises Ltd (the "Company") and its subsidiary (together the "Group") and of the Company standing alone as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

African Guarantee Fund – for Small and Medium-sized Enterprises Ltd's consolidated and separate financial statements set out on pages 22 to 89 comprise:

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

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 Consolidated and Separate Financial Statements" section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Tel: +230 404 5000, Fax:+230 404 5088, www.pwc.com/mu
Business Registration Number: F07000530



Independent Auditor's Report

To the Shareholders of
African Guarantee Fund - for Small and Medium-sized Enterprises Ltd
(Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the corporate information, the corporate governance report, the directors' report, the secretary certificate and the statement of directors' responsibilities but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we 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 Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.



Independent Auditor's Report

To the Shareholders of
African Guarantee Fund - for Small and Medium-sized Enterprises Ltd
(Continued)

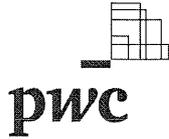
Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report

To the Shareholders of
African Guarantee Fund - for Small and Medium-sized Enterprises Ltd
(Continued)

Report on the Audit of the Consolidated and Separate Financial
Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

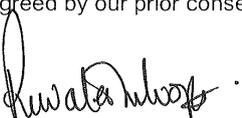
Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- (a) we have no relationship with or interests in the Company or its subsidiary other than in our capacity as auditor of the Company;
- (b) we have obtained all the information and explanations we have required; and
- (c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


PricewaterhouseCoopers

27 June 2023


Gilles Beesoo, licensed by FRC

Statements of Profit or Loss and other Comprehensive Income

	Notes	Group		Company	
		2022 USD	2021 USD	2022 USD	2021 USD
Income from guarantees	8	8,547,151	6,191,075	5,984,052	3,632,965
Income from investments	9	4,498,150	4,330,414	2,160,854	2,214,379
Grant income	10	2,923,402	-	2,923,402	-
Net fair value gain on guarantee contracts	6	1,156,197	1,990,077	2,031,579	(710,776)
Other income	11	276,441	350,021	65,819	221,429
		17,401,341	12,861,587	13,165,706	5,357,997
Expenses					
Staff costs	12	(4,872,365)	(5,079,739)	(3,762,136)	(3,890,828)
General and administrative expenses	13	(6,473,952)	(4,350,046)	(5,067,771)	(3,334,317)
Depreciation and amortization	14	(816,738)	(793,281)	(672,836)	(742,512)
Guarantee expenses	29	(1,107,959)	(720,215)	(1,107,959)	(360,642)
Expected credit losses on financial guarantees	22	(4,677,867)	(2,550,526)	(2,793,778)	(1,393,450)
Capacity development expenses		(1,423,402)	-	(1,423,402)	-
Claims paid on guarantee contracts		(1,233,479)	(4,438,946)	(1,058,053)	(4,438,946)
Interest expense		-	-	-	(94,993)
Total expenses		(20,605,762)	(17,932,753)	(15,885,935)	(14,255,688)
Loss before tax		(3,204,421)	(5,071,166)	(2,720,229)	(8,897,691)
Income tax expense	16	(242,418)	-	(242,418)	-
Loss for the year		(3,446,839)	(5,071,166)	(2,962,647)	(8,897,691)
Attributable to;					
- Owners of the company		(3,352,712)	(5,815,040)	(2,962,647)	(8,897,691)
- Non-controlling interest		(94,127)	743,874	-	-
Loss for the year		(3,446,839)	(5,071,166)	(2,962,647)	(8,897,691)
Other comprehensive loss for the year, net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations		(3,174,390)	(3,288,067)	-	-
Total comprehensive gain/loss for the year		(6,621,229)	(8,359,233)	(2,962,647)	(8,897,691)
Attributable to;					
- Owners of the company		(5,910,001)	(8,463,907)	(2,962,647)	(8,897,691)
- Non-Controlling Interest		(711,228)	104,674	-	-
		(6,621,229)	(8,359,233)	(2,962,647)	(8,897,691)

The notes set out on pages 27 to 91 form an integral part of these financial statements.

Statements of Financial Position

	Notes	USD 2022	Group USD 2021	USD 2022	Company USD 2021
Assets					
Property and equipment	17	15,505,523	19,343,334	9,525,257	10,852,591
Intangible assets	18	1,696,574	2,114,121	1,610,467	2,034,796
Investment properties	19	6,163,136	-	4,142,532	-
Investment in subsidiary	27	-	-	31,887,765	31,887,765
Guarantee contracts at fair value through profit or loss	6	5,882,488	4,686,741	5,589,491	3,557,910
Financial guarantee contract receivables	22	1,654,928	-	971,760	-
Other financial instruments – Fixed deposit	7	39,957,307	48,067,676	1,246,469	1,221,005
Debt instrument at amortised cost	5	126,755,173	111,179,596	124,509,534	109,626,901
Trade and other receivables	20	21,334,863	10,545,329	10,843,980	7,268,210
Cash and bank balances	4	11,430,410	16,631,795	11,001,069	16,134,667
Total assets		230,380,402	212,568,592	201,328,324	182,583,845
Liabilities					
Post-employment benefits obligations	23	284,127	235,345	-	-
Financial guarantee contract liabilities	22	17,865,882	11,533,086	5,052,252	1,286,714
Trade and other payables	21	6,968,403	4,276,040	5,616,112	3,218,699
Current income tax	16	242,418	-	242,418	-
Deferred grant income	25	8,056,835	23,984,626	17,330,139	10,623,013
Net assets		196,962,737	188,583,966	183,998,185	171,960,832
Equity					
Stated capital	24 (a)	214,891,155	199,891,155	214,891,155	199,891,155
Share premium		7,465	7,465	7,465	7,465
Capital contribution	24 (b)	11,980,024	11,980,024	11,980,024	11,980,024
Accumulated losses		(37,923,758)	(34,571,046)	(42,880,459)	(39,917,812)
Other reserves	32	(672,667)	1,884,622	-	-
Equity attributable to owners of the company		188,282,219	179,192,220	183,998,185	171,960,832
Non-controlling interests		8,680,518	9,391,746	-	-
Total Equity		196,962,737	188,583,966	183,998,185	171,960,832

The financial statements on pages 22 to 91 were approved for issue by the board of directors on
June 2023 and were signed on its behalf by:

Director _____

Director _____

Consolidated Statement of Changes in Equity

	Notes	Issued capital and premium USD	Capital contribution USD	Accumulated Losses USD	Other reserves USD	Total owners' equity USD	Non- controlling interest USD	Total Equity USD
Year ended 31 December 2021								
At start of year		179,898,620	-	(28,756,006)	4,533,489	155,676,103	9,287,072	164,963,175
Loss for the year		-	-	(5,815,040)	-	(5,815,040)	743,874	(5,071,166)
Other comprehensive income		-	-	-	(2,648,867)	(2,648,867)	(639,200)	(3,288,067)
Total comprehensive income for the year		-	-	(5,815,040)	(2,648,867)	(8,463,907)	104,674	(8,359,233)
Transactions with owners of the company								
Issue of shares	24	20,000,000	-	-	-	20,000,000	-	20,000,000
Capital contribution		-	11,980,024	-	-	11,980,024	-	11,980,024
At end of year		199,898,620	11,980,024	(34,571,046)	1,884,622	179,192,220	9,391,746	188,583,966
Year ended 31 December 2022								
At start of year		199,898,620	11,980,024	(34,571,046)	1,884,622	179,192,220	9,391,746	188,583,966
Loss for the year		-	-	(3,352,712)	-	(3,352,712)	(94,127)	(3,446,839)
Other comprehensive income		-	-	-	(2,557,289)	(2,557,289)	(617,101)	(3,174,390)
Total comprehensive income for the year		-	-	(3,352,712)	(2,557,289)	(5,910,001)	(711,228)	(6,621,229)
Transactions with owners of the company								
Issue of shares	24	15,000,000	-	-	-	15,000,000	-	15,000,000
At end of year		214,898,620	11,980,024	(37,923,758)	(672,667)	188,282,219	8,680,518	196,962,737

Company Statement of Changes in Equity

	Stated capital, share premium & capital contribution	Accumulated Losses	Total Equity
	USD	USD	USD
At 1 January 2021	179,898,620	(31,020,121)	148,878,499
Loss for the year	-	(8,897,691)	(8,897,691)
Transactions with owners of the company Issued share	31,980,024	-	31,980,024
At 31 December 2021	211,878,644	(39,917,812)	171,960,832
At 1 January 2022	211,878,644	(39,917,812)	171,960,832
Loss for the year	-	(2,962,647)	(2,962,647)
Transactions with owners of the company Issue of Shares	15,000,000	-	15,000,000
At 31 December 2022	226,878,644	(42,880,459)	183,998,185

Statement of Cash Flows

	Notes	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Net cash flows used in operating activities	30	(14,906,275)	(5,666,677)	(7,951,260)	(6,854,916)
Cash flows from investing activities					
Purchase of property and equipment	17	(946,947)	(5,458,165)	(803,202)	(3,735,418)
Purchase of investment property	19	(2,134,034)		(2,134,034)	
Purchase of intangible assets	18	(15,151)	(4,546)	(171,936)	(15,092)
Net investment in debt instrument at amortised cost		(15,174,270)	(9,052,260)	(15,382,732)	(17,147,367)
Net investments in other financial instruments		8,110,369	(23,005,792)	-	-
Interest income received		4,498,150	13,022,676	3,084,407	3,413,110
Net cash flows from investing activities		(5,661,883)	(24,498,087)	(15,407,497)	(17,484,767)
Cash flows from financing activities					
Proceeds from issue of shares		15,000,000	20,000,000	15,000,000	20,000,000
Contribution		-	11,980,024	-	11,980,024
Grant	25	3,225,159	6,117,600	3,225,159	6,117,600
Proceeds from loan received from subsidiary	-	-		-	(9,523,910)
Net cash flows from financing activities		18,225,159	38,097,624	18,225,159	28,573,714
Net (decrease)/increase in cash and cash equivalents		(2,342,999)	7,932,860	(5,133,598)	4,234,031
At start of year		16,631,795	11,987,012	16,134,667	11,900,636
Effects of exchange rates on cash and cash equivalents		(2,858,386)	(3,288,077)	-	-
At end of year		11,430,410	16,631,795	11,001,069	16,134,667

Notes to the Financial Statements

1. General information

The African Guarantee Fund for Small and Medium-sized Enterprises Ltd (the “Company”) was incorporated in the Republic of Mauritius on 28 March 2011 as a private company Ltd by shares in accordance with the Companies Act 2001. It has been granted a Global Business License by the Financial Services Commission. The Company is regulated by the Financial Services Commission. The registered office is located at C/o Rogers Capital Fund Services Ltd, Rogers House, 5 President John Kennedy Street, Port Louis.

African Guarantee Fund (AGF) has a branch registered in Nairobi, Kenya. It is registered as a branch of a foreign entity under the Kenyan Companies Act.

The African Guarantee Fund group has a subsidiary in AGF West Africa located in Togo, Lomé. The subsidiary was acquired in December 2015. The subsidiary is regulated by the Central Bank in Togo.

2. Significant accounting policies

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

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Where necessary, comparative figures have been amended to conform with changes in presentation or in accounting policies in the current year.

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investment property is measured at fair value;
- Guarantee contracts measured at the higher of the initial fair value less amortization and the expected credit loss allowance
- Loan portfolio guarantee contracts measured at fair value through profit and loss
- Land and buildings are recognised at fair value, based on periodic valuation, less subsequent depreciation for buildings.

Fair values are categorised into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- **Level 1** fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); **and**
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

(ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Changes in accounting policy and disclosures

(i) New and amended standards effective and adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2022. These standards and amendments did not have a material impact on the financial statements.

Standard	Effective date	Summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 01 January 2022	IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 01 January 2022	<ul style="list-style-type: none"> IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for de-recognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 01 January 2022	IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 01 January 2022	<ul style="list-style-type: none"> IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for de-recognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

The application of the above did not have a material impact on the financial statements of the company.

(ii) Standards, amendments and interpretations issued but not yet effective

Standard	Effective date	Summary
IFRS 17, 'Insurance contracts'	<p>Annual periods beginning on or after 01 January 2023</p> <p>Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.</p>	<p>The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.</p> <p>For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. Consequently, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.</p>
IFRS 17, Insurance contracts Amendments	<p>Annual periods beginning on or after 01 January 2023</p> <p>(Published June 2020)</p>	<p>In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.</p>
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	<p>Annual periods beginning on or after 01 January 2023</p> <p>(Published Jan 2020)</p>	<p>The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.</p>

Standard	Effective date	Summary
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 01 January 2023. Earlier application is permitted. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 01 January 2023. Earlier application is permitted. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 01 January 2023	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all of the lease payments are variable lease payments that do not depend on an index rate are most likely to be impacted.
Amendment to IAS 1 - Non current liabilities with covenants	Annual periods beginning on or after 01 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The application of the above standards are not expected to have a material impact on the Company and the Group.

(b) Consolidation

The consolidated financial statements incorporate the financial statements of the company and an entity controlled by the company. Control is achieved when the company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power over the investee, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

The consolidated financial statements incorporate the financial statements of the company and an entity controlled by the company. Control is achieved when the company:

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- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements for subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to the transactions between the members of the Group are eliminated in full on consolidation

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9: Financial Instruments: Recognition and Measurement, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Investment in subsidiary

Investment in subsidiary companies are stated at cost less impairment loss where applicable in the separate accounts of the Company.

(d) Interest income and expense recognition

Interest income and interest expense on interest bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount, except for:

- i. Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- ii. Financial assets that are not "POCI" but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision) in subsequent reporting periods.

Interest income and interest expense on interest bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount, except for:

- i. Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and
- ii. Financial assets that are not "POCI" but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e.net of the expected credit loss provision) in subsequent reporting periods.

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

(e) Fee and commission income

AGF guarantee products attracts 3 types of commissions.

- **Origination fees:** This is paid up front, when the agreement is signed. This is recognized at a point in time when the right to receive the fees is established.
- **Utilization fees:** This is paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis. The revenue for the utilization fees is recognised over time as the utilization is provided.
- **Commitment fees;** This paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis, and on the un-utilized portion. The revenue for the utilization fees is recognised over time as the drawn capacity provided is available.

(f) Foreign currency translation

(i) Functional and presentation currency

The Group's consolidated financial statements are presented in United States Dollars, which is also the Functional and Presentation currency of the subsidiary. For each entity in the Group, the Group determines the functional currency and items included in the financial statements of each entity are measured using that Functional currency.

Transactions and balances

Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

(g) Financial assets

The financial assets of the Group comprise other financial instruments, financial guarantee contracts receivable, debt instruments at amortized cost, trade and other receivables and cash and bank balances.

Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost.

Classification and subsequent measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus (in the case of a financial asset not at fair value through profit or loss) transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective of holding financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, as this best reflects the ways in which the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading, or are managed, and the performance of which is evaluated on a fair value basis are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest (continued)

For the purposes 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, 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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with sole payments of the principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Impairment

Financial instruments

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost (this includes debt instruments at amortized cost, other financial instruments and other receivables);
- Financial guarantee contracts

The Group measures loss allowances at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Group considers this to be Baa3 or higher, per Moody's, or BBB- or higher, per Bloomberg.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset.

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 being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
- likelihood that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Fund has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the financial guarantees of the Fund are classified into Stage 1, Stage 2, and Stage 3, as described below:

- **Stage 1:** When financial guarantees are first recognized, the Fund recognizes an allowance based on 12-month ECLs. A Stage 1 financial guarantee also includes facilities where the credit risk has improved and the financial guarantee has been reclassified from Stage 2.
- **Stage 2:** When a financial guarantee has shown a significant increase in credit risk since its origination, the Fund records an allowance for Long-Term ECLs. A Stage 2 financial guarantee also includes facilities where the credit risk has improved and the loan has been reclassified from Stage 3. A significant increase in credit risk is assessed when there are liquidity issues or an inability to make payment on the due date by the counterparty. This is where the probability of default and the LGD will increase significantly.
- **Stage 3:** Financial guarantees with more than 90 days of arrears and for which, based on the monitoring discussion with the financial institution, the Company expects a claim with a high probability

The calculation of ECLs

The Fund calculates ECLs based on a set of probabilities of default to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity, in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below. The key elements of these are as follows:

- **PD, the Probability of Default**, is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognized and is still in the portfolio.
- **EAD, the Exposure at Default**, is an estimate of the exposure at a future default date, taking into account expected changes in exposure after the reporting date; these include the guarantee amount, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities.
- **LGD, the Loss Given Default**, is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the PFI would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

ECL determination of Financial guarantee contracts

The Fund's liability under each guarantee is measured at the higher of the amount initially recognized, less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Fund estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognized as liabilities within the financial statements

(h) Financial liabilities

Financial liabilities of the Group are measured at amortized cost.

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category its trade and other payables, other liabilities and loans and borrowings.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either:
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor substantially retained all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor substantially retained all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(i) Guarantee accounting

The Group provides the following guarantee products:

- Loan Individual Guarantee (LIG)
- Loan Portfolio Guarantee (LPG)
- Bank's Fund-Raising Guarantee (BFRG)
- Equity Guarantee (EG)

(i) Loan Individual Guarantee (LIG)

The Loan Individual Guarantees have been grouped under Financial Guarantee contracts receivables and liabilities in the statement of financial position.

Definition

The Loan Individual Guarantee (LIG) guarantees a single loan made by a Partner Lending Institution to a single Borrower whose identity is known.

Fee structure

The Group charges the following fees on loan individual guarantees:

- **Origination fees:** paid up front when the agreement is signed.
- **Utilization fees:** paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product.

The fees are paid on a semi-annual or quarterly basis.

Measurement and Classification

Loan Individual Guarantees are treated as financial guarantee contracts and are initially measured at fair value. Subsequently, they are measured at the higher of the amount initially recognized less amortisation and expected credit loss. The fair value is recorded as financial guarantees receivables in the balance sheet while the expected

credit loss is recorded as financial guarantees liability. The financial guarantees are generally issued to unrelated parties and the fair value at inception is equal to the premiums received. No premium is received up front on the guarantee contracts issued by the Group. The fair value is nil at initial recognition.

(ii) Loan Portfolio Guarantee (LPG)

The Loan Portfolio Guarantee (LPG) guarantees a portfolio of loans made by a partner lending institution to a target borrower segment (Qualifying Borrowers) for which the parameters have been defined but the individual borrowers are not known at the time of the guarantee agreement. The guaranteed party is not required to obtain AGF approval prior to the placement of each loan under the guarantee.

Definition

The LPG contracts are accounted as “LPG contracts at fair value through profit or loss”. On initial recognition, the fair value gains are deferred to the statement of financial position and amortised to the profit or loss account on a straight-line basis over the life of the respective contracts.

Fee structure

The Group charges the following fees in relation to loan portfolio guarantees:

- **Origination fees:** paid up front, when the agreement is signed.
- **Utilisation fees:** paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis, and on the utilised portion.
- **Commitment fees:** paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis, and on the un-utilised portion

Measurement and Classification

Loan Portfolio Guarantees are measured at fair value through profit and loss. On initial recognition, the fair value gains are deferred to the statement of financial position and amortised to the profit or loss account on a straight-line basis over the life of the respective contracts.

The fair value of the LPGs during initial and subsequent recognition is determined by establishing the element of “super profits” derived from the fees over the life of the contracts relative to the expected claims, adjusted for risk, time value of money and a normal profit margin.

At initial recognition, due to the above market profit element embedded in the guarantee contracts, it represents day 1 gain in terms of IFRS 9. Due to the unobservable nature of the inputs into the valuation, the day 1 gain is deferred in the statement of financial position and subsequently amortised on a straight-line basis to profit or loss over the period of the contract.

(iii) Bank Fund-Raising Guarantee (BFRG)

The Loan Individual Guarantees have been grouped under Financial Guarantee contract receivables and liabilities in the statement of financial position.

Definition

The Bank Fund-Raising Guarantee (BFRG) guarantees bonds issued by a Partner Lending Institution to investors for whom the parameters have been defined but the individual investors may not be known for the purpose of raising long-term resources to finance SMEs.

Fee structure

The Group charges the following fees on bank fundraising guarantees:

- **Origination fees:** Paid up front, when the agreement is signed.
- **Utilization fees:** Paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis.

Measurement and classification

Bank fundraising guarantees are treated as financial guarantee contracts and are initially measured at fair value. Subsequently, these contracts are measured at the higher of the amount initially recognized less amortization and expected credit loss. The fair value is recorded as financial guarantees receivables in the balance sheet while the expected credit loss is recorded as financial guarantees liability. The financial guarantees are generally issued to

unrelated parties and the fair value at inception is equal to the premiums received. No premium is received upfront on the guarantee contracts issued by the Group. The fair value is nil at initial recognition.

(iv) Equity Guarantees (EG)

The Loan Individual Guarantees have been grouped under Financial Guarantee contract receivables and liabilities in the statement of financial position..

Definition

This is a guarantee that covers initial capital investment loss for investors providing equity or quasi equity to Small and Medium-sized Enterprises. It provides an alternative source of financing to SMEs facing difficulties in accessing Bank financing due to their weak financial structure.

Fee structure

The Group charges the following fees on equity guarantees:

- **Origination fees:** This is paid up front, when the agreement is signed.
- **Utilisation fees:** This is paid during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product.

The fees are paid on a semi-annual or quarterly basis.

Measurement and classification

EGs are treated as financial guarantee contracts and are initially measured at fair value. Subsequently, these contracts are measured at the higher of the amount initially recognized less amortization and expected credit loss. The fair value is recorded as financial guarantees receivables in the balance sheet while the expected credit loss is recorded as financial guarantees liability. The financial guarantees are generally issued to unrelated parties and the fair value at inception is equal to the premiums received. No premium is received upfront on the guarantee contracts issued by the Group. The fair value is nil at initial recognition.

(j) Fair value measurement

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

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

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

The Group's management determines the policies and procedures for recurring fair value measurement, such as guarantee contracts at fair value through profit or loss.

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

Fair-value-related disclosures for financial instruments and non-financial assets that are measured at fair value, or where fair values are disclosed, are summarized in the following notes:

- Fair value measurement: Note 6.

(k) Property and equipment

Equipment, furniture, vehicles, and other tangible assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where significant parts of an item of property and equipment have useful lives of different lengths, they are accounted for as separate items (major components) of property and equipment.

Property and equipment are measured at cost less impairment. Costs that are subsequently incurred are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and/or the company and the cost of the item can be reliably measured. Expenditure that does not meet these criteria is recognized in profit or loss as incurred. Depreciation, impairment losses and gains or losses on disposal of assets are included in profit or loss. Land is measured at market value.

Property and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to their expected residual values. The assets' residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end. The estimated useful lives of tangible assets for the current financial year are as follows:

	Years
Office equipment	3 to 10
Fittings	3 to 10
Furniture	3 to 10
Computer equipment	3 to 5
Motor vehicles	3 to 5
Owner occupied property	40

There has been no change to the estimated useful lives from those applied in the previous financial year.

Included in property and equipment is land, which has been measured at fair value.

(l) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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

(m) Grants

Grants related to non-depreciable assets requiring the fulfilment of certain obligations are recognized in profit or loss over the periods that bear the cost of meeting the obligations. The Group has received a grant of land that is conditional upon the erection of a building of AGF WA. The grant is released to profit or loss over the estimated useful life of the building. The value of the land has initially been determined by an external professional valuer based on open market value. The Group signed a grant agreement with AFDB for facilitation of the AFAWA programme to cover the operating expenses incurred during the implementation of the programme. The grant of USD 25 million is to be received within a period of five years. The first tranche of the grant of USD 6.1 million was received in 2021. In the year 2022, the actual operating expenses incurred in the implementation of the programme is USD 1.5 million and hence a grant income of USD 1.5 million has been recognised.

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost includes all costs incurred during the acquisition and bringing to use of the specific assets. These costs are amortized on the basis of the assets' expected useful lives. Expenditure subsequently incurred on an intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if necessary.

The estimated useful lives of intangible assets for the current financial year are as follows:

Years	
Software and website	1 to 5

(o) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are tested annually for impairment, and additionally when an indicator of impairment exists. Intangible assets that are subject to amortization and other non-financial assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realization of the asset. 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. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

Assets on which impairment losses have been recognized in prior periods are re-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 through profit or loss 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 amortization, if no impairment loss had been recognized.

(p) Leased assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group only leases the building, and the lease is expiring in financial year 2022 without further renewal, as the Group is constructing its own office building that it will begin to occupy in financial 2022. Lease payments on short-term lease value assets are recognized as an expense on a straight-line basis over the lease term.

(q) Income Tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

(i) Current Tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

ii) Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(r) Employee benefits

Post-employment benefits – Pension Scheme

The Group has outsourced a pension scheme of which the employee contributions are based on a percentage of pensionable earnings funded by both employer and employees, the assets of which are generally held in separate trustee-administered funds. Contributions to these plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognized as an expense when the Group and/or the company are committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the group and/or the company have made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits, such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group and/or the company have 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.

(s) Provisions

Provisions are in respect of general expenses and pension costs. Provisions are recognized when the Group and/or the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. When the Group and/or the Company expect some or all of a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(t) Revenue recognition

Revenue is recognized as depicting the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Assessment fee and commission revenue

Assessment fee and commission revenue are recognized as the related services are performed and provided that there are no significant uncertainties in respect of related collections. The revenue is recognized as the services are rendered.

Utilisation fee

The Group and the Company recognize utilization fees received and receivable as deferred premium revenue at the inception of the contract. Deferred premium revenue is subsequently recognized as earned revenue over the contractual period or the expected period of the contract in proportion to the amount of guarantee given.

As premium revenue is recognized, a corresponding decrease to the deferred premium revenue is recorded. The amount of premium provided is a function of the guaranteed principal amount outstanding. Accordingly, the proportionate share of premium revenue recognized in a given reporting period is a constant rate calculated based on the relationship between the loan payments made during the reporting period to the guaranteed principal amount.

Interest income

Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

The revenue recognition of the Group has not changed upon the adoption of IFRS 15.

(u) Stated capital

Class A, B and C shares are redeemable at the Company's option, are classified as equity and are measured at the redemption amount.

Class D Shares are not entitled to any dividend, are not redeemable, have no voting rights and have no right to receive notice of, attend or participate in any Shareholders' Meeting for as long as there is any other Class of Shares in issue. If at any time there are no other Classes of Shares in issue, then each Class D Share shall confer on its holder the right to exercise one vote at any Shareholders' Meeting at a poll. Class D Shares are classified as equity.

Some financial instruments include a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only upon liquidation. The obligation arises because liquidation is either certain to occur and outside the control of the entity (for example, a Ltd-life entity) or is not certain to occur but is at the option of the instrument holder.

As an exception to the definition of a financial liability, an instrument that includes such an obligation is classified as an equity instrument if it has all the following features:

- It entitles the holder to a pro rata share of the entity's net assets in the event of the entity's liquidation. The entity's net assets are those assets that remain after deducting all other claims on its assets.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments must have an identical contractual obligation for the issuing entity to deliver a pro rata share of its net assets on liquidation.

For an instrument to be classified as an equity instrument, in addition to the instrument having all of the above features, the issuer must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the entity (excluding any effects of such instrument or contract); and
- The effect of substantially restricting or fixing the residual return to the instrument holders.

The Company continuously assesses the classification of the redeemable participating shares. If the redeemable participating shares have all the features or meet all conditions set out to be classified as equity, the Company will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of reclassification. If the redeemable participating shares subsequently cease to have all of the features, or meet the conditions set out, to be classified as equity, the Company will reclassify them as financial liabilities and measure them at fair value at the date of the reclassification, with any differences from the previous carrying amount recognized in equity.

3. Critical accounting estimates and judgements

The Group and/or the Company make certain estimates and assumptions regarding the future. These estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that 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.

Functional currency

The determination of the Company's functional currency is critical, since the recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The directors have considered these factors and determined that the functional currency of the Company is the US Dollar ("USD"), as it most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

Impairment losses on financial guarantee contracts

The Group and the Company review their individually significant guarantee contracts to assess whether an impairment loss should be recorded in profit or loss. In particular, the management's judgement is required in the estimation amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors. Refer to note 22 for more information.

Determination of fair value of guarantee contracts

Fair valuation of guarantee contracts is a key source of estimation uncertainty at the reporting date and has a significant risk of causing a material adjustment in the carrying value of the guarantee contracts at fair value. The Loan portfolio guarantees are measured at fair value through profit or loss.

Where the fair value of guarantee contracts cannot be derived from active markets, they are determined using valuation techniques such as the discounted cash flow model. Management uses its judgement to select the appropriate valuation methodology to assess the fair value of guarantee contracts. The judgements include considerations of inputs such as average annual growth rate in utilization, default rate, recovery rate and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Land grant

AGFWA received a land grant from the government of Togo for the construction of a building in West Africa. The land being a non-depreciable asset, the land grant has been amortized over the life of the building to be constructed. The Directors of AGF have estimated the life of the building to be 25 years, and further believe that this lifespan assumed is reasonable and in line with the depreciation rate of the asset. Refer to note 25.

4. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: credit risks, liquidity risks, market risks (including interest rate and foreign currency risks) and operational risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Group has established the Treasury Management, Investment/Guarantee, Capacity Development and Committees, which are responsible for developing and monitoring the Company risk management policies in their specified areas. All board committees regularly report to the Board of Directors on their activities.

a) Credit risk

Credit risk refers to the risk of a financial loss to the Group and/or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities (primarily for other receivables) and from its financing activities, including cash at bank and other financial instruments. The Group has adopted a policy of only dealing with creditworthy counterparties. Cash at bank is maintained with financial institutions having strong credit ratings.

Expected credit losses

The table below shows the ECL charges/(reversal) on financial instruments for the year recorded in the income statement.

	2022 USD	Group 2021 USD	2022 USD	Company 2021 USD
Debt instruments at amortised cost	71,137	3,695	50,647	3,620
Other financial instruments and cash and bank balances	(15,023)	240,493	(30,505)	80,732
Trade and other receivables	620,825	598,815	261,583	407,871
Total (Note 13)	676,939	843,003	281,725	492,223

Debt instruments at amortized cost

Group

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	111,211,830	-	-	111,211,830
Net additions	15,646,714	-	-	15,646,714
Net carrying amount at 31 December 2022	126,858,544	-	-	126,858,544
2022				
Expected credit loss allowance at 1 January 2022	32,234	-	-	32,234
ECL charge for the year	71,137	-	-	71,137
Expected credit loss allowance at 31 December 2022	103,371	-	-	103,371
2022				
Gross carrying amount as at 1 January 2022	109,651,036	-	-	109,651,036
Net additions	14,933,280	-	-	14,933,280
Gross carrying amount at 31 December 2022	124,584,316	-	-	124,584,316
2022				
ECL allowance at 1 January 2022	24,135	-	-	24,135
ECL charge for the year	50,647	-	-	50,647
ECL allowance at 31 December 2022	74,782	-	-	74,782

Other movement relates to bonds matured during the year and adjustment for amortized costs.

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	94,916,891	-	-	94,916,891
Net additions	16,294,939	-	-	16,294,939
Gross carrying amount at 31 December 2021	111,211,830	-	-	111,211,830
2021				
ECL allowance at 1 January 2021	28,539	-	-	28,539
ECL charge for the year	3,695	-	-	3,695
ECL allowance at 31 December 2021	32,234	-	-	32,234

Company

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	93,546,243	-	-	93,546,243
Net additions	16,104,793	-	-	16,104,793
Gross carrying amount at 31 December 2021	109,651,036	-	-	109,651,036
2021	Stage 1	Stage 2	Stage 3	Total
ECL balance at 1 January 2021	20,515	-	-	20,515
ECL charge for the year	3,620	-	-	3,620
ECL balance at 31 December 2021	24,135	-	-	24,135

Other financial instruments and cash and bank balances

Group

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	65,438,768	-	-	65,438,768
Net additions	(13,326,777)	-	-	(13,326,777)
Gross carrying amount at 31 December 2022	52,111,991	-	-	52,111,991
2022	Stage 1	Stage 2	Stage 3	Total
ECL allowance at 1 January 2022	739,297	-	-	739,297
ECL charge for the year	(15,023)	-	-	(15,023)
ECL allowance at 31 December 2022	724,274	-	-	724,274

Company

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	17,510,553	-	-	17,510,553
Net additions	(5,138,639)	-	-	(5,138,639)
Gross carrying amount at 31 December 2022	12,371,914	-	-	12,371,914
2022	Stage 1	Stage 2	Stage 3	Total
ECL allowance at 1 January 2022	154,881	-	-	154,881
ECL charge for the year	(30,505)	-	-	(30,505)
ECL allowance at 31 December 2022	124,376	-	-	124,376

Group

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	-	53,321,349	-	53,321,349
Net additions	-	12,117,419	-	12,117,419
Gross carrying amount at 31 December 2021	-	65,438,768	-	65,438,768
2021	Stage 1	Stage 2	Stage 3	Total
ECL charged at 1 January 2021	498,804	-	498,804	-
Transfers between stages	-	-	-	-
ECL charged for the financial year	240,493	-	240,493	-
ECL charged at 31 December 2021	739,297	-	739,297	-

Company

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	13,223,035	-	-	13,223,035
Net additions	4,287,518	-	-	4,287,518
Gross carrying amount at 31 December 2021	17,510,553	-	-	17,510,553

2021	Stage 1	Stage 2	Stage 3	Total
ECL charged at 1 January 2021	74,149	-	-	74,149
ECL charged for the financial year	80,732	-	-	80,732
ECL charged at 31 December 2021	154,881	-	-	154,881

Trade and other receivables

Group

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	-	11,985,448	4,097,395	16,082,843
Net additions	-	9,842,330	906,938	10,749,268
Gross carrying amount at 31 December 2022	-	21,827,778	5,004,333	26,832,111

2022	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 1 January 2022	-	1,440,119	4,097,395	5,537,514
Transfers between stages	-	(344,882)	344,882	-
Write offs	-	(661,091)	(661,091)	-
ECL charged for the financial year	-	(601,783)	1,222,608	620,825
ECL Charged at 31 December 2022	-	493,454	5,003,794	5,497,248

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	-	8,238,377	3,697,211	11,935,588
Transfers between stages	-	(191,134)	191,134	-
Net additions	-	3,118,236	266,926	3,385,162
Gross carrying amount at 31 December 2022	-	11,165,479	4,155,271	15,320,750

2022	Stage 1	Stage 2	Stage 3	Total
ECL allowance at 1 January 2022	-	970,167	3,697,211	4,667,378
Transfers between stages	-	(191,134)	191,134	-
Write offs	-	-	(452,191)	(452,191)
ECL charge for the year	-	(457,534)	719,117	261,583
ECL allowance at 31 December 2022	-	321,499	4,155,271	4,476,770

Group

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	-	10,943,594	3,940,974	14,884,568
Transfer between stages	-	-	-	-
Net additions	-	1,041,854	156,421	1,198,275
Gross carrying amount at 31 December 2021	-	11,985,448	4,097,395	16,082,843

2021	Stage 1	Stage 2	Stage 3	Total
ECL charged at 1 January 2021	-	997,725	3,940,974	4,938,699
Transfers between stages	-	-	-	-
ECL charged for the financial year	-	442,394	156,421	598,815
ECL charged at 31 December 2021	-	1,440,119	4,097,395	5,537,514

Company

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	-	6,547,549	3,545,779	10,093,328
Net additions	-	1,690,828	151,433	1,842,261
Gross carrying amount at 31 December 2021	-	8,238,377	3,697,212	11,935,589

Company

2021	Stage 1	Stage 2	Stage 3	Total
ECL allowance at 1 January 2021	-	713,729	3,545,779	4,259,508
ECL charge for the year	-	256,438	151,433	407,871
ECL allowance at 31 December 2021	-	970,167	3,697,212	4,667,379

Financial guarantee

The table below presents the classification and measurement of the loan individual guarantees (LIGs), bank fund raising guarantees (BFRGs) and equity guarantees. These types of guarantees are treated as financial guarantee contracts and are initially measured at fair value (NPV). Subsequently, these contracts are measured at the higher of the amount initially recognized less expected credit loss. The financial guarantees are assessed on a yearly basis; thereafter, the staging is reallocated.

Group

Classification

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	102,013,381	26,991,761	28,653,266	157,658,408
Transfers between stages	(74,557,933)	(14,358,496)	4,515,080	(84,401,349)
New volume	2,878,986	-	-	2,878,986
Gross carrying amount at 31 December 2022	30,334,434	12,633,265	33,168,346	76,136,045

Measurement

2022	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 1 January 2022	(1,702,642)	1,418,736	11,816,992	11,533,086
Net ECL charged for the financial year	320,023	(615,892)	4,973,736	4,677,867
NPV at 31 December 2022 (Asset)	(1,428,793)	(226,135)	-	(1,654,928)
ECL Charged at 31 December 2022 (Liability)	46,174	1,028,979	16,790,728	17,865,882

Company

Classification

2022	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2022	61,616,312	441,898	9,988,923	72,047,133
Transfers between stages	(45,576,378)	(437,041)	4,630,804	(41,382,615)
Gross carrying amount at 31 December 2022	16,039,934	4,857	14,619,727	30,664,518

Measurement 2022	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 1 January 2022	(1,209,641)	(876)	2,497,231	1,286,714
ECL charged for the financial year	237,973	784	2,555,021	2,793,778
NPV at 31 December 2022 (Asset)	(971,668)	(92)	-	(971,760)
ECL Charged at 31 December 2022 (Liability)	-	-	5,052,252	5,052,252

Group

Classification

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	194,236,981	32,798,676	28,463,656	255,499,313
Transfers between stages	(94,517,212)	(5,806,915)	189,610	(100,134,517)
New volume in 2021	2,293,612	-	-	2,293,612
Gross carrying amount at 31 December 2021	102,013,381	26,991,761	28,653,266	157,658,408

Measurement

2021	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 1 January 2021	(1,983,304)	1,332,786	9,633,078	8,982,560
Net ECL charge for the year	280,661	85,951	2,183,914	2,550,526
ECL Charged at 31 December 2021	(1,702,643)	1,418,737	11,816,992	11,533,086

Company

Classification

2021	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2021	70,837,782	1,348,723	11,133,753	83,320,258
Transfers between stages	(14,756,090)	(906,825)	(1,144,830)	(16,807,745)
New volume in 2021	5,534,620	-	-	5,534,620
Gross carrying amount at 31 December 2021	61,616,312	441,898	9,988,923	72,047,133

Measurement

2021	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 1 January 2021	(1,366,332)	(273,843)	1,533,438	(106,737)
Net ECL charged for the financial year	156,691	272,967	963,793	1,393,450
ECL Charged at 31 December 2021	(1,209,641)	(876)	2,497,231	1,286,714

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date is outlined below.

Cash and cash equivalents (excluding cash in hand)

	Group 2022		Group 2021	
	Balance USD	Rating	Balance USD	Rating
Absa Bank Mauritius	1,291,891	BBB-	325,033	BBB-
Barclays Bank London	399,349	BBB	5,288,171	BBB
Stanbic Bank Kenya	5,328,501	B	5,982,387	B
NCBA Bank Kenya	2,663,411	B+	2,458,549	B
Ecobank	446,891	B	1,472,956	B
Absa Bank Kenya	489,823	B	262,182	B
Equity Bank	433,210	B	441,891	B
BTCI	69,612	B	84,709	B
Ecobank Togo	364,767	B	329,768	B
BATG	-	B	88,694	B
Total	11,487,456		16,734,340	
ECL allowance	(63,073)		(110,931)	
	11,424,383		16,623,409	

	Company			
	2022		2021	
	Balance USD	Rating Long Term	Balance USD	Rating Long Term
Absa Bank Mauritius	1,291,891	BBB-	325,033	BBB-
Barclays Bank London	399,349	BBB	5,288,171	BBB
Stanbic Bank Kenya	5,328,501	B	5,982,387	B
NCBA Bank Kenya	2,663,411	B	2,458,549	B
Ecobank	446,891	B	1,472,956	B
Absa Bank Kenya	489,823	B	262,182	B
Equity Bank	433,210	B	441,891	B
Total	11,053,076		16,231,169	
ECL allowance	(57,420)		(101,680)	
	10,995,656		16,129,489	

In 2022, amounts of USD 6,027 and USD 5,413 for the Group and the Company respectively, representing cash in hand, were not included in the table (2021: USD 8,386 and USD 5,178, respectively).

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Cash at bank and on hand	6,189,056	11,390,441	2,710,113	7,843,711
Short term deposits	5,241,354	5,241,354	8,290,956	8,290,956
Total	11,430,410	16,631,795	11,001,069	16,134,667

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Guarantee contracts, Debt instruments at amortized costs, Cash and bank balances, Other financial instruments – Fixed deposits and receivables

Rating*	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
AAA	8,294,231	3,478,255	8,299,643	3,478,255
AA+	590,620	-	590,620	-
AA	13,449,618	17,833,868	13,449,618	17,833,868
AA-	18,902,718	22,081,553	18,902,718	22,081,553
A+	24,854,351	7,890,491	24,854,351	7,890,491
A	11,095,011	20,135,079	11,095,011	20,135,079
A-	5,630,166	3,696,550	5,630,166	3,696,550
BBB+	9,698,934	500,261	9,698,934	500,261
BBB	24,325,729	10,973,382	22,978,864	10,973,382
BBB-	10,781,043	14,203,323	10,781,043	14,203,323
BB+	-	8,858,275	-	8,858,275
B+	9,604	20,361	-	-
B	51,278,680	1,485,281	10,675,262	-
B-	34,687	55,152	-	-
Not rated	28,897,422	80,670,839	17,405,231	28,336,671
	207,842,814	191,882,670	154,361,461	137,987,708
ECL Allowance	(827,645)	(771,533)	(199,158)	(179,015)
	207,015,169	191,111,137	154,162,303	137,808,693

*Source: Bloomberg

The credit risk is mitigated through:

- Portfolio diversification by applying limits by region, country, sector, single obligor, product, and risk category
- Portfolio hedging by using re-guarantees to share credit risk with other guarantee funds
- Intensive due diligence
- Contract covenants, providing the ability to cancel, reduce or reprice a deal if the credit conditions deteriorate significantly or if the fees are not settled within the set time frame.

b) Concentration risk

Concentration risk is defined as a direct and/or indirect concentration of exposure to a single or group of counterparties, industry or geographic region. Owing to the nature of its operations, AGF will always have a large amount of exposure in the African continent. AGF will always seek to counter this by diversifying, i.e. by investing in other geographical regions and other counterparties. The investments are well diversified within each region and are within the single obligor limits.

Guarantee contracts, Debt instruments at amortized costs, Cash and bank balances and Other financial instruments

	Group			
	Carrying amount		Carrying amount	
	2022	Percentage	2021	Percentage
	USD		USD	
Africa	74,507,488	40.12%	87,812,796	48.63%
Europe	16,900,702	9.10%	22,050,420	12.21%
America	24,027,377	12.94%	20,091,793	11.13%
Middle East	18,852,142	10.15%	20,702,262	11.47%
Asia	44,941,032	24.20%	23,447,608	12.99%
Oceania	6,451,565	3.47%	6,460,929	3.58%
Total	185,680,306	100%	180,565,808	100%

	Company			
	Carrying amount		Carrying amount	
	2022	Percentage	2021	Percentage
Africa	32,145,505	22.43%	37,787,471	28.95%
Europe	16,900,702	11.79%	22,050,420	16.89%
America	24,027,377	16.77%	20,091,793	15.39%
Middle East	18,852,142	13.15%	20,702,262	15.86%
Asia	44,941,032	31.36%	23,447,608	17.96%
Oceania	6,451,565	4.50%	6,460,929	4.95%
Total	143,318,323	100%	130,540,483	100%

c) Market risk

Market risk arises from the Group and/or the Company's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

d) Interest rate risk

Neither the Group nor the Company is sensitive to interest rate risk changes, due to the fact that all coupon rates are fixed and the bonds are intended to be held to maturity.

A change in interest rates on the variable loan facility impacts the interest incurred and cash flows but does not impact the net financial instrument position.

e) Foreign exchange risk

Foreign currency risk is the risk that Group's and/or the Company's net financial asset will fluctuate because of changes in foreign currency risk. The Group manages this FX risk by a combination of long-term hedges for large exposures and tight cash flow forecasting and planning to effectively manage FX risk occurring in day-to-day operations.

While the reporting currency of AGF is USD, the investment portfolio aims to mitigate currency risk. Such currency risk arises from writing guarantees in currencies other than USD, while having an asset base to support those guarantees denominated in USD. In particular, the portfolio counteracts the currency risk by aiming to match the currencies of the investments to the major contingent liabilities.

The currency breakdown of the assets is in line with the company's major contingent liabilities (a highly significant proportion of the company contingent liabilities is in West African CFA Franc (XOF)). As of 31 December 2022, and 2021, the Group and the Company's net exposure to foreign exchange risk was as follows:

	Group				
	USD 2022	EURO 2022	KES 2022	XOF 2022	Total USD 2022
Assets	143,995,350	372,023	327,964,689	36,652,614,914	207,015,169
Liabilities	21,753,690	-	11,211,561	1,827,487,164	24,834,285
Closing rate	1	1.0732	0.008101135	0.001636	-
Net exposure in USD	122,241,660	399,255	2,566,060	56,973,909	182,180,884

	Company				
	USD 2022	EURO 2022	KES 2022	XOF 2022	Total USD 2022
Assets	151,106,162	372,023	327,964,689	-	154,162,303
Liabilities	10,577,538	-	11,211,561	-	10,668,364
Closing rate	1	1.0732	0.008101135	0.001636	-
Net exposure in USD	140,528,624	399,255	2,566,060	-	143,493,939

	Group				
	USD 2022	EURO 2022	KES 2022	XOF 2022	Total USD 2022
Assets	127,995,192	184,491	246,005,432	35,024,143,782	191,111,137
Liabilities	13,074,477	-	10,257,808	1,660,516,643	16,044,471
Closing rate	1	1.1377	0.008837951	0.001734	-
Net exposure in USD	114,920,715	209,895	2,083,526	57,852,529	175,066,666

	Company				
	USD 2022	EURO 2022	KES 2022	XOF 2022	Total USD 2022
Assets	135,424,613	184,491	246,005,432	-	137,808,693
Liabilities	4,414,755	-	10,257,808	-	4,505,413
Closing rate	1	1.1377	0.008838	0.001734	-
Net exposure in USD	131,009,859	209,895	2,083,526	-	133,303,280

f) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty when meeting obligations from its financial liabilities. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

The Group and the Company's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities to always ensure necessary access to sufficient liquidity.

The table below summarizes the maturity profile of the Group's and the Company's financial assets and liabilities at 31 December based on contractual non-discounted payments.

Group						
At 31 December 2022	On demand USD	1-3 months USD	3-6 months USD	6-12 months USD	1-8 years USD	Total USD
Cash and cash equivalents	6,189,056	5,241,354	-	-	-	11,430,410
Debt instrument at amortised cost	-	6,029,375	10,084,923	980,925	116,943,275	134,038,498
Other financial instruments	176,053	3,073,904	936,518	4,896,801	36,346,961	45,430,237
Guarantee contracts at fair value through profit or loss	-	-	-	-	5,882,488	5,882,488
Trade and other receivables	-	615,585	948,391	9,576,083	10,194,304	21,334,363
Financial guarantee contract receivables	-	-	-	-	1,654,928	1,654,928
Total financial assets	6,365,109	14,960,218	11,969,832	15,453,809	171,021,956	219,770,924
Trade and other payables	6,968,403	-	-	-	-	6,968,403
Financial guarantee contract liabilities	-	-	-	-	17,865,882	17,865,882
Total financial liabilities	6,968,403	-	-	-	17,865,882	24,834,285
Net Asset/(Liabilities)	(603,294)	14,960,218	11,969,832	15,453,809	153,156,074	194,936,639

Company						
At 31 December 2022	On demand USD	1-3 months USD	3-6 months USD	6-12 months USD	1-8 years USD	Total USD
Cash and cash equivalents	2,710,113	8,290,956	-	-	-	11,001,069
Debt instrument at amortised cost	-	6,019,771	10,084,923	980,925	114,678,651	131,764,270
Other financial instruments	26,053	6,453	4,898	8,574	1,319,553	1,365,531
Guarantee contracts at fair value through profit or loss	-	-	-	-	5,589,491	5,589,491
Trade and other receivables	-	2,494,938	501,724	6,836,059	1,011,259	10,843,980
Total financial assets	2,736,166	16,812,118	10,591,545	7,825,558	122,598,954	160,564,341
Trade and other payables	5,616,112	-	-	-	-	5,616,112
Financial guarantee contract liabilities	5,052,252	-	-	-	-	5,052,252
Total financial liabilities	10,668,364	-	-	-	-	10,668,364
Net Assets/(Liabilities)	(7,932,198)	16,812,118	10,591,545	7,825,558	122,598,954	149,895,977

Group						
At 31 December 2021	On demand USD	1-3 months USD	3-6 months USD	6-12 months USD	1-8 years USD	Total USD
Cash and cash equivalents	11,390,441	5,241,354	-	-	-	16,631,795
Debt instruments at amortised cost	-	13,055,064	6,442,482	19,163,233	72,518,817	111,179,596
Other financial instruments	150,000	2,555,479	441,897	3,959,061	40,961,239	48,067,676
Guarantee contracts at fair value through profit or loss	-	-	-	-	4,686,741	4,686,741
Receivables and deposits	-	1,632,323	948,391	6,227,293	1,737,322	10,545,329
Total financial assets	11,540,441	22,484,220	7,832,770	29,349,588	119,904,119	191,111,137
Trade and other payables	4,276,040	-	-	-	-	4,276,040
Financial guarantee contract liabilities	-	-	-	-	11,533,086	11,533,086
Total financial liabilities	4,276,040	-	-	-	11,533,086	15,809,126
Net Assets	7,264,401	22,484,220	7,832,770	29,349,588	108,371,033	175,302,011

Company						
At 31 December 2021	On demand USD	1-3 months USD	3-6 months USD	6-12 months USD	1-8 years USD	Total USD
Cash and cash equivalents	7,843,711	8,290,956	-	-	-	16,134,667
Debt instruments at amortised cost	-	13,055,064	6,442,482	19,163,233	70,966,122	109,626,901
Other financial assets	-	-	-	-	1,221,005	1,221,005
Guarantee contracts at fair value through profit or loss	-	-	-	-	3,557,910	3,557,910
Receivables and deposits	-	1,579,255	501,724	4,175,972	1,011,259	7,268,210
Total financial assets	7,843,711	22,925,275	6,944,206	23,339,205	76,756,296	137,808,693
Trade and other payables	3,218,699	-	-	-	-	3,218,699
Financial guarantee contract liabilities	-	-	-	-	1,286,714	1,286,714
Total financial liabilities	3,218,699	-	-	-	1,286,714	4,505,413
Net Assets	4,625,012	22,925,275	6,944,206	23,339,205	75,495,046	133,328,744

g) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's and the Company's operations.

The Group's objective is to manage operational risk in order to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness, as well as to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls designed to address operational risk is assigned to senior management within each department. This responsibility is supported by the development of the Group's overall standards for the management of operational risk in the following areas:

- Ethical and business standards.
- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.

- Development of contingency plans.
- Training and professional development.
- Risk mitigation (including insurance, where this is effective).

Compliance with the Group's standards is supported by a program of regular reviews undertaken by the Internal Control department. The results of internal audit reviews are discussed with the management of the department to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Capital management

When managing capital, the principal objective of the Group is to earn the maximum risk-adjusted return that is compatible with keeping the capital intact in the medium- and long-term and being able to settle all obligations in full as they fall due. The group does not have any loans.

Fair value measurements

At 31 December, the Group and the Company held the following financial instruments measured at fair value: Recurring fair value measurement of guarantee contracts at fair value through profit or loss

Guarantee contracts at fair value through profit or loss are fair valued using the Discounted Cash Flow ("DCF") methodology and are classified under Level 3 of the fair value hierarchy. The DCF methodology derives the value of an instrument by calculating the present value of expected cash flow or future earnings.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements during the year.

At 31 December 2022, the nominal amount of guarantee contracts at fair value through profit or loss amounted to USD 240,783,079 (2021: USD 157,037,519) for the loan portfolio guarantee product.

Valuation process

The board of directors of the Fund is responsible for the valuation of guarantee contracts including the policies and procedures. The valuation of the portfolio of guarantee contracts is carried out on a quarterly basis and is reviewed by the Risk committee of the Fund.

5. Debt instruments at amortized cost

Group

2022		2021	
Purchase value (including commission) USD	Carrying value USD	Purchase value (including commission) USD	Carrying Value USD
130,000,386	126,755,173	115,279,809	111,179,596

Company

2022		2021	
Purchase value (including commission) USD	Carrying value USD	Purchase value (including commission) USD	Carrying Value USD
126,468,589	124,509,534	112,579,959	109,626,901

The allowance for the expected credit loss (ECL) of the Group and Company has been derived from the Standard & Poor credit rating. An average loss given default of 45% (2021: 45%) has been used to calculate the ECL.

6. Loan portfolio guarantee (LPG) contracts at fair value through profit or loss

Loan portfolio guarantee contracts are initially measured at fair value through profit or loss. The initial fair value gain is deferred in the statement of financial position and amortised to profit or loss, on a straight line basis, over the tenor of the contract. A summary of the carrying amount of loan portfolio guarantees at fair value at the year end was as follows:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Guarantee contracts at fair value	46,015,520	35,427,236	35,894,999	30,142,522
Deferred income on guarantee contracts	(40,133,032)	(30,740,495)	(30,305,508)	(26,584,612)
	5,882,488	4,686,741	5,589,491	3,557,910

The movement in the fair value of loans portfolio guarantee contracts in the year was as follows

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
At start of year	35,427,236	25,678,660	30,142,522	23,100,102
New contracts in the year	17,663,277	15,133,881	10,865,726	13,103,572
Fair value loss through profit or loss	(7,183,513)	(5,107,477)	(5,113,249)	(6,061,152)
Currency translation differences	108,520	(277,828)	-	-
At end of year	46,015,520	35,427,236	35,894,999	30,142,522

The following assumptions were applied in the estimation of the fair value of the loans portfolio guarantee contracts:

	Group	Company
	2022 USD	2021 USD
Discount rate	5.00%	5.00%
Annual default rate	0.30%	0.30%
Recovery rate	5.00%	5.00%
Average annual growth in utilization	25.00%	25.00%

The movement in the deferred income on loans portfolio guarantee contracts during the year was as follows:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
At start of year	30,740,495	23,086,019	26,584,612	18,831,416
New contracts in the year at fair value	17,663,277	15,133,881	10,865,724	13,103,572
Amortisation to profit of loss	(8,339,710)	(7,479,405)	(7,144,828)	(5,350,376)
Currency translation differences	68,970	-	-	-
At end of year	40,133,032	30,740,495	30,305,508	26,584,612

The net charge in the income statement is arrived at as below:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Fair value loss to profit or loss	(7,183,513)	(5,107,477)	(5,113,248)	(6,061,152)
Amortisation of deferred income	8,339,709	7,097,554	7,144,827	5,350,376
Net fair value gain through profit of loss	1,156,197	1,990,077	2,031,579	(710,776)

Sensitivity analysis for assumptions used in fair valuation of guarantee contracts

The methodology used for fair value is the Discounted Cash Flow ("DCF") methodology and is classified under Level 3 of the fair value hierarchy. The DCF methodology derives the value of an instrument by calculating the present value of expected cash flow or future earnings.

Sensitivity analysis for the assumptions used in the fair valuation of the guarantee contracts at fair value through profit or loss are as follows;

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
If the company's average annual growth in utilization is lower by 100 point to the management assumption (from 25% to 24%), the fair value gain will decrease by;	117,850	202,846	114,101	196,394
If the company's default rate over the period of the contract is higher by 100 points to the management assumption (from 0.3% to 0.4%), the fair value gain will decrease by;	1,190,303	2,048,781	1,054,651	1,815,293
If the company's average recovery rate is lower by 100 points to the management assumption (from 5% to 4%), the fair value gain will decrease by;	27,727	47,725	24,872	42,810
If the company's discount rate is higher by 100 points to the management assumption (from 5% to 6%), the fair value gain will decrease by;	684,888	1,178,847	607,836	1,046,224

7. Other Financial instruments

Other financial instruments consist of long-term, USD fixed rate deposits held in different African banks as follows:

Bank	Group 2022		
	Annual rates	Terms	Amount (USD)
CORIS BANK COTE D'IVOIRE	5.58%	8/6/2020 - 7/6/2024	4,090,326
BOA SENEGAL	6.00%	21/6/2021 - 20/6/2026	4,090,326
ORABANK COTE D'IVOIRE	6.00%	8/6/2020 - 7/6/2024	3,272,260
BANQUE ATLANTIQUE SENEGAL	6.00%	27/9/2021 - 27/9/2026	3,272,260
CORIS BANK BURKINA FASO	6.50%	3/12/2019 - 2/12/2023	2,454,195
BANQUE ISLAMIQUE SENEGAL	5.52%	14/10/2021 - 13/10/2027	2,454,195
BGFI BANK BENIN	6.00%	20/5/2020 - 19/5/2023	1,636,130
SOCIETE IVOIRIENNE DE BANQUE	5.50%	29/5/2020 - 28/5/2023	1,636,130
BANQUE ATLANTIQUE TOGO	6.06%	16/6/2021 - 15/6/2024	1,636,130
SOCIETE GENERALE TOGO	6.00%	24/7/2021 - 23/7/2024	1,636,130
BOA BURKINA FASO	5.04%	31/5/2021 - 31/5/2026	1,636,130
CORIS BANK BURKINA FASO	6.50%	2/7/2021 - 1/7/2026	1,636,130
NSIA BANQUE TOGO	6.00%	19/9/2022 - 18/9/2027	1,636,130
NSIA BANQUE TOGO	6.00%	26/10/2022 - 25/10/2027	1,636,130
BANQUE ATLANTIQUE TOGO	6.00%	19/7/2021 - 18/7/2024	1,308,904
BANQUE ATLANTIQUE TOGO	5.50%	25/6/2021 - 24/6/2024	1,145,291
SOCIETE GENERALE TOGO	5.50%	23/4/2020 - 22/4/2023	818,065
ORABANK TOGO	5.95%	28/4/2021 - 27/4/2024	818,065
ORABANK COTE D'IVOIRE	6.00%	27/12/2022 - 26/12/2027	818,065
BANQUE ATLANTIQUE SENEGAL	6.00%	15/11/2021 - 16/11/2026	327,226
BCEAO	0.00%	on call	1,346,865
Stanbic Bank	3.00%	21/12/17 - 26/09/24	1,313,425
ECL allowance			(661,201)
Total			39,957,307

Bank	Annual rates	Company 2022	
		Terms	Amount (USD)
Stanbic Bank	3.00%	21/12/17 - 26/09/24	1,313,425 (66,956)
			1,246,469

Bank	Annual rates	Group 2021	
		Terms	Amount (USD)
BGFI BANK BENIN	6.00%	20/5/2020 - 19/5/2023	1,734,337
BOA SENEGAL	6.00%	21/6/2021 - 20/6/2026	4,335,843
BANQUE ATLANTIQUE TOGO	6.54%	16/6/2021 - 15/6/2024	1,734,337
BANQUE ATLANTIQUE TOGO	6.00%	19/7/2021 - 18/7/2024	1,387,470
BANQUE ATLANTIQUE TOGO	5.50%	25/6/2021 - 24/6/2024	1,214,036
CORIS BURKINA FASO	6.50%	3/12/2019 - 2/12/2022	2,601,506
ORABANK -TOGO	5.95%	28/4/2021 - 27/4/2024	867,169
CORIS BANK CI	6.00%	8/6/2020 - 7/6/2024	4,335,843
ORABANK COTE D'IVOIRE	6.00%	8/6/2020 - 7/6/2024	3,468,675
SOCIETE GENERALE TOGO	5.50%	23/4/2020 - 22/4/2023	867,169
SOCIETE GENERALE TOGO	6.00%	24/7/2021 - 23/7/2024	1,734,337
SIB CI	5.50%	30/05/2020 - 30/04/2023	1,734,337
BOA BURKINA FASO	5.04%	31/5/2021 - 31/5/2026	3,468,675
CORIS BANK 3e DAT 6,5%	6.50%	2/7/2021 - 1/7/2026	1,734,337
SOCIETE GENERALE BF	5.30%	18/8/2021 - 17/8/2026	4,335,843
ORABANK – BENIN	4.89%	13/8/2021 - 13/8/2026	2,601,506
BANQUE ATLANTIQUE SENEGAL DAT 6%	6.00%	27/9/2021 - 27/9/2026	3,468,675
BANQUE ISLAMIQUE SENEGAL DAT 6%	6.00%	12/10/2021 - 12/10/2027	2,601,506
BANQUE ATLANTIQUE SENEGAL DAT 6%	6.00%	15/11/2021 - 16/11/2026	1,214,036
BCEAO	0.00%	on call	1,147,505
Stanbic Bank	3.00%	21/12/17 - 21/12/22	1,266,370
ECL allowance			(631,956)
Total			48,067,676

Bank	Annual rates	Company 2021	
		Terms	Amount (USD)
Stanbic Bank	3.00%	21/12/17 - 26/09/24	1,266,370
Allowance for expected credit loss			(45,365)
Total carrying value			1,221,005

The allowance for the expected credit loss (ECL) of the Group and Company has been derived from the Standard & Poor credit rating.

8. Income from guarantees

a) Utilization fees

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Utilisation volume	277,104,807	204,495,691	182,171,894	150,045,962
Live guarantees	972,476,772	818,008,937	595,040,165	561,884,065
Utilisation percentage	28%	25%	31%	27%
Average utilisation volume	240,800,249	204,495,691	166,108,928	136,069,478
Average fees	2.55%	2.20%	2.87%	1.85%
Utilisation fees	6,129,931	4,490,582	4,770,316	2,511,583

Utilization fees are calculated during the lifetime of the guarantee, with an annual fee rate depending on the risk of the product. The fees are paid on a semi-annual or quarterly basis, and on the average outstanding guaranteed amount. The utilization volume fluctuates on an annual basis depending on the disbursement and the repayment of the loans to the SMEs. The cumulative utilization percentage is a function of cumulative disbursed guarantees under live guarantees and the outstanding live financial guarantees volume.

b) Assessment and commission fees

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Origination fees	2,045,220	1,420,297	1,013,891	1,038,563
Commitment fees	372,000	280,196	199,845	82,819
	2,417,220	1,700,493	1,213,736	1,121,382

c) Total guarantee income

Utilization fees	6,129,931	4,490,582	4,770,316	2,511,583
Assessment and commission fees	2,417,220	1,700,493	1,213,736	1,121,382
Total	8,547,151	6,191,075	5,984,052	3,632,965

9. Income from investments

Income from debt instruments held at amortised cost	1,890,915	2,038,088	1,890,915	2,038,088
Interest income on fixed-term deposits	269,939	176,290	269,939	176,291
Interest income on bonds (AGF West Africa)	104,921	79,193	-	-
Interest income on term Deposits (AGF West Africa)	2,232,375	2,036,843	-	-
	4,498,150	4,330,414	2,160,854	2,214,379

10. Grant income

The Group signed a grant agreement with AFDB for facilitation of the AFAWA programme to cover the operating expenses incurred during the implementation of the programme. The grant is a total of USD 25 million to be received within a period of five years. The first tranche of the grant of USD 6.1 million was received in 2021. In the year 2022, the actual operating expenses incurred in the implementation of the programme is USD 1.5 million and hence a grant income of USD 1.5 million has been recognised. The group integrated with the capacity development fund in 2022. The expenses incurred in the capacity development was USD 1.4 million for the year ended 31 December 2022. The liability has been included under note 25.

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Grant from AFAWA	1,500,000	-	1,500,000	-
Capacity development grant ('CD grant')	1,423,402	-	1,423,402	-
	2,923,402	-	2,923,402	-

11.a) Other income

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Fair value gain/ (loss) on investment properties	208,574	89,958	208,574	-
Fair value gain/ (loss) on land	(254,042)	-	(254,042)	-
Rental income	129,839	-	69,558	-
Other income	192,070	38,634	41,729	-
Administration income	-	221,429	-	221,429
	276,441	350,021	65,819	221,429

Other income includes foreign exchange gains from AGF West Africa. Administration income in 2021 was the charge for the expenses incurred on behalf of capacity development. As at December 2022, Capacity development (CD) was integrated with AGF group. The expenses incurred for capacity development are netted off from the CD grant.

11.b) Net foreign exchange differences

Net foreign exchange differences represent the net impact resulting from the translation of foreign currencies to USD. This occurs on consolidation of the operations of the subsidiary denominated in XOF but consolidated in USD

Intercompany borrowing – This refers to the net gain/(loss) that occurs on reporting of the intercompany loan from AGF West Africa to the Group of XOF 5 billion and consolidated with AGF in USD.

The foreign currency translation has been calculated as follows:

	Group
AGF WA closing balance sheet as at 31 December 2021 in XOF (IFRS adjusted)	27,970,853,641
AGF WA closing balance sheet in USD using 2021 USD/XOF rate at 576.59 (a)	48,510,904
AGF WA closing balance sheet in USD using 2022 USD/XOF rate at 611.19 (b)	45,763,959
Exchange differences on translation of the closing balance sheet (a) - (b)	(2,746,945)
Exchange differences on translation of other adjustments	(427,445)
Exchange differences on translation of foreign subsidiary	(3,174,390)

12. Staff expenses

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Wages and salaries	4,530,993	4,714,976	3,585,128	3,723,008
Defined contribution retirement benefit	340,576	363,446	176,212	166,503
Social security contributions and similar taxes	796	1,317	796	1,317
	4,872,365	5,079,739	3,762,136	3,890,828

13. General and administrative expenses

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Administrative and legal fees	(1,736,980)	(1,022,894)	(1,566,359)	(838,508)
Communication expenses	(125,205)	(160,465)	(76,693)	(100,606)
Marketing expenses	(333,344)	(272,965)	(300,059)	(271,225)
Other expenses	(1,450,846)	(1,085,229)	(1,007,071)	(773,888)
Premises expenses	(373,419)	(357,818)	(247,994)	(302,514)
Travelling expenses	(698,231)	(251,083)	(532,333)	(204,578)
Treasury management fees (note 15)	(244,264)	(200,423)	(220,813)	(194,609)
Net foreign exchange differences	(423,454)	(156,166)	(423,454)	(156,166)
Expected credit losses on financial instruments other than financial guarantees (Note 4(a))	(676,939)	(843,003)	(281,725)	(492,223)
Tax assessments	(411,270)	-	(411,270)	-
	(6,473,952)	(4,350,046)	(5,067,771)	(3,334,317)

14. Depreciation and amortisation

Depreciation of property and equipment (note 17)	217,929	240,403	76,572	190,400
Amortisation of intangible assets (note 18)	598,809	552,878	596,264	552,112
	816,738	793,281	672,836	742,512

15. Treasury management fees

The Group and the Company pays custodian fees to Barclays Bank London for holding its financial securities at the following rate:

Size	Price (per annum)
\$0–50m	25bps
\$50m–100m	20bps
\$100m+	15bps

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Custody fees	244,264	200,423	220,813	194,609

16. Income tax

Mauritius

The Company is taxed on its chargeable income at a flat rate of 15%. However, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) an exemption of 80% on some of the income derived, including but not limited to interest income and foreign source dividends, subject to meeting the necessary substance requirements as required under the Income Tax Act 1995 (as amended by the Finance Act 2018) and such guidelines as may be issued.

Kenya

The Company undertakes its operations in Kenya and thus has a branch in Kenya. As such, it is subject to tax obligations. Resident and non-resident companies are subject to income tax on income accrued or derived from Kenya. Different rates apply to resident and non-resident companies. The rate of corporate income tax for resident companies, including subsidiary companies of foreign parent companies, is 30%. The corporate income tax rate for branches of foreign companies is 37.5%. The Company's Kenyan branch pays all its liable taxes, including withholding tax at the rate of 5% for local goods and services and 20% for imported goods and services, value-added tax at the rate of 16% for goods and services and capital gains tax at the rate of 5% of the net gain on the transfer of property. The branch has unused accumulated tax losses as at 31 December 2022 and 2021.

Following a tax compliance audit, the Kenya Revenue Authority assessed additional taxes (comprising the principal tax, and penalties and interest) on the company during the year:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Pay As You Earn (PAYE)	320,715	-	320,715	-
Withholding tax on imported services	73,566	-	73,566	-
Withholding VAT on imported services	16,989	-	16,989	-
	411,270	-	411,270	-

The company has conceded to the assessment and intends to settle the liability.

Income tax expense

	Group and Company	
	2022	2021
Current income tax expense	242,418	-

The Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Loss before income tax	(3,204,421)	(5,071,166)	(2,720,229)	(8,897,691)
Income tax charge	(408,034)	(1,334,654)	(408,034)	(1,334,654)
Expenses not allowable for tax purposes	736,810	602,909	736,810	602,909
Expense allowable for tax purposes	(310,019)	(38,428)	(310,019)	(38,428)
Deferred tax asset not recognized	(18,757)	770,173	(18,757)	770,173
Tax assessment provisions	242,418	-	242,418	-
Income tax expense	242,418	-	242,418	-

The above represents the corporation tax payable as per the assessment by KRA as indicated above. The branch had unused accumulated tax losses as at 31 December 2022 as follows:

Expiry		Company	
Year of Assessment	Year	2022 USD	2021 USD
2012	2017	-	-
2013	2018	-	-
2014	2020	3,236,687	3,236,687
2015	2021	1,776,173	1,776,173
2016	2021	1,951,802	1,951,802
2017	2022	6,605,892	6,605,892
2018	2023	2,532,133	2,532,133
2019	2024	3,116,722	3,116,722
2020	2025	1,692,395	1,692,395
2021	2026	6,326,606	6,326,606
2022	2027	9,20,666	9,250,666
		36,489,076	36,489,076

Togo

The Company's subsidiary is located in Togo. Being a financial institution under the supervision of the banking commission, it is liable for income tax at the rate of 29%. However, the Company has an agreement with the government of Togo, of which Article 6.1 indicates that the organization's assets, revenues and operation transactions are exempt from all taxes. This exemption applies in particular to direct taxes (e.g. corporate taxes, taxes on income from capital, taxes on financial activities) and indirect taxes (value-added taxes, consumption taxes on petroleum products, etc.)

Mauritius

The unused tax losses not recognized in the books as at 31 December 2022 for the Group and the Company amounted to USD 20,485,565 (Company 2021: USD 20,485,565). Deferred tax assets have not been recognized in respect of tax losses carried forward, as the Directors consider it improbable that future taxable profits will be available against which the unused tax losses can be utilized.

Expiry			Company
Year of Assessment	Year	2022	2021
		USD	USD
2012	2017	475,931	475,931
2013	2018	1,488,855	1,488,855
2014	2020	1,035,462	1,035,462
2015	2021	1,161,579	1,161,579
2016	2021	1,643,634	1,643,634
2017	2022	2,325,838	2,325,838
2018	2023	3,698,209	3,698,209
2019	2024	2,649,004	2,649,004
2020	2025	1,649,333	1,649,333
2021	2026	4,357,720	4,357,720
2022	2027		
		20,485,565	20,485,565

17. Property and equipment

GROUP	Office equipment		Fittings		Furniture		Computer equipment		Motor vehicles		Assets under construction		Land Owner Occupied Property		Total	
		USD		USD		USD		USD		USD		USD		USD		USD
At 1 January 2022	45,612	18,485	331,169	134,495	277,929	10,831,281	2,169,708	6,061,918	19,870,597							
Reclassification	-	2,615,952	-	-	-	(10,821,602)	3,008,414	5,197,236	-							
Transfer to investment property	-	-	-	-	-	-	-	-	-							
Translation difference	725	(4,267)	(14,878)	(4,628)	(10,810)	7,113	(122,860)	(346,528)	(496,133)							
Additions	49,285	56,930	704,117	69,908	-	8,942	-	57,765	946,947							
Disposals	-	(61)	(51)	(139)	-	-	-	-	(251)							
Fair value loss on land	-	-	-	-	-	-	(254,042)	-	(254,042)							
At 31 December 2022	95,622	2,687,039	1,020,357	199,636	267,119	25,734	4,801,220	7,149,862	16,246,589							
At 1 January 2021	328,023	1,184,447	302,216	370,635	328,468	13,880,119	-	-	16,393,908							
Reclassification	-	-	261,294	-	-	(8,492,920)	2,169,708	6,061,918	-							
Translation difference	(9,178)	(870)	10,094	(2,224)	(1,387)	-	-	-	(3,565)							
Additions	2,654	-	1,834	16,719	-	5,444,082	-	-	5,465,289							
Disposals	(275,887)	(1,165,092)	(244,269)	(250,635)	(49,152)	-	-	-	(1,985,035)							
At 31 December 2021	45,612	18,485	331,169	134,495	277,929	10,831,281	2,169,708	6,061,918	19,870,597							
DEPRECIATION																
At 1 January 2022	(42,495)	(18,445)	(76,100)	(95,627)	(269,270)	-	-	(25,327)	(527,264)							
Translation differences	(1,295)	990	(390)	3,274	2,151	-	-	(857)	3,875							
Disposals	-	63	51	139	-	-	-	-	253							
Charge for the year	(5,923)	(2,403)	(61,830)	(25,648)	-	-	-	(122,125)	(217,929)							
At 31 December 2022	(49,713)	(19,795)	(138,269)	(117,862)	(267,119)	-	-	(148,309)	(741,065)							
At 1 January 2021	(303,429)	(1,048,043)	(286,340)	(310,717)	(319,809)	-	-	-	(2,268,338)							
Translation difference	1,326	672	(10,094)	2,224	1,387	-	-	925	(3,560)							
Disposals	275,888	1,165,091	244,269	250,635	49,152	-	-	-	1,985,035							
Charge for the year	(16,280)	(136,165)	(23,935)	(37,769)	-	-	-	(26,252)	(240,401)							
At 31 December 2021	(42,495)	(18,445)	(76,100)	(95,627)	(269,270)	-	-	(25,327)	(527,264)							
NET BOOK VALUE																
At 31 December 2022	45,911	2,667,244	882,088	81,774	-	25,734	4,801,220	7,001,553	15,505,523							
At 31 December 2021	3,116	42	255,069	38,868	8,659	10,831,281	2,169,708	6,036,591	19,343,334							

17. Property and equipment (continued)

COMPANY	Office equipment		Fittings		Furniture		Computer equipment		Motor vehicles		Assets under construction		Land Owner Occupied Property		Total	
		USD		USD		USD		USD		USD		USD		USD		USD
At 1 January 2022	7,097		-		57,948		64,831		231,288		10,821,601		-		11,182,765	
Reclassification	-		2,615,952		-		-		-		(10,821,601)		3,008,414		5,197,235	
Transfer to investment property	-		-		-		-		-		-		-		(1,799,924)	
Additions	42,518		-		702,982		57,702		-		-		-		803,202	
Disposals	-		-		-		-		-		-		(254,040)		(254,040)	
At 31 December 2022	49,615		2,615,952		760,930		122,533		231,288		-		2,754,374		3,397,311	
At 1 January 2021	194,814		1,164,811		302,217		236,776		231,288		6,070,121		-		8,200,027	
Transfer from prepayments	-		-		-		-		-		1,022,450		-		1,022,450	
Additions	-		-		-		6,388		-		3,729,030		-		3,735,418	
Write-off	(187,717)		(1,164,811)		(244,269)		(178,333)		-		-		-		(1,775,130)	
At 31 December 2021	7,097		-		57,948		64,831		231,288		10,821,601		-		11,182,765	
DEPRECIATION																
At 1 January 2022	(6,193)		-		(57,948)		(34,745)		(231,288)		-		-		(330,174)	
Charge for the year	(3,277)		-		-		(26,926)		(18,058)		-		-		(76,572)	
At 31 December 2022	(9,470)		-		(84,874)		(52,803)		(231,288)		-		(28,311)		(406,746)	
At 1 January 2021	(180,338)		(1,034,432)		(286,339)		(182,507)		(231,288)		-		-		(1,914,904)	
Write-off	187,717		1,164,811		244,269		178,333		-		-		-		1,775,130	
Charge for the year	(13,572)		(130,379)		(15,878)		(30,571)		-		-		-		(190,400)	
At 31 December 2021	(6,193)		-		(57,948)		(34,745)		(231,288)		-		-		(330,174)	
NET BOOK VALUE																
At 31 December 2022	40,145		2,615,952		676,056		69,730		-		-		2,754,374		3,369,000	
At 31 December 2021	904		-		-		30,086		-		10,821,601		-		10,852,591	

18. Intangible assets

	Group			Total
	Software	Website	Assets under work in progress	
	USD	USD	USD	
COST				
At 1 January 2022	3,512,166	55,912	74,320	3,642,398
Translation difference	(78,072)	(550)	185,757	107,135
Disposals	-	(76)	(19,303)	(19,379)
Additions	1,277	-	13,874	15,151
At 31 December 2022	3,435,371	55,286	254,648	3,745,305
At 1 January 2021	3,556,206	55,988	775,844	4,388,038
Transfer from work in progress	685,452	-	(685,452)	-
Write off	(750,110)	(76)	(19,304)	(769,490)
Additions	20,618	-	3,232	23,850
At 31 December 2021	3,512,166	55,912	74,320	3,642,398
AMORTISATION				
At 1 January 2022	(1,487,038)	(41,238)	-	(1,528,276)
Translation difference	88,853	(10,498)	-	78,355
Charge for the year	(595,259)	(3,550)	-	(598,809)
At 31 December 2022	(1,993,444)	(55,286)	-	(2,048,730)
At 1 January 2021	(1,686,056)	(39,529)	-	(1,725,585)
Reclassifications	(2,931)	2,931	-	-
Write off	750,110	76	-	750,186
Charge for the year	(548,161)	(4,716)	-	(552,877)
At 31 December 2021	(1,487,038)	(41,238)	-	(1,528,276)
NET BOOK VALUE				
At 31 December 2022	1,441,927	-	254,648	1,696,574
At 31 December 2021	2,025,128	14,674	74,320	2,114,121

18. Intangible assets (continued)

	Group			Total
	Software	Website	Assets under work in progress	
	USD	USD	USD	
At 1 January 2022	3,216,418	44,864	-	3,261,282
Transfer from work in progress	-	-	170,659	170,659
Additions	1,277	-	-	1,277
At 31 December 2022	3,217,695	44,864	170,659	3,433,218
At 1 January 2021	3,239,695	44,864	685,452	3,970,011
Transfer from work in progress	685,452	-	(685,452)	-
Disposals	(723,819)	-	-	(723,819)
Additions	15,091	-	-	15,091
At 31 December 2021	3,216,419	44,864	-	3,261,283
AMORTISATION				
At 1 January 2022	(1,185,173)	(41,314)	-	(1,226,487)
Charge for the year	(592,714)	(3,550)	-	(596,264)
At 31 December 2022	(1,777,887)	(44,864)	-	(1,822,751)

At 1 January 2021	(1,358,666)	(39,528)	-	(1,398,194)
Reclassification	(2,931)	2,931	-	-
Charge for the year	723,819	-	-	723,819
Disposals	(547,395)	(4,717)	-	(552,112)
At 31 December 2021	(1,185,173)	(41,314)	-	(1,226,487)
NET BOOK VALUE				
At 31 December 2022	1,439,808	-	170,659	1,610,467
At 31 December 2021	2,031,246	3,550	-	2,034,796

19. Investment properties

This relates to the building owned by AGF which was completed in FY2022 and occupied in the same year. AGF offices are in the building and the extra space is leased out to third party tenants. This amount was in WIP construction in FY2021. The Group's investment property is made up of fittings USD 1,341,643 and building USD 5,326,644. The Company's investment property is made up of fittings USD 836,492 and building USD 3,306,040.

The table below represents the movement in investment property:

	Group	Company
	2022	2022
	USD	USD
At start of year	-	-
Transfer from PPE	3,820,528	1,799,924
Additions	2,134,034	2,134,034
Gain on fair valuation	208,574	208,574
At end of year	6,163,136	4,142,532

20. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	USD	USD	USD	USD
Trade receivables	7,369,281	8,356,547	5,173,197	6,643,497
ECL impact	(5,497,248)	(5,537,515)	(4,476,770)	(4,667,378)
Net receivables	1,872,033	2,819,032	696,427	1,976,119
CD receivable	1,310,784	1,011,957	1,310,784	1,011,957
Claims paid	9,132,408	1,260,317	1,644,034	472,431
Other receivables	4,137,924	3,957,720	2,311,021	2,311,400
Accrued Income	4,841,566	1,456,155	4,841,566	1,456,155
Deposits	40,148	40,148	40,148	40,148
	21,334,863	10,545,329	10,843,980	7,268,210

Trade receivables are non-interest bearing. These are invoices that have been sent to the clients and the accrual of income to be invoiced for the last semester in 2022. Deposits include utility payments. Other receivables mainly comprise income fees receivable (utilization and commission fees).

Prepayments are services paid for in advance like insurances for 2023, website hosting and various licenses whose subscriptions cover till 2023.

Other receivables are accounted as they fall due. The fair values of other receivables classified under amortized cost are not materially different to their carrying values.

Group	Total	Neither past due nor impaired	31 – 60 days	61 – 90 days	91 - 1 year	More than 1 year
	USD	USD	USD	USD	USD	USD
2022	1,872,033	-	336,976	18,935	1,252,122	264,000
2021	2,819,033	1,102,053	339,963	16,284	710,991	649,742
Company						
2022	696,427	-	173,670	18,935	239,822	264,000
2021	1,976,119	1,086,760	311,305	16,285	235,722	326,048

21. Trade and other payables

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Trade payables	623,485	228,269	464,458	282,592
Other payables and accrued expenses	1,898,429	895,042	1,693,444	690,047
Statutory payables	111,693	96,660	111,693	96,660
Sundry liabilities	4,334,796	270,136	3,346,517	(636,533)
Legal claim	-	2,785,933	-	2,785,933
	6,968,403	4,276,040	5,616,112	3,218,699

The carrying amount of trade and other payables approximate their fair values. Trade payables are interest-free and are payable within a period of three months. The legal claim in prior year related to a provision held in relation to a cancelled guarantee. The amount was settled in 2022. Sundry liabilities includes a provision amount of USD 1.6 million payable for the construction of the building of the Company.

22. Financial guarantee contract receivables and liabilities

The guarantee contract receivables and liabilities relating to financial guarantees under the loan individual portfolio, the bank fundraising portfolio and equity guarantee portfolio at 31 December 2022 were as follows:

Group	Company	
	2022 USD	2021 USD
Guarantee contract receivables	1,654,928	-
Guarantee contract liabilities	17,865,882	-

The gross amount of financial guarantee contracts held by the Group and company at 31 December 2022 was USD 972,476,772 (2021: USD 974,909,605) and USD 637,961,656 (2021: USD 633,454,175) respectively. The grading of the financial guarantee contracts at year was as follows:

Gross amount of financial guarantee contracts (LIGs, BFRGs, EGs)

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Stage 1 - Performing	81,047,989	101,126,487	37,921,491	50,122,262
Stage 2 – Significant increase in credit risk	23,064,832	52,780,197	5,000,000	34,191,898
Stage 3 – Non-performing (in default)	16,944,935	15,738,034	-	-
	121,057,756	169,644,718	42,921,491	84,314,160

Gross amount of loan portfolio guarantee contracts

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Loan portfolio guarantee contracts	851,419,016	805,264,887	595,040,165	549,140,015

The total charge to profit or loss for expected credit losses on financial guarantees in the year is as follows:

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Expected credit losses on performing guarantees	297,058	1,200,491	238,757	932,650
Expected credit losses on non-performing guarantees	4,380,809	1,350,035	2,555,021	460,800
	4,677,867	2,550,526	2,793,778	1,393,450

23. Post-employment benefits obligations

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
At start of year	235,345	141,329	-	-
Foreign exchange movement	48,782	94,016	-	-
At end of year	284,127	235,345	-	-

These are provisions and liabilities relating to employee benefits under defined benefit plans. The defined benefit plans are unfunded.

24 a. Classes of shares

	Group and Company 2022	
	Number	USD
Class B shares	7,954	79,540,016
Class C shares	13,520	135,351,136
Class D shares	3	3
	21,477	214,891,155

	Group and Company 2021	
	Number	USD
Class B shares	6,454	64,540,016
Class C shares	13,520	135,351,136
Class D shares	3	3
	19,977	199,891,155

The Company has four classes of shares: namely, Class A, Class B, Class C and Class D shares.

Share rights in terms of dividends, redemption, voting and liquidation are defined below:

Class A, B and C Shares

Class A, B and C shares are redeemable at the option of the Company.

Class A, B and C shares confer on their holders the right to attend and exercise one vote at any Shareholders' Meeting at a poll.

In the event of the winding up of the Company, the holders of Class A, Class B and Class C shares shall be entitled to such portion of the assets of the Company as is set out in Clause 40 of the Constitution of the Company.

Class D Shares

Class D Shares are not entitled to any dividend. Class D Shares are not redeemable.

Class D Shares have no voting rights and have no right to receive notice of, attend or participate in any Shareholders' Meeting for as long as there is any other Class of Shares in issue. If at any time there are no other Classes of Shares in issue, then each Class D Share shall confer on its holder the right to exercise one vote at any Shareholders' Meeting at a poll. In the event of the winding up of the Company, the holders of Class D Shares shall be entitled to US \$1 for each Share held.

The Company received additional capital from IFU in the year 2021 of USD 20 million.

There was an additional equity from Proparco through AFD of USD 10 million and AFDB 5 million. The percentages of shareholding for financial years 2022 and 2021 are presented below.

Shareholders	2022		
	Paid in capital	Number of shares	Percentage
IFU	72,040,016	7,204	33.52%
KFW	61,750,000	6,175	28.74%
AECID	20,000,001	2,001	9.31%
AFDB	20,000,001	2,001	9.31%
NDF	17,101,136	1,695	7.96%
AFD	14,000,000	1,400	6.51%
PROPACO	10,000,000	1,000	4.65%
DANIDA	1	1	0.00%
Total	214,891,155	21,477	100.00%

Shareholders	2021		
	Paid in capital	Number of shares	Percentage
KFW	61,750,000	6,175	30.92%
DANIDA	36,500,001	3,651	18.27%
IFU	35,540,016	3,554	17.79%
AECID	20,000,001	2,001	10.01%
NDF	17,101,136	1,695	8.49%
AFD	14,000,000	1,400	7.01%
AFDB	15,000,001	1,501	7.51%
Total	199,891,155	19,977	100.0%

24b. Capital contribution

AGF received capital contribution in the year 2021. There were no shares allocated to the capital contribution. The contributors are as below.

Contributors	2022	2021
	Contribution USD	Contribution USD
Government of Canada	9,980,024	9,980,024
USAID	2,000,000	2,000,000
	11,980,024	11,980,024

25. Deferred grant income

Group	2022			Total USD
	Deferred income-Land Grant USD	Grant from AFAWA USD	Capacity development grant USD	
At start of year	1,822,555	6,117,600	-	7,940,155
Additions	-	-	3,225,159	3,225,159
Expenses/ amortisation	(185,077)	(1,500,000)	(1,423,402)	(3,108,479)
At end of year	1,637,478	4,617,600	1,801,757	8,056,835

Company

2022

	Grant from AFAWA USD	Capacity development grant USD	Total USD
At start of year	6,117,600	-	6,117,600
Additions	-	3,225,159	3,225,159
Amortisation to profit or loss	(1,500,000)	(1,423,402)	(2,923,402)
At end of year	4,617,600	1,801,757	6,419,357

Group

2021

	Deferred income-Land Grant USD	Grant from AFAWA USD	Total USD
At start of year	2,184,769	-	2,184,769
Additions	-	6,117,600	6,117,600
Amortisation to profit or loss	(362,214)	-	(362,214)
At end of year	1,822,555	6,117,600	7,940,155

Company

2021

	Grant from AFAWA USD	Total USD
At start of year	-	-
Additions	6,117,600	6,117,600
At end of year	6,117,600	6,117,600

25. Deferred grant income (continued)

Land Grant - The government of Togo allocated a parcel of land to the group's subsidiary, AGF West Africa, for construction of its headquarters. The estimated value of the land is USD 2,184,769 (XOF 1,251,030,000). The group has recognized the grant as a non-current asset and a liability in respect to the condition attached for a period of 25 years.

The Group signed a grant agreement with AFDB for facilitation of the AFAWA programme to cover the operating expenses incurred during the implementation of the programme. The grant is a total of USD 25 million to be received within a period of five years. The first tranche of the grant of USD 6.1 million was received in 2021. In the year 2022, the actual operating expenses incurred in the implementation of the programme is USD 1.5 million and hence a grant income of USD 1.5 million has been recognised.

26. Related party disclosures

During the year ended 31 December 2022 and 2021, the Company transacted with related entities. Details of the nature and volume of these transactions and the balances with the related entities are as follows:

Transactions	Relationship	Nature of transactions	Group		Company	
			2022 USD	2021 USD	2022 USD	2021 USD
Directors of the Company	Directors	Remuneration and allowances	327,107	231,554	80,226	80,226
AGF West Africa	Subsidiary					
Rogers Capital Fund Services Ltd	Administrator and Secretary	Loans and borrowings	-	-	94,993	94,993
		Administration and Secretarial fees	47,850	47,850	47,850	47,850

Directors' remuneration and allowances include board members' flights and accommodation, as well as board member remuneration.

Administration and secretarial fees in 2022 were paid to Rogers capital fund services.

Key management personnel

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Short-term benefits	38,461	15,063	38,461	15,063
Long-term benefits	176,980	195,977	138,118	195,977
	215,441	211,040	176,579	211,040

27. Investment in subsidiary

Details of the Investment are as follows:

	2022 USD	2021 USD
Unquoted investment At 01 January 2022 and 31 December 2022	31,887,765	31,887,765

27. Investment in subsidiary

Name of subsidiary company	Place of incorporation	Business activity	2022 & 2021 Ownership	2022 USD	2021 USD
AGF West Africa	Togo	Guarantee Business	80.56%	31,887,765	31,887,765

AGF West Africa ("AGFWA") was acquired during the year 2015; effective date of acquisition is 18th December 2015.

The directors have performed an impairment assessment over the investment in AGF West Africa and concluded that the recoverable amount of the investment is higher than its carrying amount. Thus, no provision for impairment is required.

Details of the subsidiary is disclosed below:

Name	Proportion of interest held by NCI	Profit/(Loss) allocated to NCI during the year		Accumulated NCI as at	
		2022 USD	2021 USD	2022 USD	2021 USD
AGFWA	19.44%	(94,127)	743,874	8,680,518	9,391,746

Non-controlling Interest

Name	Country of incorporation and operation	2022	2021
African Guarantee Fund West Africa	Togo	19.44%	19.44%

Details of the Investment are as follows:

The summarized financial information of the subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Statement of profit or loss

African Guarantee Fund West Africa	2022 USD	2021 USD
Income	4,235,635	7,598,582
Expenses	(4,765,971)	(3,772,056)
Net profit	(530,336)	3,826,526

Statement of financial position

African Guarantee Fund West Africa	2022 USD	2021 USD
Total assets	53,684,461	61,872,511
Total liabilities	(8,299,098)	(13,361,614)
Net assets	45,385,363	48,510,89

Statement of cashflow position

African Guarantee Fund West Africa	2022 USD	2021 USD
Operating activities	(1,453,235)	19,246,621
Financing activities	(6,117,590)	(9,523,910)
Investing activities	10,098,237	(6,023,892)

28. Contingent liabilities and commitments

Contingent liabilities

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Financial guarantees (live)	972,476,773	974,909,605	637,961,656	633,454,175
Financial guarantees re-guaranteed	(222,430,681)	(174,056,053)	(153,148,469)	(135,249,636)
Net Exposure	750,046,092	800,853,552	484,813,187	498,204,539
Re-guarantee fees	(1,107,959)	(720,215)	(1,107,959)	(720,215)

At year end, there were no claims arising from these guarantee contracts. This would indicate the probability that an outflow of economic resources would be required to settle the obligation. Thus, the life guarantees are disclosed as contingent liabilities, until a claim is received from the guaranteed parties; guarantees are accounted for as assets when claims lodged by the Company to the guarantors are approved.

29. Guarantee Expenses

These are re-guarantee costs incurred.

	Group		Company	
	2022 USD	2021 USD	2022 USD	2021 USD
Re-guarantee costs	1,107,959	720,215	1,107,959	360,642

30. Cash flows from operating activities

These are re-guarantee costs incurred.

Notes	2022 USD	Group		Company	
		2021 USD	2022 USD	2021 USD	
Operating activities					
Loss before tax	(3,204,421)	(5,071,166)	(2,720,229)	(8,897,691)	
Adjustment to reconcile profit: before tax to net cash flows					
Non-cash items:					
Expected credit loss	4,677,868	843,003	2,793,778	492,223	
Loss on disposal of property	273,421	-	254,038	-	
Depreciation charge on property	14 217,929	240,403	76,572	190,400	
Amortization of intangible assets	14 598,809	552,878	596,264	552,112	
Amortization deferred income on land	-	89,958	-	-	
Amortization deferred income on grants	(3,108,479)	-	(2,923,402)	-	
Income from investments	(4,498,150)	(4,330,414)	(2,160,854)	(2,214,379)	
Net foreign exchange loss from bonds revaluation	(401,307)	(148,503)	(423,454)	(156,166)	
Fair value gain on financial guarantees contracts	6 (1,156,197)	(1,990,077)	(2,031,579)	710,776	
Fair value gain on investment property	19 (208,574)	-	(208,574)	-	
<i>Movement in working capital items:</i>					
Receivables	(10,789,537)	(2,906,679)	(3,601,233)	(294,028)	
Trade and other payables	2,692,363	(815,135)	2,397,413	1,108,824	
Net claims paid on other guarantees	-	4,438,946	-	1,653,013	
Movement on other guarantees	-	3,430,109	-	-	
Net cash flows from operating activities	(14,906,275)	(5,666,677)	(7,951,260)	(6,854,916)	

31. Business Combinations

AGF Capacity Development Trust has been constituted by a Trust Deed dated 04 January 2013, governed by the laws of Mauritius. In 2021, the trustees approved the revoking of the Capacity Development Trust. The integration of the Capacity Development functions with African Guarantee Fund was approved in 2022. The remaining amount of the grant of USD 3,225,160 is included in the cash and cash equivalent. The assets and liabilities recognised as a result of the integration are as follows:

	2022 USD
Assets	6,847,660
Liabilities	1,257,869

The integration contributed a revenue of USD 165,533 and a net loss of USD 1,257,869 to the Group for the financial year ended 31 December 2022.

32. Other reserves

Other reserves include translation reserves. The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operation.

Translation Reserves	Group	
	2022 USD	2021 USD
At start of year	1,884,622	4,533,492
Movement for the year	(2,557,289)	(2,648,870)
At end of year	(672,667)	1,884,622

33. Events after reporting date

There were no events after reporting period.

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