The Emerging Africa Infrastructure Fund Limited
Financial Statements
For the year ended 31 December 2023

The Emerging Africa Infrastructure Fund Limited

Contents **Page**

Corporate Data
For the year ended 31 December 2023

Directors	Resident/non resident	Position and Committee	Appointment	Position held until
Tchang Fa Wong Sun Thiong	Resident	Board Director	2-Feb-15	Ongoing
Martijn Proos	Non Resident	Board Director	20-May-22	Ongoing
Philip Valahu	Non Resident	Chair of Board	20-May-22	Ongoing
Kamal Taposeea	Resident	Board Director	1-Apr-18	Ongoing
Layth Al-Falaki	Non Resident	Board Director	29-May-18	Ongoing

Fund Manager
Ninety One Guernsey Limited
St Peter Port
Guernsey GY1 3QH
Channel Islands

Corporate Secretary
Intercontinental Trust Limited
Level 3, Alexander House
35 Cybercity
Ebène
Mauritius

Auditor
BDO Mauritius
Essar Building
10 Frere Felix de Valois
Port Louis
Mauritius

Legal Representatives

MDY Legal	Uteem Chambers
Tallis House	4th floor, les Jamalacs Building
2 Tallis St	Vieux Conseil Street
London, EC4Y 0AB	Port Louis
United Kingdom	Mauritius

Directors' report

For the year ended 31 December 2023

The authorised directors present their report together with the financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company") for the year ended 31 December 2023.

Principal activities

The principal activity of the Company is that of providing long-term or mezzanine financing to private sector infrastructure projects in Africa.

Results and dividends

The operating results and state of affairs of the Company are fully set out in the attached financial statements. The Company generated net profits of USD 37 million (2022: USD 22 million).

Subsequent Events

There are no post balance sheet events which require adjustments or disclosure at the year end.

In 2023 many of the countries in which the company works continued to face considerable challenges which have continued into 2024. On a macroeconomic level, our markets and active and potential clients continue to be impacted by ongoing high interest rates and inflation, rises in commodity and food prices and the disruption of global supply chains on the back of ongoing conflicts in Russia-Ukraine and the Middle East.

The Company has also felt the impact of coups and instability in West Africa, which has continued in 2024 following the announcement in January by Burkina Faso, Mali and Niger that these countries would withdraw from membership of the Economic Community of West African States (ECOWAS).

None of these factors have led to any post balance sheet events that would need to be disclosed or reflected in these results. We continue to closely monitor global and regional events and actively consider the impact of these on the Company and its investments.

In 2024, the EAIF Board approved the subscription by the PIDG Trust of an additional 100,000 shares, to the value of USD 1,000,000, relating to funds received by PIDG Trust in 2023 from the Swiss State Secretariat for Economic Affairs (SECO).

Dividends

The Board of Directors has not declared a dividend for the year under review (2022: Nil).

Statement of directors' responsibilities in respect of the financial statements

Mauritian Companies Act 2001 requires the authorised directors to prepare financial statements for each financial year which fairly present the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The authorised directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The authorised directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Mauritian Companies Act and International Financial Reporting Standards ("IFRS Accounting 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.

Auditor

The auditor, BDO Mauritius, have indicated their willingness to continue in office.

By order of the Board

Authorised Director	Authorised Director
Kamal Taposeea	Cyril Wong
3 April 2024	

Secretary's report

For the year ended 31 December 2023

Under Section 166 (d) of the Mauritian Companies Act 2001

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies, for the year ended 31 December 2023, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Chetty

CORPORATE SECRETARY
Intercontinental Trust Limited
Level 3, Alexander House
35 Cybercity
Ebène
Mauritius

3 April 2024

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Emerging Africa Infrastructure Fund Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Emerging Africa Infrastructure Fund Limited (the "Company"), set out on pages 8 to 42 which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and comply with the Mauritian Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code").* We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and the Secretary's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of The Emerging Africa Infrastructure Fund Limited (Continued)

Responsibilities of Directors for the Financial Statements (Continued)

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of The Emerging Africa Infrastructure Fund Limited (Continued)

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 on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor, and dealings in the ordinary course of business.
- We have obtained all information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the Company's Shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & Co
Chartered Accountants

Port Louis,
Mauritius

Ameenah Ramdin, FCCA, FCA
Licensed by FRC

April 3, 2024

The Emerging Africa Infrastructure Fund Limited

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Notes	Year Ended 31-Dec-23 USD	Year Ended 31-Dec-22 USD
Interest income on debt instruments at amortised cost	6	**70,659,587**	41,827,712
Interest income on debt instruments at fair value through other comprehensive income ("FVOCI")		**7,563,763**	7,665,866
Interest expense	7	**(18,913,181)**	(8,870,870)
Net interest income		**59,310,169**	40,622,708
Income from debt instruments at amortised cost - Shari'ah		**236,277**	194,618
Loan fee income	9	**576,131**	525,008
Amortisation of deferred income	24	**3,642,726**	2,330,086
Total investment income		**63,765,303**	43,672,420
Other income			
Interest income on cash and cash equivalents	8	**150,270**	56,644
Grant income	24	**542,113**	5,230,850
Grant income - PIDG Trust administrative		**1,950,650**	1,380,986
Total other income		**2,643,033**	6,668,480
Expenses			
Fund manager fees	12	**(19,070,557)**	(18,023,800)
Monitoring fee expenses		**-**	(353,213)
Professional fees and expenses		**(965,134)**	(433,110)
Administration expenses (PIDG)		**(2,704,830)**	(2,545,135)
Administration expenses		**(391,817)**	(438,598)
Amortisation of deferred expenses	17	**(920,477)**	(2,138,198)
Grant expenses		**(542,113)**	(5,229,950)
Internal Technical Assistance grant expense		**-**	(505,925)
Total expenses		**(24,594,928)**	(29,667,929)
Gains on financial instruments			
Realised gain on debt instruments at amortised cost		**-**	1,646,400
Realised gain on debt instruments - previously at FVOCI		**-**	28,444
Foreign exchange (loss)/gain on derivative instruments	10 (i)	**(3,056,253)**	7,181,539
Foreign exchange gain/(loss)	10 (ii)	**3,193,051**	(6,593,973)
Gain on derivative instruments		**447,026**	-
Total gains on financial instruments		**583,824**	2,262,410
Profit before impairments and tax		**42,397,232**	22,935,381
Provision for impairment of debt instruments at amortised cost- ECL	13 (i)	**(3,808,524)**	(637,300)
Provision for impairment of debt instruments at FVOCI - ECL	13 (ii)	**(442,751)**	100,974
Provision for impairment of debt instruments at FVOCI - interest	13 (iii)	**-**	(9,933)
		(4,251,275)	(546,259)
Profit before tax		**38,145,957**	22,389,122
Income tax expense	11	**(1,077,404)**	(544,166)
Profit for the year		**37,068,553**	21,844,956
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value reserve - equity instruments at FVOCI		**(199,431)**	66,321
Items that are or may be reclassified subsequently to profit or loss			
Fair value reserve - debt instruments at FVOCI		**1,664,701**	(10,581,133)
Total other comprehensive loss, net of tax	22	**1,465,270**	(10,514,812)
Total comprehensive income for the year		**38,533,823**	11,330,144

The notes on pages 12 to 42 form an integral part of these financial statements.

Statement of financial position
As at 31 December 2023

	Notes	31-Dec-23	31-Dec-22
		USD	USD
Assets			
Non-current assets			
Debt instruments	14	**884,574,979**	777,165,961
Equity instruments	15	**2,618,395**	2,817,826
Deferred expenses	17	**14,034,838**	12,287,603
		901,228,212	792,271,390
Current assets			
Debt instruments	14	**75,878,371**	65,301,684
Collateral margin call		**4,110,000**	4,814,159
Trade and other receivables	18	**22,053,040**	14,417,391
Prepayments		**6,024**	6,021
Cash and cash equivalents	20	**16,003,029**	19,675,145
Current tax asset	25	**-**	275,480
Receivable for overdue capital repayments	26	**4,890,270**	-
		122,940,734	104,489,880
Total Assets		**1,024,168,946**	896,761,270
Equity and Liabilities			
Equity			
Share capital	21	**394,869,690**	394,869,690
Share premium		**10**	10
Fair value reserve	22	**(4,760,767)**	(6,226,037)
Retained earnings		**153,411,478**	116,342,925
Total equity		**543,520,411**	504,986,588
Liabilities			
Non-current liabilities			
Loans and borrowings	23	**308,196,449**	247,211,642
Deferred income	24	**17,900,904**	20,545,085
		326,097,353	267,756,727
Current liabilities			
Derivative instruments	19	**2,455,360**	5,603,136
Loans and borrowings	23	**131,235,509**	104,122,202
Current tax liabilities	25	**335,803**	-
Trade and other payables	27	**20,524,510**	14,292,617
		154,551,182	124,017,955
Total Liabilities		**480,648,535**	391,774,682
Total Equity and Liabilities		**1,024,168,946**	896,761,270

The financial statements have been approved by the Board of directors on 3 April 2024 and authorised for issue:

Authorised Director
Kamal Taposeea

Authorised Director
Cyril Wong

The notes on pages 12 to 42 form an integral part of these financial statements.

The Emerging Africa Infrastructure Fund Limited

Statement of changes in equity
For the year ended 31 December 2023

	Note	Share Capital USD	Share Premium USD	Fair Value Reserve USD	Retained Earnings USD	Total USD
Balance at 1 January 2022		394,869,690	10	4,288,775	94,497,969	493,656,444
Other comprehensive loss	22	-	-	(10,514,812)	-	(10,514,812)
Profit for the year		-	-	-	21,844,956	21,844,956
Balance at 31 December 2022		394,869,690	10	(6,226,037)	116,342,925	504,986,588
Other comprehensive income	22	**-**	**-**	**1,465,270**	**-**	**1,465,270**
Profit for the year		**-**	**-**	-	**37,068,553**	**37,068,553**
Balance at 31 December 2023		**394,869,690**	**10**	**(4,760,767)**	**153,411,478**	**543,520,411**

The notes on pages 12 to 42 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2023

	Notes	31-Dec-23 USD	31-Dec-22 USD
Cash flows from operating activities			
Profit for the year		**37,068,553**	21,844,956
Adjustments for non cash items:			
Investment income, excluding loan fee and deferred fee income		**(59,546,446)**	(40,817,326)
Unrealised foreign exchange loss	10(i)&(ii)	**(5,893,801)**	11,057,739
Unrealised gain on derivative instruments		**(447,026)**	-
Realised gain on debt instruments - previously at FVOCI		**-**	(28,444)
Amortisation of deferred income		**(3,642,726)**	(2,330,086)
Interest income on bank fixed deposits		**(150,270)**	(56,644)
Amortisation of deferred expenses	17	**920,477**	2,138,198
Grant income	24	**(542,113)**	(5,230,850)
Provision for impairment of debt instruments at amortised cost		**4,251,275**	546,259
Realised gain on debt instruments at amortised cost		**-**	(1,646,400)
Income tax expense	11	**1,077,404**	544,166
		(26,904,673)	(13,978,432)
Changes in:			
Deferred income		**1,012,512**	5,009,180
Trade and other receivables		**556,726**	31,599
Trade and other payables		**7,847,148**	3,423,841
Receivable for overdue capital repayments		**(4,894,611)**	-
Collateral margin call		**704,159**	(5,734,459)
		(21,678,739)	(11,248,271)
Disbursements on debt instruments at amortised cost	14	**(140,630,885)**	(189,061,477)
Repayments on debt instruments at amortised cost	14	**72,740,343**	53,538,472
Acquisitions on debt instruments at FVOCI	14	**(50,012,613)**	(22,455,421)
Disposal on debt instruments at FVOCI	14	**9,712,229**	3,095,728
Grants (paid)/received	24	**(13,968)**	3,344,487
Interest income received on debt instruments at amortised cost		**62,747,514**	38,664,920
Interest expense paid on loans and borrowings		**(20,528,436)**	(8,870,870)
Income tax paid		**(466,121)**	(90,479)
Net cash utilised in operating activities		**(88,130,676)**	(133,082,910)
Cash flows from investing activity			
Interest received on debt instruments at FVOCI		**7,519,735**	7,221,196
Net change in cash from investing activity		**7,519,735**	7,221,196
Cash flows from financing activities			
Payment of loan fees	17	**(2,667,712)**	(2,642,499)
Proceeds from borrowings	23	**240,090,257**	256,312,811
Repayment of borrowings	23	**(160,624,762)**	(137,649,011)
Net change in cash from financing activities		**76,797,783**	116,021,301
Decrease in cash and cash equivalents		**(3,813,158)**	(9,840,413)
Effect of exchange rate changes on cash and cash equivalents		**141,042**	(1,036,950)
Net decrease in cash and cash equivalents		**(3,672,116)**	(10,877,363)
Cash and cash equivalents at beginning of year		**19,675,145**	30,552,508
Cash and cash equivalents at end of year	20	**16,003,029**	19,675,145

The notes on pages 12 to 42 form an integral part of these financial statements.

1 Reporting entity

(a) *General Information*

The Emerging Africa Infrastructure Fund Limited (the "Company"), was incorporated on 18 December 2001. It was granted a Category 1 Global Business Licence on 29 April 2002, which it held until 30 June 2021. Effective 1 July 2021, this License was converted to a Global Business Licence. The Company operates as a Closed Ended Fund.

The Company provides long-term debt or mezzanine finance on commercial terms to finance the construction and development of private infrastructure in countries across Africa.

(b) *Statement of Compliance*

These financial statements comprise the financial statements of the Company and have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the Mauritian Companies Act 2001.

(c) *Standards, Amendments to published Standards and Interpretations effective in the reporting period*

IAS 1 *Presentation of Financial Statements* & IFRS *Practice Statement 2 Making Materiality Judgement*
Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance examples of when accounting policy information is likely to be material. *These amendments have no effect on the measurement or presentation of any items of the Company's financial statements but affect the disclosure of accounting policies of the Company. During the year, only material accounting policy information is disclosed in the Company's financial statements.*

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. *The amendments have no impact on the Company's financial statements.*

IAS 12 *Income Taxes*
Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments clarify how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. *The amendments have no impact on the Company's financial statements.*

(d) *Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2024 or late periods, but which the Company has not early adopted.

1 Reporting entity (continued)

(d) *Standards, Amendments to published Standards and Interpretations issued but not yet effective (continued)*

At the reporting date of these financial statements, the following were in issue but not yet effective:

Effective date January 1, 2024

IAS 1 ***Presentation of Financial Statements***

Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporing period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

2 Basis of preparation

These financial statements have been prepared on the basis of accounting policies applicable to a going concern. The going concern basis presumes that, for 12 months from balance sheet date, funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The financial statements are presented in United States Dollar ("USD"), which is the Company's functional currency. All amounts have been rounded to the nearest USD, unless otherwise indicated.

The financial statements have been prepared on the historical cost basis except for the measurement of financial instruments. The principal accounting policies set out below have, unless otherwise stated, been applied consistently to all periods in these financial statements.

3 Use of judgements and estimates

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of those assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) *Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is set out below:

3 Use of judgements and estimates (continued)

(a) *Judgements (continued)*

(i) Determination of the functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's transactions are denominated in USD. Most of the debt instruments at amortised cost are disbursed and paid in USD and most of the interest income and expenses (including fund manager expenses) are denominated and paid in USD. Accordingly, management has determined that the functional currency of the Company is USD.

(ii) Impairment of financial instruments

At each reporting date, the Company calculates an expected credit loss ("ECL") for debt instruments measured at amortised cost and at fair value through OCI ("FVOCI").

In the absence of sufficient market data, management applies expert judgement within a governance framework to determine the required parameters. In determining the ECL allowances the following significant judgements are applied.

Credit ratings (scorecard)

Intrinsic credit ratings are predicated on a scorecard comprising factors that govern risk assessment for the counterparty type. These have been further grouped into suitable broad categories with the assessments being aggregated based on pre-determined weights arrived at by way of expert judgement. There are limitations to the extent to which an extreme (credit positive or credit negative) sub-parameter value will be reflected in the overall project score. Depending on the availability of reasonable and supportable information without undue cost or effort, significant increases in credit risk are identified through the assessment of broad parameters such as financial strength, political and legal risk, transaction characteristics, strength of sponsor and security assessment. Accordingly, a set of overrides to the intrinsic rating has been incorporated into the framework. Depending on the scorecard, the final rating is influenced by early warning indicators, intrinsic rating overrides or sponsor overrides. Management also applies a 'sovereign ceiling' for country specific factors such as operating environment, legal structure, political instability, regulatory/legal uncertainty, financial/economic factors, risk of government intervention, impact of sovereign default and, where applicable, transfer and convertibility issues.

Financial assets measured at amortised cost

ECLs are calculated at each reporting date and reflected in an allowance account. The allowance account is netted off against the carrying amount of the asset. The movement in ECL between reporting dates is recognised in profit or loss. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off.

Forward looking variables

The Company, applying expert judgement, identifies default and credit impaired financial assets. In applying this judgement, the Company considers, the arrears category where the balance has been allocated to, and whether the balance is in legal review, debt review or under administration. Financial assets are credit impaired when one or more events with a detrimental impact on the expected cash flows have taken place.

(b) *Assumptions and estimation uncertainties*

Information relating to assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2023 is set out below:

3 Use of judgements and estimates (continued)

(b) *Assumptions and estimation uncertainties (continued)*

(i) Impairment of financial instruments

Probability of default (PDs)

A master rating scale establishes a standardised benchmark and a mapping between rating grades and probabilities of default for all debt instruments. This rating scale has been established using default studies obtained from the three leading rating agencies. The regression results were employed to arrive at modelled default rates for each rating agency for all 21 rating grades. The average of the three modelled default rates constituted the mean probability of default for each rating grade. The lower and upper bounds for each rating grade are computed as the geometric mean of the modelled default rate for the rating grade in question and adjacent rating grades. The lower bound for 'AAA' (the highest rating grade) has been set at 0.0%, while the upper bound for 'C' (the lowest rating grade) has been set at 99.9%. In all cases, the lower bound is exclusive while the upper bound is inclusive.

Loss given default (LGDs)

In determining the LGDs, the time period that the cash flows relate to must be estimated. The time period is estimated based on historical data that can be volatile. When the cash flows are too volatile, the time period is capped to limit volatility. LGDs are influenced by estimates of the amounts to be recovered from the realisation of collateral and the estimated costs to realise the collateral. Management uses independent sources for benchmarking LGD rates as well as historic data, where applicable.

(ii) Fair value of financial instruments

The fair value of financial assets that are not actively traded in an active market is determined by using valuation techniques. The Company applies the market or income approach as appropriate to the investment dependent on the information available. The key estimates applied are disclosed in note 29 to the financial statements.

4 Accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise indicated.

(a) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currency of the Company at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of financial assets at FVOCI (equity instruments), are recognised in OCI.

4 Accounting policies (continued)

(b) *Interest income and expense*

Interest income and expense are recognised in the profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the day 1 pricing of the asset. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income arises from interest on debt instruments at amortised cost and on debt instruments at FVOCI, while interest expense arises from interest on borrowing provided by lenders.

(c) *Deferred income*

Deferred income consists of deferred, upfront and commitment fees from borrowers which are recognised systematically over the life of the underlying loan using the effective interest method.

(d) *Deferred expenses*

Deferred expenses consist of upfront, commitment and refinancing fees paid to the Company's lenders which are recognised systematically over the life of the underlying loan using the effective interest method.

(e) *Loan fee income*

Loan fee income consists of loan arrangement, amendment, restructuring, annual monitoring, consent, waiver, loan breakage and appraisal fees which the Company charged to the borrowers for work performed during the year.

(f) *Grants*

Grants are initially recognised as deferred income until all conditions associated with the grants are complied with.

Grants that compensate the Company for expenses incurred are recognised in the profit or loss on a systematic basis in the periods in which the expenses are recognised.

(g) *Income tax*

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

4 Accounting policies (continued)

(g) *Income tax (continued)*

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset if certain criteria are met.

(ii) Deferred tax

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

(h) *Financial assets and financial liabilities*

(i) Recognition and derecognition

Financial instruments are recognised when, and only when, the Company becomes a party to the contractual provisions of the particular instrument.

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(i) Recognition and derecognition (continued)

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

The Company enters into transactions whereby it transfers assets recognised on its Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

A financial liability is de-recognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Initial measurement

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at FVTPL, the transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(iii) Classification and subsequent measurement

Financial assets

There are three principal classification categories for debt instruments: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and on its contractual cash flow characteristics.

A financial asset is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at FVOCI if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(iii) Classification and subsequent measurement under IFRS 9 (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Derivative assets are mandatorily categorised as FVTPL.

Financial assets at fair value through profit and loss (FVTPL)

FVTPL, namely derivative instruments, are initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in profit or loss. After initial recognition, FVTPL are measured at fair value with resulting fair value gains or losses being recognised directly in profit or loss.

Financial assets at amortised cost

- Debt instruments

Debt instruments are initially recognised at fair value. Subsequent to initial measurement, debt instruments are measured at amortised cost using the effective interest method less any impairment losses. Interest received is recognised as part of investment income. Interest income, foreign exchange gains and losses, and impairments are recognised in profit or loss. All debt instruments are recognised when cash is advanced or expected from borrowers.

- Cash and cash equivalents

Cash and cash equivalents comprises balances with banks and deposits which generally have a maturity of less than 365 days from date of acquisition. Cash and cash equivalents are carried at amortised cost.

- Trade and other receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost in the Statement of financial position.

- Receivable for overdue capital repayments

Receivables for overdue capital repayment are initially recognised at the amount lent to the borrower.

Financial liabilities

All loans and borrowings and trade and other payables are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, financial liabilities and trade and other payables are classified as measured at amortised cost. Financial liabilities and trade and other payables are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(iii) Classification and subsequent measurement under IFRS 9 (continued)

For a quantitative representation of the classifications under IFRS 9, refer to the tables on pages 22 and 23.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are offset only to the extent that their related instruments have been offset in the Statement of financial position.

Impairment of financial assets

The new impairment model applies to financial assets measured at amortised cost (for example loans and advances, trade and other receivables and cash and cash equivalents), but not to investments in equity instruments.

Calculation of ECL

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default ("PD"), the loss given default ("LGD") and the possible exposure at default ("EAD"). The Company also considers correlations between these parameters and forward looking economic conditions.

ECL reflects the Company's own expectations of credit losses. However, when considering all reasonable and supportable information that is available without undue cost or effort in estimating ECL, the Company also considers observable market information about the credit risk of the particular financial instrument or similar financial instruments.

The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:
Stage 1: At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
Stage 2: A financial instrument is allocated to stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
Stage 3: A financial instrument is allocated to stage 3 if the financial instrument is in default or is considered to be credit impaired.

Under IFRS 9, impairment loss allowances are measured on either of the following bases:
i) 12-month ECLs: These are ECLs that result from possible default events within the 12 months after the reporting date; and

ii) Lifetime ECLs: These are ECLs that result from all possible default events over the expected life of a financial instrument.

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(iii) Classification and subsequent measurement under IFRS 9 (continued)

Impairment of financial assets (continued)

Exposures are assessed on an individual project basis. In some instances, financial assets are grouped into categories in accordance with the terms of the financial instrument or the percentage of expected payments that were received. Financial assets are also grouped according to the status of the financial asset. The Company makes use of estimates of PDs, LGDs and EADs to calculate the ECL balance for financial assets at amortised cost. Depending on the relevant information available, PDs are based on ratings assigned to counterparties which are set using hybrid models which comprise both conventional statistical models and expert judgement. LGDs are derived from a default recovery time series model that takes the timing of payments into account or through available market data adjusted for project characteristics. The LGD represents losses expected on default, taking into account the mitigating effect of collateral, its expected value when realised and the time value of money. The forecast value for the collateral is also affected by the range of forward looking probability-weighted macroeconomic scenarios. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioral repayment patterns over the relevant estimation period.

Significant increase in credit risk and default

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers quantitative and qualitative information based on historical experience, credit assessment and forward looking information. The Company's assessment of a significant increase in credit risk from initial recognition consists of quantitative (such as credit rating, probability of default and arrears aging) and qualitative (such as economic, sector and geographic outlook) risk assessments performed by various internal credit risk review bodies.

These quantitative and qualitative risk drivers are included by the Company as part of the ongoing credit risk management. When making a quantitative assessment, the Company uses the change in the probability of default occurring over the expected life of the financial instrument. This requires a measurement of the probability of default at initial recognition and at the reporting date. A rebuttable assumption is that the credit risk since initial recognition has increased significantly if a financial instrument is 30 days past due. Financial assets at amortised cost can be transferred back to stage 1 or 2 within the ECL model if specific criteria have been met.

The Company considers a financial asset to have deteriorated when there is a failure to meet interest and capital repayments, financial covenant breaches and concern with the respect to the environmental, social and governance practices of the borrower, the industry within which the borrower operates and the construction phase of the borrower.

Forward looking information

Forward looking information, as well as the use of macroeconomic information has been incorporated into the new impairment model, primarily through a 3 step process:
-The establishment of the relationship between default rates and macroeconomic variables by way of regression analysis;
-The identification of scenarios, namely base case, upside and downside and applying available forecasts of macroeconomic variables such as inflation, investment to GDP ratio etc; and
-Assigning suitable probabilities to each scenario based on expert judgement within the relevant governance bodies.

Write off policy

Financial assets are written off when, in the judgement of the Company, there is no realistic prospect of recovery of the assets. Determining when to write off financial assets is a matter of judgement and incorporates both quantitative and qualitative information.

Measurement of ECLs

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 Company expects to receive). The fair value reserve comprises the cumulative net change in fair value of financial instruments at FVOCI. ECLs on financial instruments at amortised cost are recognised in profit or loss.

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(iii) Classification and subsequent measurement under IFRS 9 (continued)

Categories of financial instruments

The analysis of financial assets and financial liabilities into their categories is set out in the following table:

At 31 December 2023 USD '000	FVOCI	FVOCI, by irrevocable designation	Mandatorily designated at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Assets per the Statement of financial position						
Debt instruments	141,974	-	-	818,479	-	960,453
Equity instruments	-	2,618	-		-	2,618
Deferred expenses	-	-	-	14,036	-	14,036
Prepayments	-	-	-	-	6	6
Trade and other receivables	-	-	-	22,053	-	22,053
Cash and cash equivalents	-	-	-	16,003	-	16,003
Collateral margin call	-	-	-	4,110	-	4,110
Receivable for overdue capital repayments	-	-	-	-	4,890	4,890
Total assets	141,974	2,618	-	874,681	4,896	1,024,169
Liabilities per the Statement of financial position						
Loans and borrowings	-	-	-	439,432	-	439,432
Deferred income	-	-	-	17,901	-	17,901
Current tax liabilities	-	-	-	-	336	336
Trade and other payables	-	-	-	20,525	-	20,525
Derivative instruments	-	-	2,455	-	-	2,455
Total liabilities	-	-	2,455	477,858	336	480,649

4 Accounting policies (continued)

(h) *Financial assets and financial liabilities (continued)*

(iii) Classification and subsequent measurement under IFRS 9 (continued)

Categories of financial instruments (continued)

At 31 December 2022 USD '000	FVOCI	FVOCI, by irrevocable designation	Mandatorily designated at fair value through profit or loss	Amortised cost	Non-financial assets and liabilities	Total
Assets per the Statement of financial position						
Debt instruments	99,810	-	-	742,658	-	842,468
Equity instruments	-	2,818	-		-	2,818
Deferred expenses	-	-	-	12,288	-	12,288
Prepayments	-	-	-	-	6	6
Trade and other receivables	-	-	-	14,417	-	14,417
Cash and cash equivalents	-	-	-	19,675	-	19,675
Collateral margin call	-	-	-	4,814	-	4,814
Current tax asset	-	-	-	-	275	275
Total assets	99,810	2,818	-	793,852	281	896,761
Liabilities per the Statement of financial position						
Loans and borrowings	-	-	-	351,334	-	351,334
Deferred income	-	-	-	20,545	-	20,545
Trade and other payables	-	-	-	14,293	-	14,293
Derivative instruments	-	-	5,603	-	-	5,603
Total liabilities	-	-	5,603	386,172	-	391,775

(i) *Share capital*

Ordinary shares

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(j) *Fair value reserve*

Equity financial assets that are classified and measured at FVOCI, by irrevocable designation are carried at fair value with changes in fair value recognised in OCI and accumulated in fair value reserves. Upon disposal, any balance within fair value reserves is reclassified to retained earnings.

Debt financial assets that are classified and measured at FVOCI, are carried at fair value with changes in fair value recognised in OCI and accumulated in fair value reserves, except for impairment gains or losses, and foreign exchange gains and losses, which are recognised in profit or loss. Upon disposal, any balance within fair value reserves is reclassified to profit or loss as a reclassification adjustment.

(k) *Retained earnings*

Retained earnings include all current and prior years' results.

6 Interest income from debt measured at amortised cost

	31-Dec-23 USD	31-Dec-22 USD
Interest income earned in the year	**70,659,587**	41,827,712
	70,659,587	41,827,712

7 Interest expense from debt measured at amortised cost and derivatives

	31-Dec-23 USD	31-Dec-22 USD
Interest expense incurred on debt instruments measured at amortised cost	**18,913,181**	8,870,870
	18,913,181	8,870,870

8 Interest income on deposits

	31-Dec-23 USD	31-Dec-22 USD
Interest on bank balance and deposits	**150,270**	56,644
	150,270	56,644

9 Loan fee income

	31-Dec-23 USD	31-Dec-22 USD
Annual monitoring fees	**500,559**	272,396
Consent and waiver fees	**5,022**	100,000
Appraisal fees	**53,300**	152,612
Other fees	**17,250**	-
	576,131	525,008

10 Foreign exchange (loss)/gain

(i) Foreign exchange (loss)/gain on derivative instruments

	31-Dec-23 USD	31-Dec-22 USD
Realised (loss)/gain on derivative instruments	**(5,757,003)**	11,645,305
Unrealised gain/(loss) on derivative instruments	**2,700,750**	(4,463,766)
	(3,056,253)	7,181,539

(ii) Foreign exchange gain/(loss) on others

	31-Dec-23 USD	31-Dec-22 USD
Unrealised gain/(loss) on net loans and borrowings	**3,106,696**	(2,523,962)
Unrealised loss on EUR cash and cash equivalents	**(1,407,674)**	(943,575)
Unrealised loss on KES denominated debt instrument at FVOCI	**(676,300)**	(634,435)
Unrealised gain/(loss) on XOF denominated debt instrument at FVOCI	**2,170,329**	(2,492,001)
	3,193,051	(6,593,973)

11 Income tax expense

The Company holds a Category 1 Global Business License for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and benefit from the deemed tax credit regime up to 30 June 2021. Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

Post 30 June 2021, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the FSC, 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) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income. The Company monitors and makes use of expert advice on proposed and issued tax laws, regulations and cases to determine the impact of uncertain tax positions.

		31-Dec-23	31-Dec-22
	Note	**USD**	USD
Total income tax expense for the year		**1,077,404**	544,166
Calculation of the income tax expense			
Profit for the year before tax		**38,145,957**	22,389,122
Less: Exempt income		**(77,625,590)**	(54,231,873)
Add: Non-deductible expenses		**46,916,431**	34,336,553
		7,436,798	2,493,802
Tax expense for the year		**1,115,520**	374,070
Underprovision for last year		**(38,116)**	170,096
Tax expense for the year	**25**	**1,077,404**	544,166

The Company has determined the tax position based on the assumption that it is currently expected that certain payments which EAIF was ordered to pay under the arbitration will be tax deductible, hence a reduction in 2021 tax liability. In line with IFRIC 23, the appropriateness of Company's tax consequences on this prior year related adjustment will be adjusted accordingly upon receipt of the income tax ruling from the Mauritius Revenue Authority (MRA).

12 Fund manager fees

Effective on 09 May 2016, Ninety One Guernsey Limited ("NOGL") was appointed as Fund Manager. NOGL is due a management fee calculated quarterly as the product of (a) the Applicable Management Fee Percentage pro-rated based on a fee sliding scale; and (b) the Average Portfolio Commitments as set out under the Management Agreement dated 5 May 2016. NOGL is also due a performance fee calculated annually in terms of the aforementioned Management Agreement. This fee is subject to the achievement of financial and developmental targets, as well as a discretionary fee component approved at the sole discretion of the Company's Board acting on the advice of PIDG Ltd.

Breakdown of Fund Manager expenses:

	31-Dec-23	31-Dec-22
	USD	USD
Management fee	**14,116,317**	14,300,064
Performance fee	**4,954,240**	3,723,736
	19,070,557	18,023,800

13 Provision for impairment of debt instruments

		31-Dec-23	31-Dec-22
		USD	USD
(i)	*Debt instruments at amortised cost*		
	Opening balance	**49,397,344**	58,993,643
	Provision for impairment of debt instruments at amortised cost - ECL	**3,808,524**	637,300
	Reversal of provision for impairment of debt instruments at amortised cost	**-**	(10,233,599)
	Closing balance	**53,205,868**	49,397,344
(ii)	*Debt instruments at FVOCI - capital*		
	Opening balance	**493,900**	594,874
	Provision/(reversal of provision) for impairment of debt instruments at FVOCI - ECL	**442,751**	(100,974)
	Closing balance	**936,651**	493,900
(iii)	*Debt instruments at FVOCI - interest*		
	Opening balance	**331,440**	321,507
	Provision for impairment of accrued interest	**-**	9,933
	Closing balance	**331,440**	331,440

14 Debt instruments

	31-Dec-23 USD	31-Dec-22 USD
Debt instruments at amortised cost		
Opening balance	**805,552,782**	688,093,583
Disbursements	**140,630,885**	189,061,477
Repayments	**(72,740,343)**	(53,538,472)
Interest capitalised	**-**	2,417,711
Debt written off	**-**	(8,581,097)
Loss on revaluation of non-USD-denominated debt instruments	**11,740,225**	(11,900,420)
Closing balance	**885,183,549**	805,552,782
Provision for impairment - non-performing portfolio	**(40,040,611)**	(40,040,611)
Provision for impairment - performing portfolio	**(13,171,759)**	(9,363,235)
Interest suspended - non-performing portfolio	**(13,491,717)**	(13,491,717)
	(66,704,087)	(62,895,563)
Net carrying value of debt instruments at amortised cost	**818,479,462**	742,657,219
Debt instruments at FVOCI		
Opening balance	**99,810,426**	94,018,950
Realised gain during the year	**-**	28,444
Acquisitions during the year	**50,012,613**	22,455,421
Disposals during the year	**(9,712,229)**	(3,095,728)
Loss on non-USD-denominated debt instruments	**1,494,029**	(3,126,436)
Unrealised fair value loss	**369,049**	(10,470,225)
Closing balance	**141,973,888**	99,810,426
Net carrying value of debt instruments at FVOCI	**141,973,888**	**99,810,426**
Classification of non current and current		
Non-current debt instruments at amortised cost	**739,972,917**	674,490,448
Non-current debt instruments at amortised cost - Shari'ah	**2,628,174**	2,865,087
Non-current debt instruments at FVOCI	**141,973,888**	99,810,426
Non-current debt instruments total	**884,574,979**	777,165,961
Current debt instruments at amortised cost	**75,563,230**	65,009,357
Current debt instruments at amortised cost - Shari'ah	**315,141**	292,327
Current debt instruments total	**75,878,371**	65,301,684
Total debt instruments	**960,453,350**	842,467,645

(a) Undisbursed loan commitments

As at 31 December 2023, the undisbursed loan commitments were USD 121,330,290; EUR 162,565,804. (31 December 2022: USD 124,422,061; EUR 119,735,761).

(b) Interest suspended

During the year, the Company has capitalised the interest due from debt instruments at amortised cost which have been fully credit impaired. However, due to the uncertainty over its recoverability, the Company has not recognised the interest capitalised in the Statement of profit or loss and other comprehensive income.

15 Equity instruments

	31-Dec-23 USD	31-Dec-22 USD
Equity instruments at FVOCI		
At beginning of the year	**2,817,826**	2,751,505
Unrealised fair value gain	**(199,431)**	66,321
At end of the year	**2,618,395**	2,817,826

16 Details of investments at FVOCI

Name of company	Country	Type	Currency	Holding 31-Dec-23	Holding 31-Dec-22	Carrying value 31-Dec-23 USD	Carrying value 31-Dec-22 USD
Quoted investments							
Acorn Student Housing	Kenya	Bond	KES	**514,000,000**	665,000,000	**3,293,617**	5,417,423
HTA Group Ltd	UK	Bond	USD	**30,000,000**	30,000,000	**29,584,311**	27,818,100
Port Autonome de Dakar	Senegal	Bond	XOF	**6,640,000,000**	8,300,000,000	**11,205,763**	13,504,200
Sonatel	Senegal	Bond	XOF	**12,055,032,000**	15,068,790,000	**20,340,913**	24,517,101
Liquid Telecoms	Pan Africa	Bond	USD	**15,000,000**	15,000,000	**8,789,087**	10,907,400
Axian	Pan Africa	Bond	USD	**20,000,000**	20,000,000	**18,748,799**	17,646,200
CEC-Renewables Ltd	Zambia	Bond	USD	**20,000,000**	-	**19,627,677**	-
FCTC EPT	Ivory Coast	Bond	XOF	**18,050,690,000**	-	**30,383,721**	-
Unquoted investments							
IPS Cable System Holding	Mauritius	Ordinary shares		**1,065,341**	1,065,341	**2,618,395**	2,817,827
						144,592,283	102,628,251

17 Deferred expenses

	Refinancing Cost USD	Upfront Fees USD	Commitment Fees USD	Total USD
At 1 January 2022	2,000,076	2,458,188	7,325,038	11,783,302
Movement during the year	866,057	(1)	1,776,443	2,642,499
Amortisation charge	(281,279)	(370,171)	(1,486,748)	(2,138,198)
At 31 December 2022	2,584,854	2,088,016	7,614,733	12,287,603
Movement during the year	**(253,044)**	**2,042,306**	**878,450**	**2,667,712**
Amortisation charge	**(240,129)**	**(680,348)**	**-**	**(920,477)**
At 31 December 2023	**2,091,681**	**3,449,974**	**8,493,183**	**14,034,838**

18 Trade and other receivables

	31-Dec-23 USD	31-Dec-22 USD
Interest receivable on debt instruments at amortised cost	**20,030,440**	12,411,125
Interest receivable on derivative contracts	**17,934**	-
Interest accrued on cash and cash equivalents	**-**	15,467
Interest accrued on income notes and debt instruments at FVOCI	**1,974,522**	2,071,793
Other receivables	**30,144**	60,304
	22,053,040	14,558,689
Provision for impairment - accrued interest	**-**	(141,298)
	22,053,040	14,417,391

19 Derivatives Instruments

	31-Dec-23 USD	31-Dec-22 USD
Foreign currency forward exchange contract - at fair value	**(2,902,386)**	(5,603,136)
Interest rate swaps contracts - at fair value	**447,026**	-
	(2,455,360)	(5,603,136)

The notional amount of the outstanding foreign currency forward exchange contracts as at 31 December 2023 is EUR 174,100,000 and KES 450,000,000 (31 December 2022: EUR 116,807,415, KES 665,000,000).

20 Cash and cash equivalents

	31-Dec-23 USD	31-Dec-22 USD
Absa Bank (Mauritius) Limited		
- Operating accounts	**12,813,342**	12,870,081
- Technical Assistance grant account (from PIDG Trust)	**2,084,750**	2,062,294
- Fixed deposit account	**-**	3,699,969
Standard Chartered Bank (Mauritius) Limited		
- Operating account	**1,104,937**	1,042,801
	16,003,029	19,675,145

21 Share capital

	31-Dec-23 Number of Shares	31-Dec-23 USD	31-Dec-22 Number of Shares	31-Dec-22 USD
At December 31, 2023	**39,486,969**	**394,869,690**	39,486,969	394,869,690

The nominal value of the shares is USD 10 each. All ordinary shares are ranked equally. Holders of these shares are entitled to dividends as declared from time to time.

22 Fair value reserve

	31-Dec-23 USD	31-Dec-22 USD
At beginning of the year	**(6,226,038)**	4,288,775
Movement during the year	**1,465,270**	(10,514,812)
At end of the year	**(4,760,769)**	(6,226,038)

23 Loans and borrowings

	31-Dec-23 USD	31-Dec-22 USD
Non-current liabilities		
Kreditanstalt fur Wiederaufbau ("KfW")	**72,370,941**	61,192,824
Kreditanstalt fur Wiederaufbau - EUR	**81,443,673**	80,165,811
Allianz Global Investors ("Allianz")	**19,642,857**	13,938,000
Allianz Global Investors - EUR	**65,177,991**	64,226,121
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO")	**26,930,000**	14,619,846
AFDB - F1 Facility	**42,617,692**	13,069,040
Allianz NIFA notes -USD	**5,000**	-
Allianz NIFA Notes - EUR	**8,295**	-
	308,196,449	247,211,642
Current liabilities		
Kreditanstalt fur Wiederaufbau ("KfW")	**15,878,353**	15,876,000
Kreditanstalt fur Wiederaufbau - EUR	**21,923,300**	19,751,703
Standard Chartered Bank ("SC")	**-**	4,000,000
Standard Chartered Bank ("SC") - EUR	**-**	40,366,946
Standard Bank South Africa ("SBSA") - USD	**10,000,000**	-
Standard Bank South Africa ("SBSA") - EUR	**56,408,566**	-
AFDB F1 Facility	**3,913,348**	2,375,347
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO")	**7,690,000**	7,690,154
Allianz Global Investors ("Allianz")	**3,571,429**	3,570,000
Allianz Global Investors - EUR	**11,850,513**	10,492,052
	131,235,509	104,122,202
Opening balance	**351,333,843**	244,149,826
Drawdown	**240,090,257**	256,312,811
Repayment	**(160,624,762)**	(137,649,011)
Realised loss during the year	**(909)**	-
Unrealised foreign exchange gain/(loss)	**8,633,529**	(11,479,783)
Closing balance	**439,431,958**	351,333,843
The above borrowings are denominated in the following currencies:		
US Dollar	**202,619,619**	136,331,210
Euro	**236,812,339**	215,002,633
	439,431,958	351,333,843

23 Loans and borrowings (continued)

Terms of financial liabilities at amortised cost

Lender	Currency	Maturity date	Total committed USD	Undisbursed USD
AfDB Facility F	USD	19 March 2028	75,000,000	22,500,000
Standard Bank South Africa	USD/EUR	20 December 2025	75,000,000	8,662,850
Standard Bank South Africa	USD	28 February 2030	25,000,000	25,000,000
Allianz NIFA notes	USD		50,000,000	49,995,000
FMO Facility G	USD	19 March 2028	50,000,000	-
Allianz Facility H2	USD		25,000,000	-
KfW Facility D2	USD	17 June 2028	65,000,000	-
KfW Facility D3	USD	17 June 2028	20,000,000	-
KfW Facility E1	USD	19 March 2030	50,000,000	-
				106,157,850

Lender	Currency	Maturity date	Total committed EUR	Undisbursed EUR
KfW Facility J	EUR	15 May 2036	60,000,000	60,000,000
Allianz NIFA notes	EUR		75,000,000	74,992,500
KfW Facility B	EUR	29 October 2024	55,000,000	-
KfW Facility D1	EUR	17 June 2028	45,000,000	-
KfW Facility E2	EUR	19 March 2030	75,000,000	-
Allianz Facility H1	EUR	28 March 2030	75,000,000	-
				134,992,500
			Total USD equivalent	255,466,017

24 Deferred income

	Restructuring Fees USD	Upfront Fees USD	Commitment Fees USD	Subtotal USD	TA grant[1] USD	Total USD
At 1 January 2022	-	9,604,732	7,247,227	16,851,959	2,900,395	19,752,354
Movement during the year	-	1,316,547	3,692,633	5,009,180	3,344,487	8,353,667
Amortisation charge	-	(1,063,800)	(1,266,286)	(2,330,086)	(5,230,850)	(7,560,936)
At 31 December 2022	-	9,857,479	9,673,574	19,531,053	1,014,032	20,545,085
Movement during the year	-	**1,554,626**	**-**	**1,554,626**	**(13,968)**	**1,540,658**
Amortisation charge	-	**(3,674,837)**	**32,111**	**(3,642,726)**	**(542,113)**	**(4,184,839)**
At 31 December 2023	**-**	**7,737,268**	**9,705,685**	**17,442,953**	**457,951**	**17,900,904**

[1]The Private Infrastructure Development Group ("PIDG") acting through the PIDG Trust (the shareholder of the Company) provides TA grants to the Company for development projects approved by PIDG Ltd on behalf of the PIDG Trust. TA grants are managed by the Company in agreement with PIDG Ltd.

25 Current tax (liability)/asset

	Notes	31-Dec-23 USD	31-Dec-22 USD
Balance at beginning of the year		**275,480**	729,167
Tax paid during the year		**466,121**	90,479
Income tax expense for the year	**11**	**(1,077,404)**	(544,166)
At end of the year		**(335,803)**	275,480

26 Receivable for overdue capital repayments

	31-Dec-23 USD	31-Dec-22 USD
At December 31, 2023	**4,890,270**	-

Outstanding scheduled capital repayments on debt instruments as at 31 December 2023 amounted to USD 4,890,270. The Company has made an assessment of the recoverability of the outstanding capital repayments and raises provisions as appropriate.

27 Trade and other payables

	31-Dec-23	31-Dec-22
	USD	USD
Management fee	**10,557,263**	7,185,890
Performance fee	**4,954,240**	3,723,736
Loan interest payable	**4,385,578**	2,770,323
Interest payable on derivative contracts	**20,908**	-
Management company fees	**4,375**	1,400
Audit and tax fees	**110,585**	75,375
Other payables	**491,561**	535,893
	20,524,510	14,292,617

28 Related party transactions

During the year, the Company had transactions and balances with its related parties. There has been no transactions with key management personnel during the year. The nature, volume of transactions and balances are as follows:

Name of company	**Nature of relationship**	**Nature of transaction**	**31-Dec-23 USD**	31-Dec-22 USD
Transactions during the year:				
PIDG Trust	Shareholder	Grant amortised	**542,113**	5,230,850
		Grant paid	**(13,968)**	3,344,487
	Shareholder	Grant received - administrative	**1,950,650**	1,380,986
PIDG Ltd	Subsidiary of PIDG Trust[1]	Administration expenses (PIDG)	**(2,704,830)**	(2,545,135)
Ninety One Guernsey Limited	Fund Manager	Management fees	**14,116,317**	14,300,064
Ninety One Guernsey Limited	Fund Manager	Performance fees	**4,954,240**	3,723,736
Balances outstanding at end of the year:				
PIDG Trust	Shareholder	Grant received	**457,951**	1,014,032
Ninety One Guernsey Limited	Fund Manager	Management fees	**10,557,263**	7,185,890
Ninety One Guernsey Limited	Fund Manager	Performance fees	**4,954,240**	3,723,737

Key management personnel

The Company's key management personnel are the directors as listed in the Directors' report. There were no material transactions with key management personnel or their families during the current or previous year, other than normal remuneration for employee services rendered.

[1] *Fellow subsidiary of the Trust, but with delegated authority from the Trust to manage the Company.*

29 Fair values of financial instruments

Accounting classifications and fair values

The table below shows the carrying amounts and fair values of financial assets and financial liabilities measured at fair value.

Financial instruments measured at fair value

		Fair Value		
	Carrying amount USD	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**
31 December 2023				
Debt instruments at FVOCI	**141,973,888**	**141,973,888**	**-**	**-**
Equity instruments at FVOCI	**2,618,395**	**-**	**-**	**2,618,395**
Derivative instruments	**(2,455,360)**	**-**	**(2,455,360)**	-
	142,136,923	**141,973,888**	**(2,455,360)**	**2,618,395**
31 December 2022				
Debt instruments at FVOCI	99,810,424	99,810,424	-	-
Equity instruments at FVOCI	2,817,827	-	-	2,817,827
Derivative instruments	(5,603,136)	-	(5,603,136)	-
	97,025,115	99,810,424	(5,603,136)	2,817,827

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in an active markets for identical instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

For the equity investments (classified as level 3), the directors are of the opinion that the best measurement of the financial assets is fair value.

A book value valuation approach was followed on level 3 financial instruments.

IPS Cable System Holding Limited ("IPS")

The investment in IPS Cable System Holding Limited is valued using the book value valuation technique by valuing the only significant asset held by IPS, namely Seacom Capital Limited ("SCL"), and applying the effective percentage that the Company holds of SCL. The Company has a 6.25% stake in IPS Cable System Holding Limited.

As this fair value of SCL increases, the fair value of IPS increases.

The valuation of SCL was performed by means of a Discounted Cash Flow fair valuation. Based on this assessment, the Company conservatively calculates a fair value in IPS of USD 2,618,395.

Financial instruments not measured at fair value

The carrying amount of the Company’s debt instruments at amortised cost, trade and other receivables, bank deposits, cash and cash equivalents, collateral, loans and borrowings cost and trade and other payables is approximately equal to their fair values, and thus information relating to the fair values of these financial instruments, including the fair value hierarchy, is not disclosed.

30 Financial risk and management and review

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are credit risk, market risk (arising from changes in equity, bond prices, interest and foreign exchange rates) and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. A 'Unified Credit Rating Framework' (established and approved by the PIDG Ltd Risk Committee) has been adopted by the Company to enable a standardized assessment of borrower risk for project finance, among other credit solutions. It also serves as a critical input towards portfolio-wide risk aggregation, provisioning under the IFRS 9 accounting standard, pricing of transactions as well as capital and portfolio optimisation. The Company has delegated responsibility for compliance with the framework to PIDG Ltd which is responsible for, amongst other matters, ensuring the Company's compliance with its Risk Appetite Statements, reporting regularly to the Board of Directors on its activities. The framework is subject to an annual review and continual refinement, including governance oversight from the PIDG Ltd Risk Committee. However, more frequent reviews may be considered in order to address systemic challenges in the framework/process. This framework is subject to continuous review and improvement. Any changes require the approval of the PIDG Ltd Chief Risk Officer as long as the construct of the framework as approved by the PIDG Ltd Risk Committee remains unchanged.

Capital risk management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. There were no changes in the Company's approach to capital management during the year. The Company is subject to an externally-imposed capital requirement that the equity of the Company should not fall below USD 150,000,000. There have been no breaches of this capital requirement during the financial year.

The Company is also subject to externally-imposed covenant requirements from its lenders, including that the Debt to Equity Ratio will not exceed a ratio of 2:1, and that the Interest Cover will not fall below a ratio of 1.5:1. There have been no breaches of this capital requirement during the financial year.

Credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each borrower. The demographic spread of the Company's customer base, including the default risk of the industry and country in which the borrower operates, has an influence on credit risk.

(i) Credit risk governance

Credit risk is monitored through the various governance structures of both Ninety One and PIDG Ltd, to enable the Board of Directors and PIDG Ltd to discharge their obligations in terms of the Company's aggregated credit risk appetites, exposures and risk management. The scope of these structures extends to all activities of the Company in which credit or counterparty credit risks are present.

(ii) Credit risk management

The Company manages its credit risk by having a comprehensive risk strategy for all risk types including credit risk, sound investment processes across single assets, single counterparties and an aggregate credit portfolio, and comprehensive limit frameworks in place. The risk strategy includes a risk-return framework which sets the overall risk appetite and the risk appetite for specific risk types including credit risk. Each investment credit asset acquired follows a strict credit approval process, supported by a credit analysis considering both qualitative and quantitative aspects taking into account the risk return profile.

30 Financial risk management and review (continued)

Credit risk (continued)

(ii) Credit risk management (continued)

Credit risk exposures are monitored and assessed using appropriate metrics, including trend analysis and communicated to the relevant governance and management committees. Credit risk is monitored against early warning thresholds and exposures. The ongoing monitoring and a proactive view of emerging risks are integrated in the granting of new credit. The credit risk appetite and limits are accordingly adjusted to manage the portfolio in view of actual and potential changes in macroeconomic conditions.

Collateral

Collateral is mainly used in the investment credit portfolios to mitigate the amount of credit risk taken. This is part of the process to ensure appropriate legal protection in the event of default. Stricter loan covenants or higher levels or better quality collateral are required based on the counterparty and industry outlook. The Company holds collateral as security over most of its financial assets at amortised cost under its facility agreements. While the Company is legally entitled to the potential economic benefit provided by the collateral on financial assets at amortised cost, the Company has historically preferred to engage with borrowers facing financial difficulties and to reach an alternative payment solution that continues to aid the economic development of the project as well as promote the Company's developmental purpose rather than to realise its security. Where borrowers have defaulted, the Company has made an assessment of the recoverability of the loan and raised provisions for impairment as appropriate. The balance of financial assets at amortised cost disclosed in the Statement of financial position is therefore a fair reflection of the Company's credit exposure.

Derivatives

The Company may enter into exchange-traded or Over-The-Counter (OTC) derivatives. Credit risk arising from exchange-traded derivatives is mitigated by margin requirements. Derivative financial instruments are transacted with reputable counterparties with a long term rating of A, and with whom the Company has a signed master netting agreement. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default. The net exposure to credit risk is mitigated by master netting arrangements that may change significantly within a short period of time due to the volatile nature of the fair value of the derivatives. Derivatives used can generally be classified as futures, forward contracts, interest rate swaps and options.

Cash deposits

The Company holds deposits and cash equivalents with reputable financial institutions with credit ratings of Ba1 and A1, based on ratings from credit rating agencies.

(iii) Credit risk ratings

The Unified Credit Rating Framework sets out the rating model to be applied to project finance, as well as other credit solutions, in enabling risk differentiation between borrowers and measurement and quantification of risk. The rating model has been developed based on the Basel III specialised lending framework and sets out 'broad parameters' and 'sub-parameters' with overarching guidance on allocating transactions into one of four risk buckets. This framework has been developed in the form of a scorecard with suitable broad and sub-parameter weights. The guidance provided as a part of the Basel III framework has been adapted to ensure applicability to both the Company's and PIDG Ltd's operations. The framework also includes loss estimates against each risk bucket. These loss estimates have been employed to derive a suitable probability of default which, in turn, have been mapped to the master rating scale for the purposes of arriving at a rating.

At initial recognition, each risk exposure is allocated to the credit rating based on the available information about the counterparty. All exposures are subsequently monitored through general and tailored procedures as specified in the framework. The data used to monitor these exposures include the following broad parameters: financial strength, political and legal environment, transaction characteristics, strength of sponsor and strength of security package.

(iv) Concentration of credit risk

A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company monitors concentrations of credit risk by geographic location. The following table analyses the concentrations of credit risk by class of financial asset at 31 December 2023.

30 Financial risk management and review (continued)

Credit risk (continued)

(iv) Concentration of credit risk (continued)

(a) Analysis of credit risk for financial assets at amortised cost and interest receivable by sector and country/region:

	Debt instruments at amortised cost		*Loan interest receivable*	
	31-Dec-23 USD	31-Dec-22 USD	**31-Dec-23 USD**	31-Dec-22 USD
Sector				
Mining	**45,436,112**	56,212,420	**608,770**	1,970,813
Telecommunications	**30,538,950**	35,456,550	**361,309**	373,592
Industrial infrastructure	**74,121,650**	69,376,032	**421,306**	675,114
Power	**513,847,558**	447,941,389	**13,397,020**	7,574,304
Transport	**110,909,806**	88,141,122	**4,489,510**	876,843
Gas	**4,703,960**	5,970,372	**166,570**	186,156
Bulk storage / logistics facilities	**38,921,426**	39,559,334	**370,357**	9,669
	818,479,462	742,657,219	**19,814,842**	11,666,492
Country/Region				
Republic of Cameroon	**46,478,881**	38,759,975	**73,880**	217,898
Mozambique	**81,165,115**	70,405,512	**1,585,714**	1,942,978
Republic of Nigeria	**52,785,912**	61,855,403	**431,140**	823,202
Uganda	**72,560,252**	75,108,979	**2,154,336**	1,237,735
Kenya	**32,242,732**	25,805,599	**37,088**	369,503
Pan-Africa	**41,419,184**	35,456,550	**396,890**	373,592
Senegal	**43,096,524**	12,413,929	**(76,043)**	112,371
Ghana	**78,144,023**	85,818,501	**3,287,976**	1,147,144
Ivory Coast	**123,223,841**	113,677,165	**4,865,859**	1,860,439
Republic of Rwanda	**31,490,043**	35,792,211	**452,383**	501,820
Madagascar	**17,265,169**	19,661,689	**3,360,365**	488,028
Mali	**30,255,296**	30,340,564	**1,216,722**	576,265
Gabon	**35,548,342**	37,151,263	**(76,642)**	292,641
Guinea	**32,584,219**	34,821,623	**156,610**	1,369,756
Zimbabwe	**38,921,426**	39,559,334	**370,357**	9,669
Burkina Faso	**61,298,503**	26,028,925	**1,578,207**	343,450
	818,479,462	742,657,219	**19,814,842**	11,666,492

(b) Analysis of credit risk for financial assets at FVOCI and interest receivable by sector and country/region:

	Financial assets at FVOCI		*Interest receivable*	
	31-Dec-23 USD	31-Dec-22 USD	**31-Dec-23 USD**	31-Dec-22 USD
Sector				
Industrial infrastructure	**3,293,617**	5,417,423	**60,705**	97,666
Telecommunications	**80,081,505**	83,706,628	**1,510,449**	1,649,622
Power	**50,011,398**	-	**255,382**	-
Bulk storage / logistics facilities	**11,205,763**	13,504,200	**147,987**	183,207
	144,592,283	102,628,251	**1,974,523**	1,930,495
Country/Region				
Ivory Coast	**30,383,721**	-	**219,382**	-
Kenya	**3,293,617**	5,417,423	**60,705**	97,666
Pan Africa	**59,740,592**	59,189,527	**919,792**	897,083
Senegal	**31,546,676**	38,021,301	**738,644**	935,746
Zambia	**19,627,677**	-	**36,000**	-
	144,592,283	102,628,251	**1,974,523**	1,930,495

30 Financial risk management and review (continued)

Credit risk (continued)

(v) Exposure to credit risk

The carrying amount of the financial assets, net of provision for impairments, represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31-Dec-23 USD	31-Dec-22 USD
Debt instruments	**960,453,350**	842,467,645
Trade and other receivables	**22,053,040**	14,417,391
Cash and cash equivalents	**16,003,029**	19,675,145
Collateral margin call	**4,110,000**	4,814,159
Receivable for overdue capital repayments	**4,890,270**	-
	1,007,509,689	881,374,340

Derivative instruments

Derivative financial assets and liabilities predominantly consist of FEC's (Forward Exchange Contracts) and interest rate swaps used to hedge currency risk and interest rate risk respectively. The Company is required to post or receive collateral in accordance with 'EMIR Refit' regulation for its OTC (Over-The-Counter) trading activity, as defined within their signed Credit Support Annex (CSA) agreements. The Company has only signed a CSA with Standard Chartered Bank London, the collateral counterparty. The value of collateral pledged is disclosed in the table above however, in the current year there was a last day margin call that was not fully funded by the margin account and an additional margin payment was required. That payment was made post year end and therefore at year end a liability existed.

Forward Exchange Contracts	31-Dec-23		31-Dec-22	
	Carrying Value	**Notional Value**	Carrying Value	Notional Value
Currency	**USD**	**Local currency**	USD	Local currency
USD	-	-	125,042,281	125,042,281
KES	**(40,599)**	**450,000,000**	(5,304,726)	(665,000,000)
EUR	**(2,861,787)**	**174,100,000**	(125,340,691)	(116,807,415)
	(2,902,386)		(5,603,136)	

Swaps Contracts	31-Dec-23	31-Dec-22
	Carrying Value	Carrying Value
Type	**USD**	USD
Interest rate swaps	**447,026**	-

(vi) Analysis of financial assets at amortised cost

	Gross carrying amount	Allowance for ECL	Carrying Value	Allowance for ECL		
				Stage 1	**Stage 2**	**Stage 3**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
31-Dec-23						
Debt instruments	**1,028,081,663**	**67,628,313**	**960,453,350**	**4,982,226**	**9,113,759**	**53,532,328**
Cash and cash equivalents	**16,003,029**	**-**	**16,003,029**	**-**	**-**	**-**
Trade and other receivables	**22,053,040**	**-**	**22,053,040**	**-**	**-**	**-**
Collateral margin call	**4,110,000**	**-**	**4,110,000**	**-**	**-**	**-**
Receivable for overdue capital repayments	**4,890,270**	**-**	**4,890,270**	**-**	**-**	**-**
	1,075,138,002	**67,628,313**	**1,007,509,689**	**4,982,226**	**9,113,759**	**53,532,328**
31-Dec-22						
Debt instruments	905,844,681	63,377,036	842,467,645	3,664,314	6,180,398	53,532,324
Cash and cash equivalents	19,675,145	-	19,675,145	-	-	-
Trade and other receivables	14,558,689	141,298	14,417,391	-	-	141,298
	940,078,515	63,518,334	876,560,181	3,664,314	6,180,398	53,673,622

No allowance for ECL has been raised on Cash and cash equivalents, as well as Trade and other receivables, as these are short-term highly liquid assets, with an insignificant risk of default.

(vii) Credit quality analysis of financial assets

	31-Dec-23 USD	31-Dec-22 USD
Stage 1	**762,935,343**	618,916,931
Stage 2	**196,616,532**	169,989,946
Stage 3	**53,532,328**	53,532,324
	1,013,084,203	842,439,200

(viii) Credit sensitivity analysis

At each reporting date,the Company calculates an ECL for debt instruments measured at amortised cost and at FVOCI. Key inputs into the ECL model for impairment include the credit ratings which map to a probability of default; the probability weighted impact of various scenarios, and; respective LGD's assigned to each debt instrument by the Company.

An exercise was performed to determine the expected impact of a 1 notch improvement or deterioration in the credit ratings assigned to debt instruments as at 31 December, on the probability of default. Based on the results of that exercise a reasonable (increase)/decrease of the probability of default was determined and the resulting allowance for ECL is shown below. This analysis assumes that all other variables, in particular the staging and interest rates, remain constant.

Probability of default reduction	Range		31-Dec-23	31-Dec-22
	Min	**Max**	**USD**	USD
Stage 1	0%	35%	**3,197,806**	2,358,065
Stage 2	0%	35%	**6,834,051**	4,777,212
Stage 3	0%	35%	**-**	-
			10,031,857	7,135,277

Probability of default increase	Range		31-Dec-23	31-Dec-22
	Min	**Max**	**USD**	USD
Stage 1	0%	60%	**8,161,308**	5,968,513
Stage 2	0%	60%	**12,587,217**	8,305,950
Stage 3	0%	60%	**-**	-
			20,748,525	14,274,463

30 Financial risk management and review (continued)

Credit risk (continued)

(viii) Credit sensitivity analysis (continued)

The ECL of the probability weighted impacts of the 100% base, 100% bear and 100% bull scenario are noted below.

100% Base Case	**31-Dec-23 USD**	31-Dec-22 USD
Stage 1	**5,431,276**	3,436,335
Stage 2	**9,572,592**	5,946,226
Stage 3	**-**	-
	15,003,868	9,382,561

100% Bear Case	**31-Dec-23 USD**	31-Dec-22 USD
Stage 1	**4,575,060**	4,339,647
Stage 2	**8,964,834**	7,183,402
Stage 3	**-**	-
	13,539,894	11,523,049

100% Bull Case	**31-Dec-23 USD**	31-Dec-22 USD
Stage 1	**5,006,261**	2,246,256
Stage 2	**8,336,982**	3,795,846
Stage 3	**-**	-
	13,343,243	6,042,102

A 10% improvement or deterioration in the LGD assigned to each debt instrument as at 31 December 2023 would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Increase in LGD (10%)	**Range**		**31-Dec-23**	31-Dec-22
	Min	**Max**	**USD**	USD
Stage 1	10.00%	51.00%	**(498,223)**	(366,431)
Stage 2	10.00%	28.00%	**(911,376)**	(618,040)
Stage 3	50.00%	100.00%		-
			(1,409,599)	(984,471)

Decrease in LGD (10%)	**Range**		**31-Dec-23**	31-Dec-22
	Min	**Max**	**USD**	USD
Stage 1	10.00%	51.00%	**498,223**	366,431
Stage 2	10.00%	28.00%	**911,376**	618,040
Stage 3	50.00%	100.00%	**-**	-
			1,409,599	984,471

No sensitivities are performed on stage 3 financial instruments, as these are fully impaired. Based on assessed likelihood of recoverability on these instruments, a significant improvement in the PD, LGD or base case scenario would have to occur for sensitivities to have a significant impact, which the Company deems highly unlikely.

30 Financial risk management and review (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company is subject to the following financial covenants under the terms of the Common Terms Agreement with its lenders, and which as at 31 December 2023, the Company was in compliance with:

(a) as of the last day of any quarter, the debt to equity ratio not to exceed 2:1;
(b) interest cover in respect of the relevant calculation period should not fall below a ratio of 1.5:1; and
(c) the equity of the Company should not fall below USD 150,000,000 at any time.

The following are the undiscounted contractual maturities of the non-derivative financial liabilities at the reporting date:

	Less than 6 months USD	**6-12 months USD**	**1-3 years USD**	**More than 3 years USD**	**Total USD**
31-Dec-23					
Financial liabilities at amortised cost, plus interest expense	**98,822,037**	**32,413,472**	**129,653,886**	**178,542,563**	**439,431,958**
Trade and other payables	**20,524,510**	**-**	**-**	**-**	**20,524,510**
	119,346,547	**32,413,472**	**129,653,886**	**178,542,563**	**459,956,468**
31-Dec-22					
Financial liabilities at amortised cost, plus interest expense	74,244,574	29,877,628	117,830,997	129,380,644	351,333,843
Trade and other payables	14,292,617	-	-	-	14,292,617
	88,537,191	29,877,628	117,830,997	129,380,644	365,626,460

Undisbursed loan commitments

Taking into consideration its cash, bank balances and undrawn loan facilities, the directors believe that the Company has enough funds and loan credit facilities to meet its undisbursed loan commitments. Undrawn loan facilities as at 31 December 2023 are USD 255,466,017 (31 December 2022: USD 220,292,987).

30 Financial risk management and review (continued)

Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Currency risk is monitored by representatives of Ninety One and the PIDG Ltd Executive team.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured.

The Company is exposed to foreign currency risk on its transactions that are denominated in currencies other than USD.

The debt instruments at amortised cost provided to the borrowers in a currency other than the USD are predominantly hedged by its borrowings in the same currency.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily USD, but also EUR.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by entering into foreign currency forward exchange contracts.

At 31 December 2023, the Company had liabilities denominated in Euro ("EUR"), Great Britain Pound Sterling ("GBP") and Kenyan Shilling ("KES").

Currency profile

The currency profile of the Company's financial assets and liabilities at the reporting date is summarised as follows:

	Financial Assets	**Financial Liabilities**	Financial Assets	Financial Liabilities
	31-Dec-23		31-Dec-22	
	USD	**USD**	USD	USD
United States Dollar	**600,785,811**	**228,874,691**	546,065,190	152,956,267
Great Britain Pound Sterling	**-**	**(77,612)**	-	500,375
Euro	**343,072,609**	**233,950,552**	294,963,732	217,772,956
Kenyan Shillings	**3,352,951**	**-**	5,417,423	-
XOF (CFA Franc)	**62,916,713**	**-**	38,021,301	-
	1,010,128,084	**462,747,631**	884,467,646	371,229,598

The following year end spot rate applied as at the reporting date is as follows:

	31-Dec-23	31-Dec-22
	USD	USD
USD:EUR	**0.904**	0.937
USD:GBP	**0.785**	0.831
USD:KES	**157.000**	123.400
USD:XOF	**593.063**	614.624

Sensitivity analysis

A 10% strengthening/weakening of the USD against other currencies as at 31 December 2023 would have an equal and opposite effect on the equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effects in USD	**31-Dec-23**		31-Dec-22	
	Equity	**Profit or loss**	Equity	Profit or loss
31 December 2023				
EUR	**10,912,206**	**10,912,206**	7,719,078	7,719,078
GBP	**(7,761)**	**(7,761)**	50,037	50,037
KES	**335,295**	**335,295**	541,742	541,742
XOF	**6,291,671**	**6,291,671**	3,802,130	3,802,130

30 Financial risk management and review (continued)

Market risk (continued)

(ii) Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or are re-priced at different times or in different amounts. In the case of floating rate assets and liabilities, the Company is also exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the base lending rate and different types of interest.

Interest rate profile

The Company has significant interest-bearing assets and liabilities. The Company's cash flows are impacted by changes in market interest rates. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was as follows:

	31-Dec-23	31-Dec-22
	USD	USD
Variable rate instruments		
Financial assets	**460,267,466**	458,194,200
Financial liabilities	**(252,062,140)**	(179,429,703)
	208,205,326	278,764,497

Sensitivity analysis

A 1% strengthening/weakening of interest rates as at 31 December 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular currency rates, remain constant.

	Increase by 1%		**Decrease by 1%**	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
	USD	**USD**	**USD**	**USD**
31 December 2023	**2,082,053**	**2,082,053**	**(2,082,053)**	**(2,082,053)**
31 December 2022	2,787,645	2,787,645	(2,787,645)	(2,787,645)

(iii) Price risk

Price risk is the risk that the value of a company (and its bonds) fluctuates as a result of changes in market prices of instruments held (other than those arising from interest rate or currency risk), whether caused by factors specific to the underlying investments, its issuer or all factors affecting all instruments traded in the market. As at 31 December, the Company was exposed to price risk through its investments held at FVOCI. The Company has significant exposure to listed debt instruments (level 1) and immaterial exposure to equity instruments (level 3). Refer to note 29 for further detail.

31 Going concern

The directors of the Company have satisfied themselves that the Company has adequate resources to continue in operation for the next 12 months. The Company's financial statements have accordingly been prepared on a going concern basis. Whilst current liabilities exceeds current assets by USD 31,610,448 (31 December 2022: USD 19,528,075), the Company has adequate access to liquidity through borrowings, amounting to USD 255,466,017 as at 31 December 2023, as outlined in Note 23, and will therefore be able to meet it's current liability obligations in the next 12 months as they arise.

32 Events after the reporting period

In 2023 many of the countries in which the company works continued to face considerable challenges which have continued into 2024. On a macroeconomic level, our markets and active and potential clients continue to be impacted by ongoing high interest rates and inflation, rises in commodity and food prices and the disruption of global supply chains on the back of ongoing conflicts in Russia-Ukraine and the Middle East.

The Company has also felt the impact of coups and instability in West Africa, which has continued in 2024 following the announcement in January by Burkina Faso, Mali and Niger that these countries would withdraw from membership of the Economic Community of West African States (ECOWAS).

None of these factors have led to any post balance sheet events that would need to be disclosed or reflected in these results. We continue to closely monitor global and regional events and actively consider the impact of these on the Company and its investments.

In 2024, the EAIF Board approved the subscription by the PIDG Trust of an additional 100,000 shares, to the value of USD 1,000,000, relating to funds received by PIDG Trust in 2023 from the Swiss State Secretariat for Economic Affairs (SECO).