AFRICAN GUARANTEE FUND
FOR SMALL AND MEDIUM-SIZED ENTERPRISES

ANNUAL REPORT

2019

CONTENTS

VISION

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

MISSION

The promotion of economic development and poverty reduction in Africa.

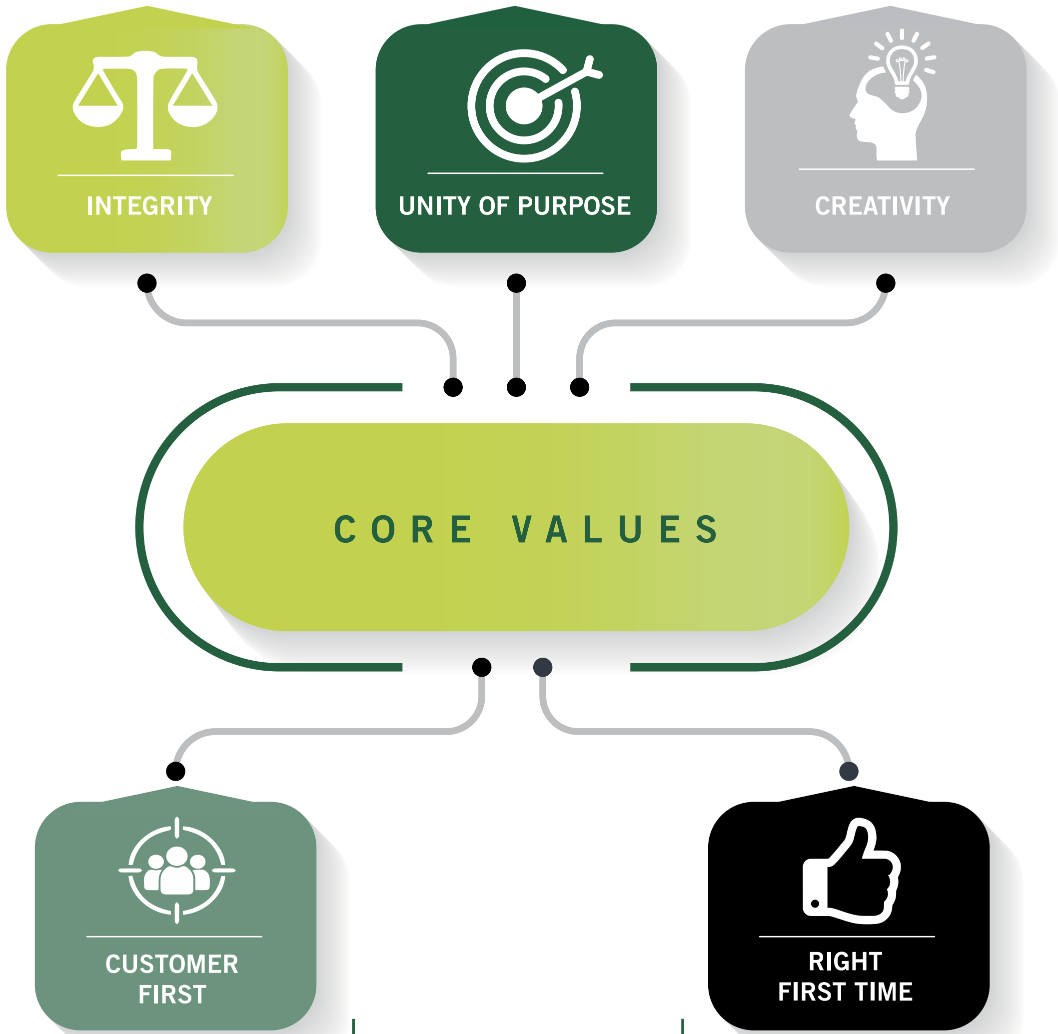
In support of the vision above, AGF aims:

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

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

We dedicate ourselves to pursuing the agreed common goals;

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



We meet our internal and external customers' expectations;

We deliver on our commitments accurately and promptly.

African Guarantee Fund is owned by

The Danish International Development Agency

The Spanish Agency for International Development Cooperation

African Development Bank

French Development Agency

Nordic Development Fund

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to present the Chairman's statement for the African Guarantee Fund (AGF) for the year 2019.

AGF has grown over the past eight years since its inception in 2012 to become a symbolic and highly valued institution that truly empowers small and medium-sized enterprises (SMEs) across the continent to grow by accessing the required financing from our partner financial institutions (PFIs.) Our mission remains the same: to reduce the SME financing gap in Africa, estimated at US$ 155bn. Our efforts seek to mobilize catalytic capital, as well as to unlock and channel private capital from FIs to SMEs in order to boost job creation and poverty reduction.

AGF has continued developing new models of operations, and enhancing PFI systems, to efficiently serve SMEs while paying attention to the demands of youth and women as well as the need to conserve the environment.

The proven business model, high operational efficiency and strong compliance have ensured that AGF has maintained its Insurer Financial Strength (IFS) rating of "AA-" throughout the year 2019. This continues to build the confidence of both our PFIs and prospective shareholders by demonstrating our institutional and organizational strength.

As noted last year, our first five-year strategic plan (2012-2017) enabled AGF to test the products being offered by the company and to prove the adopted business model. We are now in the middle of the second strategic business plan (2017- 2021). This strategy has an objective of enabling AGF closer to the PFIs and to serve a greater number of SMEs. The benefits of this endeavor continue to be evidenced by the successful acquisition and integration of the former GARI Fund and the establishment of the now fully fledged AGF West Africa in Lomé, Togo. AGF shall continue to pursue strategies that facilitate the development of closer relatioships with clients in the Southern Africa Region.

Another key undertaking during this phase will continue to be the green finance business. We are making good progress with the Green Guarantee Facility, which aims to support SMEs in the areas of sustainable energy, enhancing cleaner production systems, undertaking climate-smart agriculture, natural resource management and a diverse range of other green services.

I am also pleased to report that corporate governance has continued to be at the heart of the successes we have achieved to date and during the course of 2019. The company is now fully executing the enhanced corporate governance framework. The Board and its various committees of the Board are effectively guided by the Board and Committee charters, which are based on best practice.

On behalf of the Board, I wish to express our sincere gratitude to the founding shareholders, namely, the Government of Denmark, through Danida, the Government of Spain through AECID, the African Development Bank, and the shareholders who have joined us over the past years, namely, the Agence Français de Développement, the Nordic Development Fund, the Investment Fund for Developing Countries (IFU) and the Development Bank KfW of Germany. We look forward to the completion of the fundraising exercise, which will allow AGF to grow further.

We also wish to acknowledge the different collaborative partnerships established for re-guaranteeing facilities with the Swedish International Development Cooperation Agency (SIDA), USAID, African Trade Insurance (ATIIACA), GuarantCo and Afrexim.

Personally, this is my last year of service after being with AGF for eight years, three of which I was greatly honored to have spent as Chairman of the Board of Directors. I wish to extend my sincere thanks to my fellow Board members for their commitment to AGF and their sustained participation in board meetings, ad-hoc consultations and for their excellent prevailing and continued interaction with the management of the company. I am also thankful and very proud of the management team and staff across the organization. They have all worked hard to fully meet a broad range of expectations and continuously explore new ideas on how to implement Board directives while remaining committed to fulfilling AGF's mandate.

Let us all look forward to even better performance and bigger results in the years ahead.

Prof. Andrew E. TEMU (PhD)
CHAIRMAN OF THE BOARD OF DIRECTORS

MESSAGE FROM THE GROUP CEO

Dear shareholders,

I am delighted to announce that we have remained committed to, and made remarkable progress in, our mission to support and boost SMEs in Africa. The growth and success we have continued to experience would not have been possible without you. Achieving our objectives requires dedication, commitment, and teamwork. This has made all the difference, and I am both proud of and inspired by the way AGF has continued to rise and impact the SME landscape in Africa. The African Guarantee Fund remains a major player in supporting African SMEs.

The United Nations Conference on Trade and Development (UNCTAD) estimates that "investment needs in developing countries alone range from USD 3.3 trillion to USD 4.5 trillion per year" if the Global Goals for Sustainable Development (SDGs) targets are to be met by 2030. We are proud that AGF-backed projects are making a significant contribution to reaching these goals.

We continue to leverage our strength, our expertise, and our shareholders' resources to encourage our Partner Financial Institutions (PFIs) to provide finance to SMEs. AGF's long-term strategic goal is to create a lasting impact on the SME landscape in Africa; thus, a strong and sustainable partnership with financial institutions remains critical. Through our interventions—both the guarantees and capacity development—African SMEs have been able to grow, increase their production, and create jobs for women and young people.

As of 31 December 2019, the outstanding Utilized Guarantees amounted to USD 258 million across the four African regions in which we operate: Central, Eastern, Southern and West Africa.

Impact

Through AGF, a total of 20,800 SMEs that would ordinarily have been denied access to financial services have been able to secure capital-enhancing loans, which are estimated to have generated about USD 4 billion in income. A large majority of the beneficiaries are located in rural areas and/or provide life-improving goods or services. By the end of 2019, over 60% of the loans granted by PFIs were below USD 31,000 and directed to SMEs in the fields of agriculture, education, health, and trade.

Women's Entrepreneurship

AGF's strategy recognizes women as a key pillar of the development of African economies and has always focused on increasing access to finance for women. In fact, 30% of the SMEs supported by AGF are owned or led by women. To date, USD 522 million in loans has been granted to over 6,000 women-led SMEs by AGF's partners. We also aim to take a leadership role in applying a gender lens, in partnership with key stakeholders, by providing risk-mitigating instruments to financial institutions advancing gender equality. One such key collaboration is the Affirmative Finance Action for Women in Africa (AFAWA) project, in partnership with the African Development Bank (AfDB).

Agribusiness

For AGF, improving access to finance for SMEs in agriculture remains a key priority. To date, USD 188 million in loans have been granted to over 2,000 SMEs in different agricultural value-chains by our partners.

Agribusinesses account for 32% of GDP in Sub-Saharan Africa and employ 65% of the workforce. As such, this sector is likely to have a greater impact on poverty reduction than other sectors.

Energy & Infrastructure

Infrastructure development remains a key driver for progress across the African continent, as well as a vital enabler of productivity and sustainable economic growth. However, Africa still faces serious infrastructure shortcomings across all sectors in terms of both access and quality. Only 38% of the African population has access to electricity; moreover, a huge number of businesses suffer from a lack of reliable power (impacting industrial processes, or preventing them from getting their goods to market), while millions of lives are threatened every day due to a lack of clean water or safe sanitation. Furthermore, a recent World Bank study found that the poor state of infrastructure in many parts of Africa reduced national economic growth by two percentage points every year and cut business productivity by as much as 40%, making Africa the region with the lowest productivity levels in the world.

It is in response to these critical issues impairing the competitiveness of African SMEs that AGF decided to make access to credit for investment in energy and infrastructure another of its key priorities. By the end of 2019, USD 780 million in loans had been granted to finance investments in and/or benefiting SMEs in these sectors.

Corporate Governance

Our corporate governance framework has been enhanced to promote the highest standards of corporate governance, as well as to enable the Company to adopt and comply with all principles of good corporate governance. As part of this enhancement, the Constitution and the Shareholders Agreement have been revised and a Board Charter developed. We believe that sound and effective corporate governance is fundamental to enhancing our Board of Directors' ("the Board's") ability to guide Management in its efforts to generate sustainable value, enhance business integrity and maintain investors' confidence towards achieving the corporate mission and vision. We uphold standards of corporate governance—transparency, integrity, accountability, and responsibility—that reflect applicable legal and regulatory requirements, along with a thoughtful approach to emerging practices.

Additionally, the board composition and renewal has allowed for the strengthening of corporate governance by welcoming new and dynamic views in guiding the leadership of AGF.

Fundraising

This year has seen AGF's capital increase, as new partner institutions have joined us while existing shareholders have also increased their capital. The shareholders who have joined us over the past years — the Agence Français de Développement, the Nordic Development Fund, the Investment Fund for Developing Countries and Germany's KfW Development Bank—are proof that AGF has created and remains committed to its mandate, and we look forward to attracting more funding so that we can meet our fundraising goals and continue to grow.

Our AA- rating and its subsequent re-affirmations ensure that we remain a top-rated institution in Africa, which will always keep shareholders' assets and funds under safe and reliable management.

Moving forward

AGF's objective remains the same: to contribute to the reduction of the SME funding gap in Africa, estimated at USD 155 billion. We are fully committed to improving access to finance for SMEs, as this is one of the biggest challenges hindering the growth and success of SMEs in Africa.

In conclusion, I am thankful to the board members for their valuable support and continuing guidance. This journey would not have been possible without the support of our shareholders, our directors, and the AGF staff who have supported and remained committed to our cause of transforming the SME landscape in Africa.

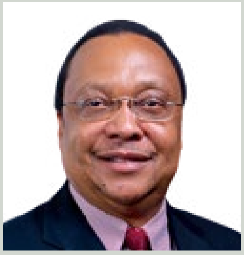
To our Partner Financial Institutions, thank you for trusting us and the vision we have for Africa. We look forward to continuing our work with you to support SMEs across Africa.

I hereby extend my deepest gratitude to each one of you.

Thank you.

Felix A. BIKPO
Chief Executive Officer

BOARD OF DIRECTORS



Andrew TEMU
Independent Director
Chairman

Morten CHRISTIANSEN
(Nominated by
DANIDA and IFU)

Stefan NALLETAMBY
(Until 04 Dec 2019)

Bruno DEPRINCE
(Until 28 Oct 2019)

Amadou RAIMI
Independent Director

Riad AUBDOOL
Resident Director

Sari NIKKA
Resident Director
(Resigned on 03 Oct 2019)

Sandhya JOGEE
Resident Director
(Appointed on 15 Nov 2019)

Olawale Bashirudeen SHONIBARE
(Nominated by AfDB)
(Appointed on 04 Dec 2019)

MANAGEMENT

Felix BIKPO
Group Chief Executive Officer

Jules NGANKAM
Group Deputy Chief Executive Officer & Chief Financial Officer

Constant N'ZI
Group Chief Risk Officer

Adidja ZANOUVI
Managing Director AGF West Africa

David EKABOUMA
Group Head of Business Development

Josphat NGARUIYA
Group Head of Human Resource

Emmanuel RUTSIMBA
Group Head of Monitoring & Evaluation
(Until June 2019)

Juneid KODABUX
Group Legal Officer

Franck ADJAGBA
Group Deputy Head of Business Development

Ali BALLO
Group Chief Internal Controller

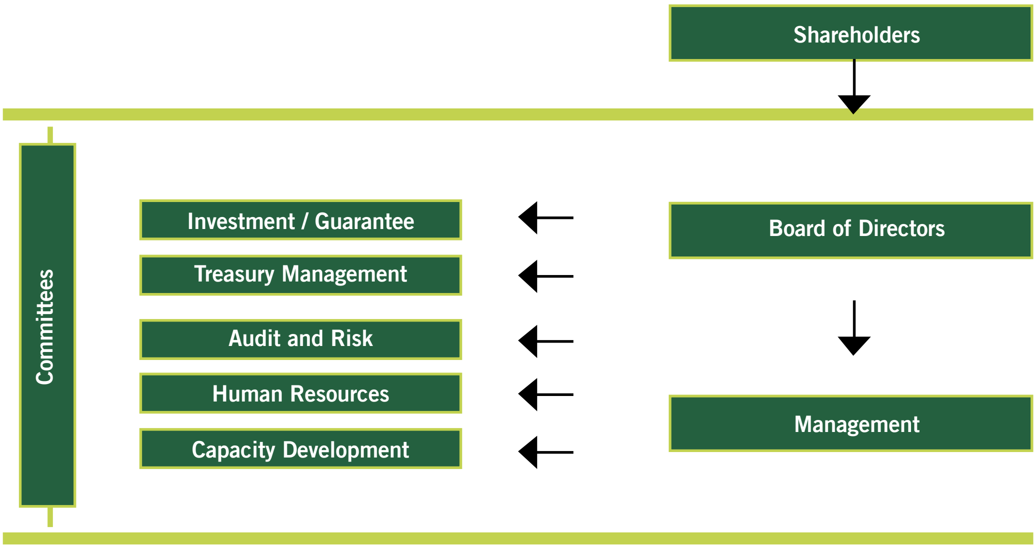
Yves BOUDOT
Advisor to the Group CEO

OUR TEAM

STATEMENT ON CORPORATE GOVERNANCE

At African Guarantee Fund for Small and Medium-sized Enterprises Ltd ("AGF" or the "Company"), we believe that sound and effective corporate governance is fundamental to enhancing our Board of Directors ("The Board") ability to guide the Management in its efforts to generate sustainable value, enhance business integrity and maintain investor confidence in our ability to achieve corporate mission and vision. We uphold standards – transparency, integrity, accountability and responsibility - that reflect applicable legal and regulatory requirements and a thoughtful approach to emerging practices.

The Board, as the principal governance organ, is responsible for providing the leadership and business direction and comprises Directors with a mix of skills, backgrounds, academic qualifications and experience in diverse fields essential to the company. AGF governance structure is as illustrated below:



The corporate governance framework has been enhanced in order to promote the highest standards of corporate governance and to enable the Company to adopt and comply with all principles of good corporate governance. As part of this enhancement, the Constitution and Shareholders Agreement have been revised and a Board Charter developed. All these documents have been effective within the company since June 2018.

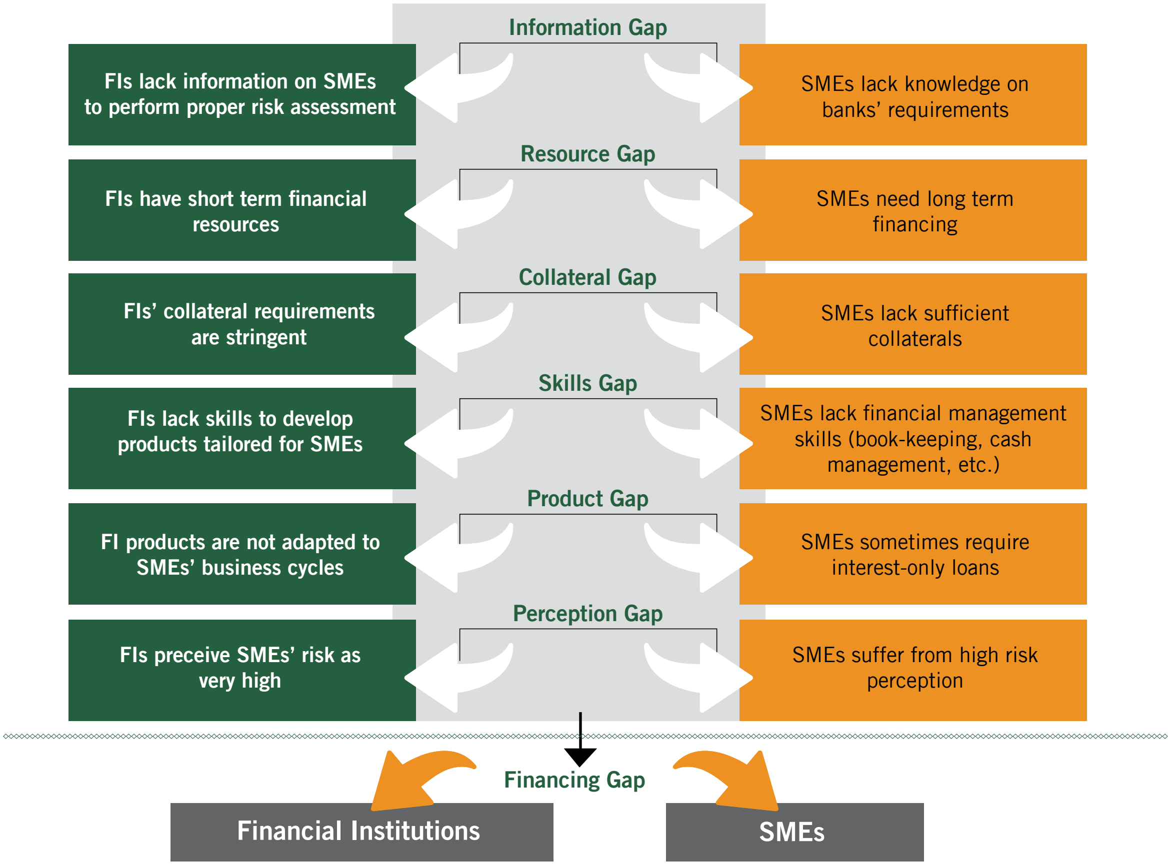
The Board is guided by the Board Charter, which serves as a key point of reference for Directors in relation to the Board's role, powers, duties and functions. The Board Charter sets out, among other elements, the roles and responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the Board's relationship with the Management and the shareholders of the Company. Each Board Committee has a dedicated Charter, which further describes matters specifically mandated to the Committee.

Corporate governance permeates all levels of management; this has guided AGF and created value for the benefit of shareholders.

Business Environment

AGF's mission is to reduce the SME financing gap in Africa, which is estimated at more than $155bn.

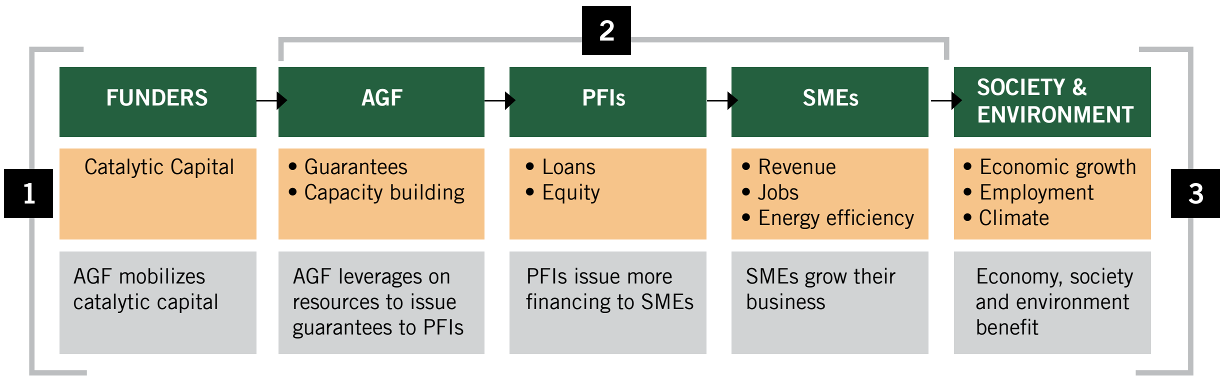
Challenges leading to SME financing gap



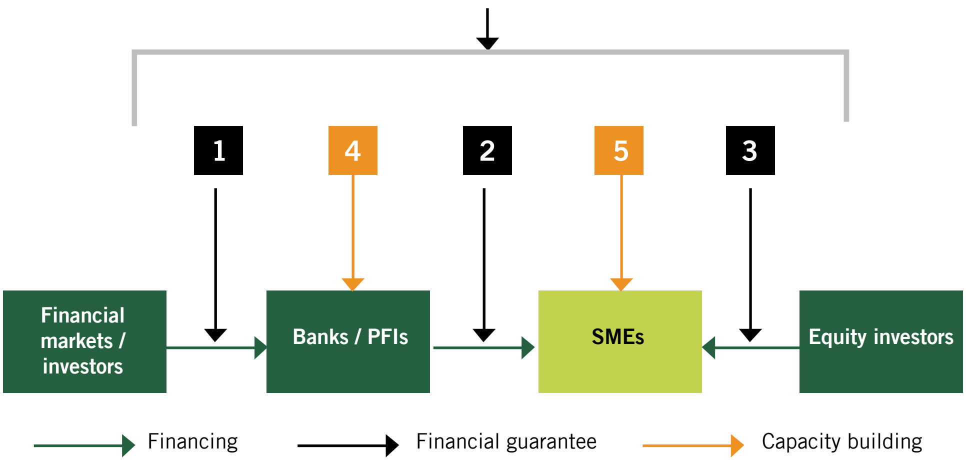
Business Model

AGF's business model seeks to:

1) **MOBILIZE** catalytic capital in order to
2) **UNLOCK** and **CHANNEL** private capital from financial insititutions to SMEs, in order to
3) **IMPACT** positively upon poverty reduction (through job creation for youth and women) and addressing climate change.



Products designed to close the financing gap



- **1** **Bank Fund Raising Guarantee** to reduce resource gap
- **2** **Loan Guarantees** (portfolio and individual) to reduce the collateral gap and perception gap
- **3** **Equity Guarantee** to reduce the resource gap and perception gap
- **4** **Capacity development for PFIs** to reduce the information gap, skill gap and perception gap
- **5** **Capacity development for SMEs** to reduce the information gap, skill gap and perception gap

RESULTS AT A GLANCE

Improving Lives in Africa

USD 4 Billion
estimated revenue generated by the 20,800 SMEs guaranteed

Approximately 50%
of SMEs are located in rural areas

19.9 Million (*)
People with access to clean energy

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES

Fostering Job Creation

129,130
Additional jobs created

12,300
Youth-owned SMEs with credit access

2 ZERO HUNGER
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Fighting Climate Change

3.8 million tons of CO_2 equivalent(*)
Greenhouse Gas (GHG) emissions avoided

57,005 KW
Cleaner generation capacity installed

101 PFIs and 291 SMEs
Trained under AGF's Capacity Development Assistance

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
3 GOOD HEALTH AND WELL-BEING

Promoting Gender Equality

USD 522 million
Loans granted to 6,000+ women-led SMEs

328 women-led
SMEs trained under AGF's Capacity Development Assistance

5 GENDER EQUALITY
10 REDUCED INEQUALITIES

RESULTS AT A GLANCE (Cont'd)

Contributing to Africa's Competitiveness

USD 780 million
Loans granted to 3,400+ SMEs in the Energy, Infrastructure and Manufacturing Sectors

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 7 AFFORDABLE AND CLEAN ENERGY · 4 QUALITY EDUCATION · 6 CLEAN WATER AND SANITATION

Contributing towards Food Security

USD 188 million
Loans granted to 2,100+ SMEs in the Agriculture Sector

2 ZERO HUNGER · 15 LIFE ON LAND

Partnering for Poverty Reduction

USD 2.2 Billion
Private capital made available

161 Partner Financial Institutions

40 Countries

USD 3.8 Million
Value of Capacity Development Initiatives

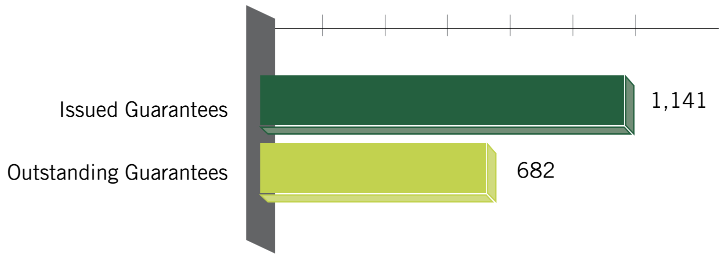
17 PARTNERSHIPS FOR THE GOALS · 10 REDUCED INEQUALITIES · 8 DECENT WORK AND ECONOMIC GROWTH · 1 NO POVERTY

(*) Based on GOGLA's GHG emissions methodology.

Guarantee Portfolio

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

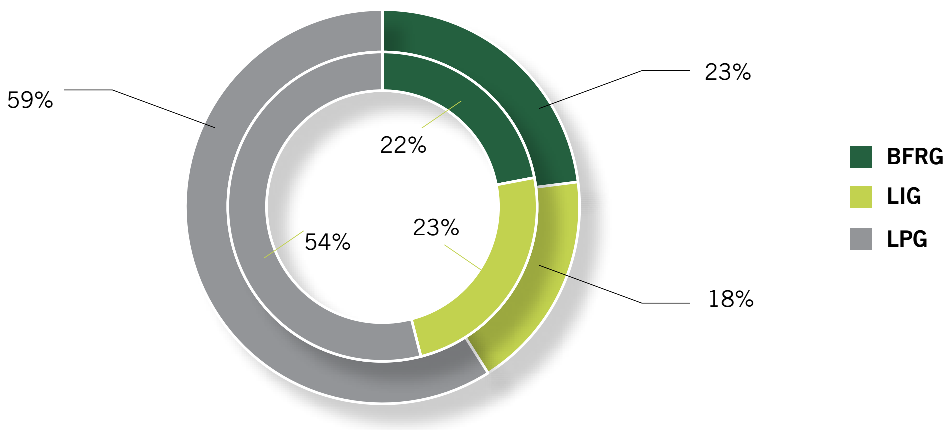
By the end of 2019, AGF cumulatively issued USD 1.1 billion of guarantees to 161 Partner Financial Institutions (PFIs) in 40 countries in Africa. As of 31 December 2019, the outstanding volume of guarantees is USD 682 million, out of which USD 132.7 million is re-guaranteed by our partners AFREXIM, ATI, ARIZ/AFD, DFC, GUARANTCO and SIDA.



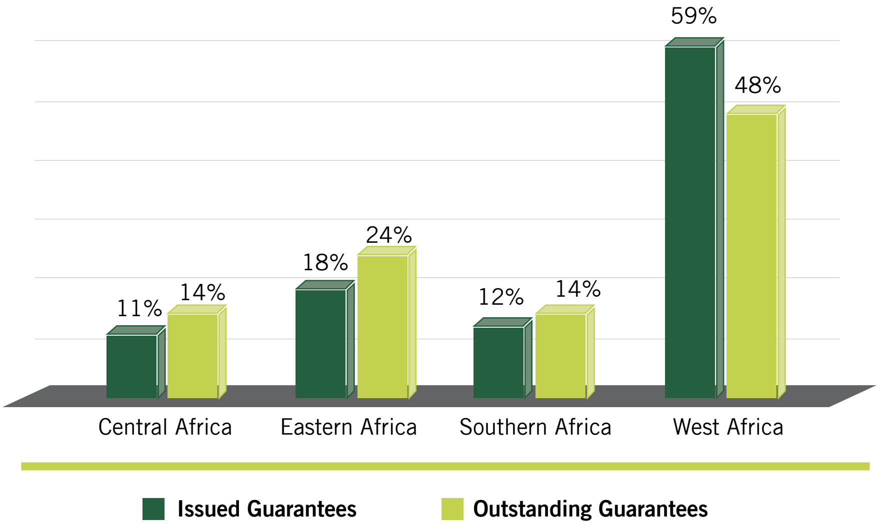
AGF has three types of guarantees designed to jointly close the financing gap: bank fundraising guarantees, equity guarantees, and loan guarantees (portfolio and individual).

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

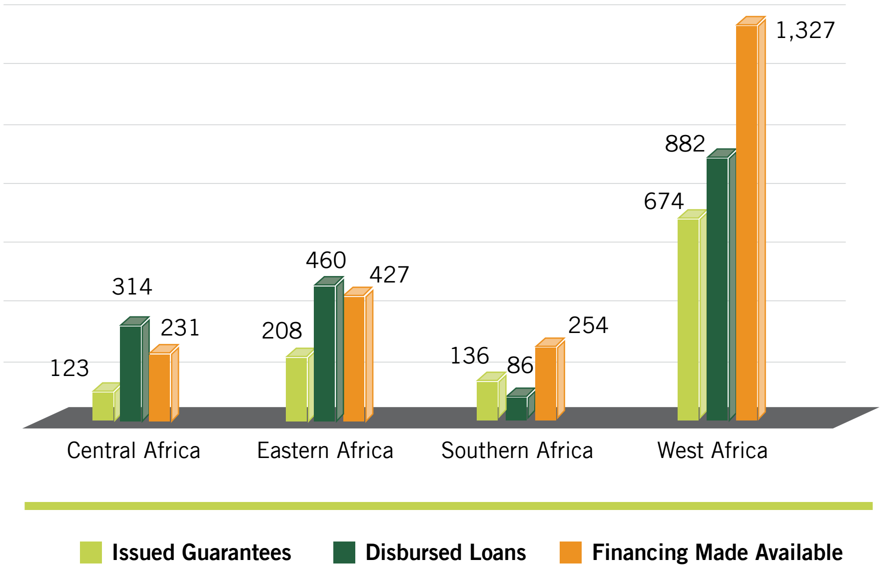
Issued & Outstanding Guarantees by Product



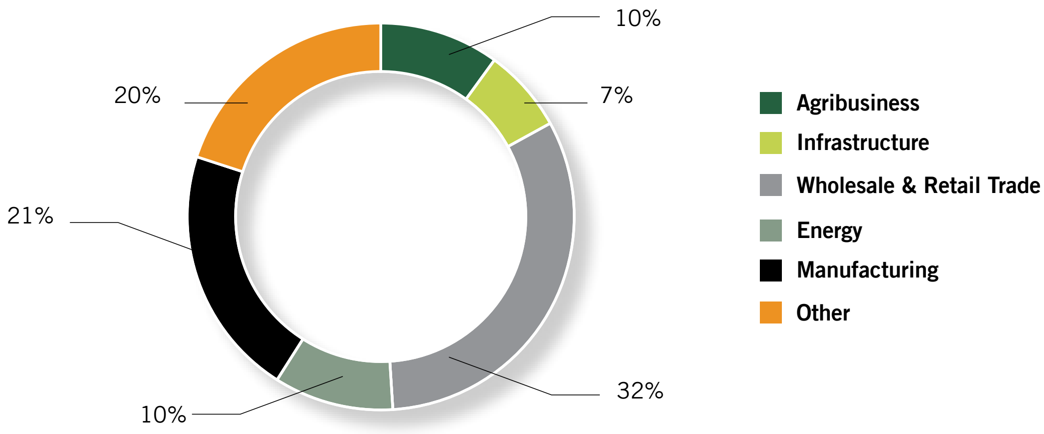
As of 31 December 2019, the outstanding guarantees amounted to USD 682 million, geographically spread over the Central Africa, Eastern Africa, Southern Africa and West Africa regions as follows:



AGF guarantees trigger the confidence of PFIs to extend credit facilities to SMEs, as most of the SMEs supported by AGF guarantees are those that would normally not qualify for such facilities under existing commercial terms, especially with regard to collateral. By the end of 2019, USD 1.7 billion had been disbursed to 20,800 SMEs. Since inception, the unrepaid volume of loans claimed to AGF has amounted to USD 12.9 million, representing under 2% compared to the guaranteed volume.



AGF's guarantees are utilized by PFIs to unlock existing financial resources and facilitate access to credit for SMEs in all sectors of the economy. However, AGF has prioritized three sectors (i.e. agriculture, energy and infrastructure) in its 2017-2021 strategic plan. These sectors, in addition to being major contributors to rapid economic development in Africa, also have higher potential to create thousands of jobs for youth and women.



As of 31 December 2019, the outstanding utilized guarantees amounted to USD 258 million, with geographical spread into the regions of Central Africa, Eastern Africa, Southern Africa and West Africa as follows:

	31 December 2019	
Description	**Number of SMEs**	**Outstanding Guaranteed Amount (in USD Million)**
Central Africa	443	40
Eastern Africa	3,690	49
Southern Africa	173	9
West Africa	367	160
Total	4,673	258

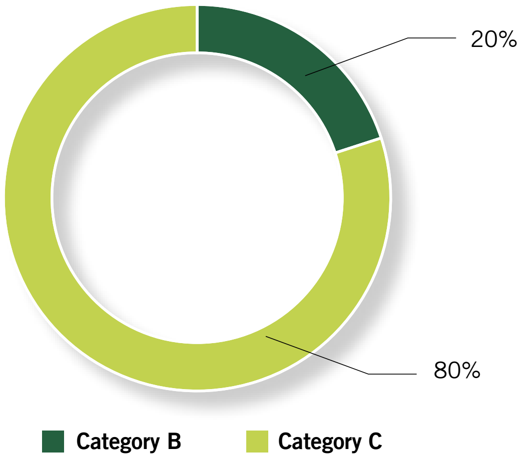
ESG

ESG is a set of standards that investors can use to screen potential projects and companies in three core dimensions:

- Environmental (criteria pertaining to how a company performs as a steward of the natural environment);
- Social (criteria examining how the company manages relationships with employees, suppliers, customers and the communities in which it operates);
- Governance (criteria dealing with leadership, executive pay, audits, internal controls and shareholder rights).

While AGF's financial guarantees remain a vital mechanism for facilitating SMEs' access to finance for their entrepreneurial activities, some of these activities, might have disastrous social and environmental impact, if not controlled. AGF has committed to consistently ensuring that its staff, management, partners, shareholders, and the beneficiaries of its guarantee products not only subscribe to this commitment, but also promote its fundamental principles and practices regarding environmental sustainability. ESG management aims to make risks in these areas apparent and can be used to shape portfolios either by preventing negative, unintended externalities or by selecting portfolio companies with the highest relative E&S scores.

ESG assessment is an integral part of our due diligence process. The E&S risk profile and management practices of all proposed transactions are pre-determined. We determine E&S categorization in accordance with the IFC categorization process, as outlined in the Equator Principles III (2013). The categorization guidance suggests placing the project into one of three categories: Category A (High Risk), Category B (Medium Risk) or Category C (Low Risk).



The category defines the magnitude and severity of potential negative consequences. A low E&S risk investment/project is one in which the potential adverse ESG impact of the activities is minimal or non existent.

A medium E&S risk investment/project is one that could cause adverse ESG impacts; however, these are limited in number, site-specific and can be mitigated if the right measures are put in place.

Investments/projects with high E&S risk can create significant, irreversible damage to the environment or society. Given the nature of AGF's investments/projects, there are no such investments in the portfolio as of 31 December 2019.

The E&S categorization for AGF's portfolio disaggregated by sector, as of 31 December 2019, is as follows:

Sector	A	B	C	Total
Agriculture, hunting, forestry & fishing	0%	9%	1%	10%
Community, social & personal services	0%	0%	7%	7%
Construction	0%	0%	14%	14%
Electricity, gas & water supply	0%	2%	3%	5%
Financial intermediation, insurance, real estate & business services	0%	0%	17%	18%
Manufacturing	0%	9%	1%	10%
Mining & quarrying	0%	0%	0%	0%
Transport, storage & communication	0%	0%	13%	13%
Wholesale & retail trade	0%	0%	24%	24%
Total	**0%**	**20%**	**80%**	**100%**

IMPACT

The purpose of AGF's guarantee products is to foster sustainable development, inclusive economic growth and poverty reduction by unlocking existing financial resources and facilitating access to credit for SMEs, who are the backbone of Africa's economies. Therefore, the potential development outcomes of each guarantee are assessed at the onset and tracked over time with reference to the following set of common indicators: volume and features of granted loans, gender and age group of the owners/managers, revenue and direct employment. Sector-specific indicators are also used where required.

The United Nations Conference on Trade and Development (UNCTAD) estimates that "investment needs in developing countries alone range from USD 3.3 trillion to USD 4.5 trillion per year" to reach if Global Goals for Sustainable Development (SDGs) targets are to be met by 2030. As outlined below, AGF-backed projects are making a significant contribution to reaching these goals.

AGF's guarantee instruments unlock existing financial resources to foster sustainable and inclusive economic growth in Africa.

Catalyzing financial inclusion to improve lives in Africa

Thus far, a total of 20,800 SMEs have gained access to income-enhancing loans, which are estimated to have generated about USD 4 billion in income. A large majority of the beneficiaries are located in rural areas and/or provide life-improving goods or services. By the end of 2019, over 60% of the loans granted by PFIs were below USD 31,000 and extended to SMEs in agriculture, education, health and trade.

As Africa looks to meet the SDGs by 2030, the full participation of women as producers, consumers, business owners and key decision makers can be a potent force for change. Studies have demonstrated that investing in women pays tremendous dividends, since women invest 90% of their earnings in food, health and education for the household. AGF wants to take a leadership role in applying a gender lens, in partnership with key stakeholders, by providing risk mitigating instruments to financial institutions advancing gender equality. To date, USD 522 million in loans have been granted to over 6,000 women-led SMEs by AGF's partners.

Agriculture and agribusiness accounts for 32% of GDP in Sub-Saharan Africa, with businesses in this sector employing 65% of the workforce. As such, it is likely to have a more significant impact on poverty reduction than other sectors, since it offers the most direct route of raising returns to poor people's main assets (i.e., land and labour). This is why improving access to finance for SMEs in agriculture was made a key priority for AGF. To date, USD 188 million in loans have been granted to over 2,000 SMEs in different agricultural value-chains by AGF's partners.

Fostering job creation and youth entrepreneurship

Africa needs jobs. With a burgeoning young population that is often viewed as a challenge rather than an asset, policy-makers and other stakeholders across the continent are seeking to increase the quantity and quality of jobs as a means of tackling poverty. Since SMEs form a dominant share of the private sector in Africa, accounting for more than 50% of jobs in their respective economies, it is therefore critical to facilitate access to finance for these enterprises, enabling them to grow and create jobs that will mostly benefit to the youths. To date, an estimated 129,130 jobs have been directly created by the SMEs that have benefited from AGF guarantees. In addition, 12,300 youth-owned SMEs gained access to credit thanks to AGF guarantees. In so doing, these young business owners not only create opportunities for themselves, but also demonstrate the economic potential of the continent's young entrepreneurs and innovators to create millions of high-quality jobs and promote inclusive economic growth across the continent.

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

Infrastructure development is a key driver for progress across the African continent, as well as a critical enabler for productivity and sustainable economic growth. However, Africa still faces serious infrastructure shortcomings across all sectors, in terms of both access and quality. Indeed, only 38% of the African population has access to electricity, a huge number of businesses suffer from lack of reliable power, which impacts industrial processes or prevents them from getting their goods to market, while millions of lives are threatened every day by a lack of clean water or safe sanitation. Furthermore, a recent World Bank study found that the poor state of infrastructure in many parts of Africa reduced national economic growth by two percentage points every year and cut business productivity by as much as 40%, making Africa the region with the lowest productivity levels in the world.

It is in response to these critical issues impairing the competitiveness of African SMEs that AGF decided to make access to credit for investment in energy and infrastructure a key priority. By the end of 2019, USD 780 million in loans had been granted to finance investments in and/or benefiting SMEs in these sectors.

AGF's Green Guarantee Facility (GGF) is demonstrating how renewable energy technologies and businesses have the potential to reach and significantly affect Africa's rural communities, as limited access to sources of energy continues to undermine the productivity of households and businesses, limit growth, cause high emissions and lower living standards. Climate change also has the potential to reduce agricultural yields, increase water scarcity and cause more frequent extreme weather.

The GGF, which has unlocked USD 110 million of financing in less than four years, has shown that private sector innovation has the potential to reach people in ways that large-scale government investment in grid extension and climate adaptation infrastructure has so far struggled to deliver. By the end of 2019, 57,005 KW of clean generation capacity, benefiting to 19.9 million of people, has been installed, preventing 3.8 million metric tons of CO_2 equivalent.

In addition to the direct and indirect jobs created by the SMEs who accessed financing thanks to AGF's guarantees, a recent study conducted by 60 Decibels and sponsored by the CDC Group highlights the following additional social benefits of off-grid energy products (e.g., cooking stoves, appliances, solar home systems, solar lanterns, mini-grids) at the household level:

- 72% of customers have climbed the energy ladder;
- 88% of customers feel that the quality of their life has improved thanks to the energy product or service they bought;
- 86% of customers feel safer in their homes;
- Families who gain energy access have reduced their exposure to fine particulate matter (PM2.5) by as much as 50-80%; while their CO_2 equivalent emissions have also been reduced by close to a half a ton per year;
- 48% of customers reported improvements in their health.

A partnership to encourage the private sector to engage in AGF's mission, while mitigating their risks

AGF mitigates the risks facing its Partner Financial Institutions by complementing all guarantee products with a Capacity Development component. This entails technical assistance to PFIs to mitigate their operational risks when on-lending to SMEs and/or to help them increase their SME portfolio. AGF also provides capacity development assistance to SMEs themselves helping them to build their capacity for easier access to finance. Support for SMEs is delivered through PFIs and Business Development Service (BDS) providers.

Description	Amount	In %
BDS & SMEs	USD 2.0	52%
PFIs	USD 1.8	48%
Total	**USD 3.8**	**100%**

BDS & SMEs are provided with training designed to enhance their capabilities in various areas. Financial Institutions (FIs) trainings revolves around credit, risk management and products development. Such training programs are offered to all FIs whether or not they have an existing guarantee with AGF. They are usually organized to encourage FIs to venture in an area of interest identified by AGF.

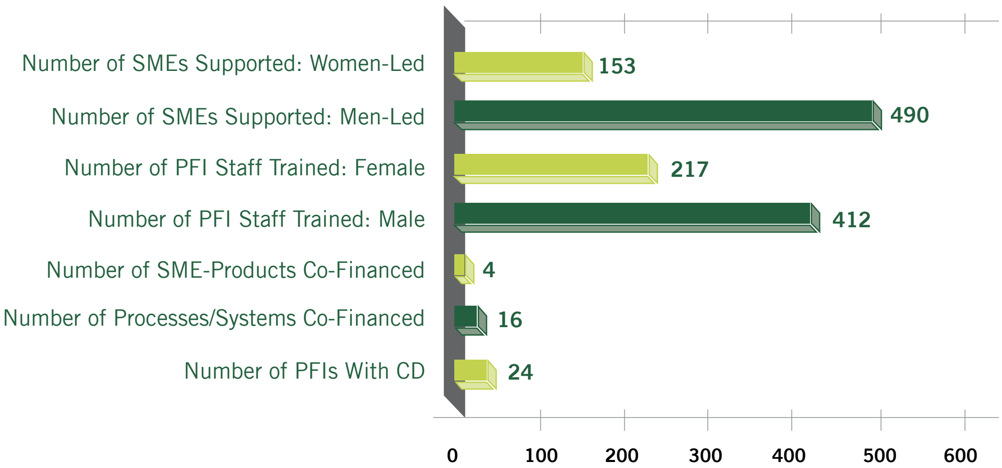
SMEs training programs are organized in partnership with BDS. The goal is to equip the selected SMEs with the tools that will enable them to access credit. The BDS usually makes the commitment to introduce the trained SMEs to FIs at the end of the curriculum.

By the end of 2019, the breakdown of such interventions together with their beneficiaries were as follows:

Description	Committed	Amount Disbursed	Number of PFIs /SMEs	Number of People Trained	
				Male	Female
Green Finance	1.2	(0.7)	101	235	211
Generic Training (Credit & Risk)	0.5	(0.4)	111	237	33
SME Preparedness	0.3	(0.2)	27	26	8
Total	**2.0**	**(1.3)**	**239**	**493**	**250**

By the end of 2019, AGF had committed USD 1.8 million for CD with 24 PFIs who had entered into a guarantee agreement with AGF. The main objective in this type of arrangement is to mitigate the risks identified during the due diligence by improving the PFI's capacity in the areas of credit and risk management. As a secondary objective, AGF can also direct CD support to a PFI in order to help it to grow its SME clientele by re-engineering its strategy, policies and processes, launching a new product or enhancing the capacity of its SME clientele.

PFI Capacity Development Indicators



The analysis of the portfolio at risk as of 31 December 2019 revealed that CD has reached its primary objective. Indeed, as shown below, those PFIs who have received CD support are outperforming those who have not, as far as the quality of the portfolio and financing granted to SMEs are concerned.

Description	PFIs with CD	PFIs without CD
Number of PFIs	24	137
Guarantees Issued (In USD Million)	212.7	928.3
Financing Made Available (In USD Million)	417.5	1,822.2
Volume of Loans Disbursed (In USD Million)	333.5	1,408.4
Utilization Rate (%)	80%	77%
Non-Performing Loan (%)	3%	8%

SUPPORTING WOMEN ENTREPRENEURS

African Guarantee Fund signed a Memorandum of Understanding with Attijariwafa Bank during the 2019 Global Gender Summit to increase the financing of Small and Medium-sized Enterprises in Africa. This agreement will enable Attijariwafa Bank group to support women entrepreneurs through AGF's loan portfolio guarantees, as well as to provide technical support to SMEs across all countries where the Bank group is present.

SUPPORTING BANKS TO RAISE FUNDS

African Guarantee Fund issued a guarantee to Oragroup for a commercial paper of 35 billion CFA francs within the WAEMU regional market. The new issue of commercial paper with a maturity of 2 years and a remuneration of 6.1% per annum was co-arranged by the Management and Intermediation Companies, CGF Bourse and SGI Togo, and was 100% covered by AGF Group.

SUPPORTING SMES IN THE MANUFACTURING SECTOR

African Guarantee Fund signed a Memorandum of Understanding with the Kenya Association of Manufacturers to promote the growth and development of the manufacturing sector through provision of capacity development assistance to Small and Medium-sized Enterprises. Through the MoU, AGF and KAM will collaborate to identify and analyze funding gaps, institutional challenges and key impediments in the manufacturing sector and collaborate on implementing solutions to the problems identified.

SUPPORTING SMES IN THE TRADE SECTOR

African Guarantee Fund and NIC Bank signed a USD 5 Million Loan Portfolio Guarantee agreement to enable SME customers seeking trade finanacing to overcome the financing barrier. NIC Bank supports Trade Finance customers with innovative products and services and specialist expertise in sectors including Agribusiness, Manufacturing, Trading, Health, Transport and Communication, Energy, Government and Education.

SUPPORTING SMES IN THE AGRICULTURAL SECTOR

African Guarantee Fund and MIFA S.A. committed to promote the Togolese agricultural sector through a partnership agreement for the establishment of a guarantee fund known as the "Financial Guarantee for the Actors of the Agricultural Value Chain" of MIFA. This partnership will facilitate and lead to a gradual increase in the share of bank loans granted to the agricultural sector; this increase will in turn have a considerable impact on Togo's economic growth and the transformation of the sector.

SUPPORTING SMES IN THE GREEN SECTOR

VETIVA CAPITAL MANAGEMENT

AFRICAN GUARANTEE FUND FOR SMALL AND MEDIUM-SIZED ENTERPRISES
A GUARANTEE FOR AFRICAN GROWTH

CLIMATE FINANCE ADVISORY

African Guarantee Fund signed a Memorandum of Understanding with Vetiva Capital Management Limited and Climate Finance Advisory Limited on the Green Energy Fund (GEF) Program. The program seeks to leverage available public and private-sector credit funds to facilitate the access to and flow of flexible funding to eco-friendly energy projects in Nigeria. The Fund also focuses on bankable, commercially viable and socially responsible renewable energy generation and distribution.

African Guarantee Fund held the 5th Green Finance Conference & Training in Senegal, following four previous conferences in Zambia (March 2017), Kenya (June 2017), Ghana (November 2017) and the Ivory Coast (June 2018). The conference, held in partnership with the Nordic Development Fund, is a response to the impact of climate change and aims to provide African countries with enhanced expertise in seeking finance as well as lending towards low-carbon development.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE INFORMATION

DIRECTORS	DATE OF APPOINTMENT	DATE OF RESIGNATION
Andrew Ephraim Temu	15-Jun-11	-
Morten Christiansen	7-Apr-14	-
Riad Aubdool	30-Jun-15	-
Stefan Luis Francois Nalletamby	4-Jan-16	03-Dec-19
Bruno Raymond Andre Deprince	28-Oct-16	28-Oct-2019
Charles Corliss Wetherill (alternate director)	21-Jan-16	-
Sari Helena Nikka	4-Dec-17	03-Oct-19
Amadou Roufai Raimi	3-Sep-18	-
Sandhya Joogee	15-Nov-19	-
Olawale Bashirudeen Shonibare	03-Dec-19	--

MANAGEMENT	POSITION
Felix A. Bikpo	Group Chief Executive Officer
Jules Ngankam	Group Deputy Chief Executive Officer
Franck Adjagba	Group Director of Business Development from January 2020
Constant Nzi	Group Chief Risk Officer
Josphat Ngaruiya	Group Director of Human Resource
Ali Ballo	Group Chief Internal Controller
David Ekabouma	Group Director of Monitoring and Evaluation
Eric Mboma	Group Director of Subsidiaries
Adidja Zanouvi	Managing Director, AGF West Africa
Daisy Wanjie	Group Chief Finance officer from January 2020
Nishdeep Sethi	Acting Group Head of Structured Finance from January 2020

ADMINISTRATOR & SECRETARY

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

REGISTERED OFFICES

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

KENYA
7th & 3rd Floor Mayfair Centre
Ralph Bunche Road
Nairobi
Kenya

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Republic of Mauritius

KENYA
3rd & 7th Floor
Mayfair Centre
Ralph Bunche Road
Nairobi
Kenya

LEGAL ADVISORS

FRANCE
UGGC Avocats
47 Rue Monceau
75008 Paris
France

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

AUDITORS

Ernst & Young
9th Floor, NeXTeracom, Tower 1
Cybercity
Ebene
Republic of Mauritius

BANKERS

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

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

KENYA
Stanbic Bank Kenya
International Life House
Branch
P.O. Box 75501-00200
Nairobi
Kenya

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

Commercial Bank of Africa
Upper Hill Branch
Mara and Ragati Roads
P.O Box 30437 – 00100
Nairobi
Kenya

The Board of Directors of African Guarantee Fund – for Small and Medium-sized Enterprises Ltd ("AGF" or the "Company") has the pleasure in submitting the Corporate Governance Report for the financial year ended 31st December 2019.

INTRODUCTION

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

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

STATEMENT OF COMPLIANCE

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

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

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

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

Principle One: Governance Structure

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

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

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

Board Charter and Constitution

Pursuant to the recommendation of the Board, the Shareholders of the Company adopted a Board Charter on 15 June 2018. The purpose of this Board Charter is to promote the highest standards of Corporate governance within the Company and to clarify, inter alia, the roles and responsibilities of the Board in accordance with the principles of good corporate governance. This Board charter serves not only as a reminder of the Board's roles and responsibilities but also as a general statement of intent and expectation as to how the Board shall discharge its duties and responsibilities.

The revised Constitution of AGF was adopted on 15th June 2018. It is in line with the Companies Act 2001.

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

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

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

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

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

- At all times consist of two (2) Directors resident in Mauritius
- Each Founding Shareholder has the right to appoint one (1) Director
- Each new holder of Class B or Class C Shares who subscribes for at least USD 5 million in the Company may be given the right to appoint one (1) Director so long as they are shareholders of the Company
- Must consist at least two (2) Independent Directors.

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

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

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

A Chairman of the Board is from among the Directors of AGF by resolution of the Directors. The Chairman is responsible for the overall leadership and efficient functioning of the Board and is accountable to the Board and the Shareholders. The current Chairman of the Company is Mr. Andrew TEMU.

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

AGF is involved in the provision of services and its operations do not materially impact on the environment. Investing strategies include investment in sound, ethical and environmentally friendly entities. The Board has adopted a revised Environment, Social, Health and Safety Policy and Framework in November 2018.

Principle Two: The Structure of the Board

The Board has attempted to create the right balance and composition in such a way as to best serve the organisation. The Board is a unitary Board and comprises 8 directors.

Improvement will be brought to the gender diversity as the Board currently comprises of 6 males and 1 female.

The profile of the current Board members is as follows:

Mr. Andrew Temu

Andrew is an Associate Professor in the Department of Agricultural Economics and Agribusiness, Sokoine University of Agriculture, Tanzania. He holds a PhD in Agricultural Economics from the University of London, United Kingdom, a Master of Science Degree from Reading University and a Bachelor of Science Degree from Sokoine University of Agriculture, Tanzania. Andrew is the current Chairman of the Board.

Mr. Riad Aubdool

Riad is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Member of the Chartered Institute of Securities and Investment. He is registered with the Mauritius Institute of Professional Accountants, both as a professional and public accountant. Riad is a member of the Mauritius Institute of Directors. Riad has 24 years of professional experience in financial services (including fund administration, set up, structuring and administration, secretarial, accounting, international tax planning, tax compliance, AML, auditing and consulting). He has administered funds/companies with AuA of approximately USD 26 Billion, which included major international financial institutions as clients. He holds directorship in investment managers/advisors and collective investment schemes (open ended and closed ended funds). He has previously been director on listed companies, both in Mauritius and overseas. He gathered his experience with 9 years at PwC Mauritius and 8 years with another management company. He is with the Rogers Group since March 2015, and is currently the Executive Director of Rogers Capital Fund Services Ltd.

Ms. Sari Nikka (Resigned on 03rd October 2019)

Sari is an Advisor specialized in African Finance, majorly assisting international companies to structure and fundraise for their investments to Africa through Mauritius domiciled entities. Prior to this, she was the Chief Executive Officer of Norsad Finance Limited Botswana. She has previously worked with NORSAD Agency, Finnpartnership, Finnfund, and Finnvera Plc. She holds a Master of Science Degree in Economics and Business Administration.

Mr. Morten Christiansen

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

Mr. Stefan Nalletamby (Resigned on 04th December 2019)

Stefan is the Director for the Financial Sector Development Department at the African Development Bank. He oversees divisions spanning Financial Markets Development, Financial Intermediation and Inclusion. He was previously Acting Vice-President, Infrastructure, Private Sector & Regional Integration. Prior to that he was the Coordinator of the Making Finance Work for Africa (MFW4A) Partnership, a unique platform for African governments, the private sector, and development partners to coordinate financial sector development interventions across the continent, avoiding duplication and maximizing developmental impact. Prior to his position at MFW4A, he spent 10 years in the Finance complex of the African Development Bank (AfDB). During his tenure as Advisor to the Vice President, Finance he designed and launched the African Financial Market Initiative (AFMI), which is designed to further develop local currency bond markets on the continent. Prior to that, he spent 9 years in the Treasury department, most recently as Group Treasurer. Before joining the AfDB, he spent 12 years in the international capital markets as a Bond Trader and Head of Bond Trading and Sales with BNP Paribas in Paris, Tokyo and Madrid.

Mr. Bruno Deprince (Resigned on 28th October 2019)

Bruno is the Regional Director of the French Development Agency (AFD) in East Africa, covering Kenya, Tanzania, Uganda, Rwanda, Burundi and Somalia. He has a 29-year career at AFD where he has worked as EAC PROPARCO Regional Representative Nairobi, PROPARCO Regional Representative Central Africa, Deputy Director French Central Bank Martinique, Deputy Director of Ghana, French Central Bank Inspector Paris and Director of Mali. He holds a Master's degree in Economics, a Specialized Graduate Degree in Development Economics and a Degree in Accounting and Financial Studies.

Mr. Amadou Raimi

Amadou is a former Chairman of Deloitte France and former Vice-president of Deloitte Global. During his 35 years at Deloitte, a global leader in audit and consulting, he has acquired a rich professional experience in the fields of leadership and corporate governance, relationship management between the executive and the board, risk management, due diligence and undertaking of investigations, ethical matters, human resources management and management of conflicts of interest. He is currently a Director and the Chairman of the Board of Cauris Management, a private equity fund manager which assists small and medium-sized enterprises in Western Africa and the Chairman of Audit & Risk Committee of Atlas Mara, a listed company in London with banking subsidiaries in East Africa and Nigeria whose ambition is to be the premier financial institution in sub-Saharan Africa. He is also a Director and a member of the Investment Committee of Yeelen Capital Côte d'Ivoire, an investment fund which aims to support banks, insurance, microfinance, fintech companies and other financial companies in their expansion and further development. Amadou, graduated from ESSEC (Paris), is a French Certified Public Accountant (CPA).

Mrs. Sandhya Joogee (Appointed effective as of 15th November 2019)

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

Mr. Olawale Bashirudeen Shonibare (Appointed effective as of 04th December 2019)

Wale is Director responsible for Energy Financial Solutions, Policy and Regulations at the African Development Bank.

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

Board meetings and attendance

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

	Board	Annual Meeting 2019
No. of meetings held	**3**	**1**
Directors		
Mr. Riad Aubdool	2	
Ms. Anouchka Chummun	1	
Ms. Sari Nikka	2	
Mr. Morten Christiansen	3	
Mr. Bruno Deprince	2	
Mr. Charles Wetherill (alternate director)	3	
Mr. Amadou Raimi	2	
Mr. Stefan Nalletamby	1	
Ms. Josephine Ngure (alternate director)	1	
Mr. Andrew Temu	3	

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

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

The Directors of AGF are appointed as follows:

(i) two (2) Directors resident in Mauritius appointed by Ordinary Resolution;

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

(iii) at least two (2) Independent Directors appointed by Special Resolution.

Induction

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

Continuous Development Programme

The Board is aware of the requirement of holding Continuous Development Programmes. The Board works on the training needs of each board member and a board retreat is held annually in Mauritius where the directors have the opportunity to update themselves on selected topics relating to the business of AGF and also generally.

Company Secretary

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

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

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

Principle Four: Directors' Duties, Remuneration and Performance

Legal Duties

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

Code of Ethics

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

Board Evaluation

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

Conflict of Interest

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

(a) at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration; or

(b) if the Director is not at the date of the meeting interested in the proposed contract or arrangement, then at the next meeting held after he becomes interested; or

(c) in a case where the Directors becomes interested in a contract or arrangement after it is made, then at the first meeting of the Directors held after he becomes so interested.

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

IT Governance Policy

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

Directors' Remuneration

AGF pays an amount of USD 5,000 per annum to RCFS, being fees payable for the services provided by the Mauritius resident directors of AGF.

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

The Independent Directors expense was a total amount of USD 290,331 in 2019 (2018: USD 238,704).

Directors' Liability Insurance

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

The director's Liability cost for 2019 was USD 20,389(2018: USD 20,109).

Related Party Transactions

Please refer to note 24 of the financial statements.

Principle Five: Risk Governance and Internal Control

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

AGF has its own Risk Management Policies and Procedures Manual and Monitoring and Evaluation Policies and Procedures Manual in place.

The main risks to which AGF is exposed are financial risks. Please refer to Note 6 & 7 of the financial statements for the measures devised to manage those risks.

Principle Six: Reporting with Integrity

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

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

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

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

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

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

Principle Seven: Audit

Directors' responsibilities

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

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

External Audit

The external auditors are responsible for reporting on whether the financial statements are fairly presented. Ernst & Young was re-appointed as the statutory auditors for the financial year ended 31 December 2019.

Audit Fees

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

	2019	2018
External Auditors	USD	USD
Audit	95,000	69,025

Internal Audit

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

Principle Eight: Relations With Shareholders and other Key Stakeholders

As at 31 December 2019, the stated capital of AGF comprises of 3,954 Class B Shares of par value nil each, 10,195 Class C Shares of par value nil each, 3 Class D Shares

The shareholders of AGF are African Development Bank, The Government of Denmark, Ministry of Foreign Affairs/ Danida, The Ministry of Foreign Affairs and Cooperation on behalf of the Government of Spain, Agence Francaise de Development, Nordic Development Fund, the Investment Fund for Developing Countries and KFW.

The annual meeting will be held in July 2020

Stakeholders

As at 31 December 2019, AGF had issued 4,454 Class B shares, 13,520 Class C shares and 3 Class D shares for a total fund size of USD 179,891,155.

Analysis of ownership

AGF had 7 Shareholders which include 3 clients of Class B, 4 clients of Class C and 3 clients of Class D as at 31 December 2019.

Shareholders' calendar

AGF has planned the following forthcoming events:

Reporting date	31 December 2019
Publication of year end results	Within six months from end of 31 December 2019

Dividend Payment

During the financial year ended 31 December 2019, the Board of Directors did not recommend the payment of dividend.

STATEMENT OF COMPLIANCE

Name of Company:	African Guarantee Fund – For Small and Medium Sized Enterprises Ltd
Reporting period:	Year ended 31 December 2019

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

On behalf of the board

Sandhya Jogee
Director

Riad Aubdool
Director

Date: 23 June 2020

Date: 23 June 2020

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of AFRICAN GUARANTEE FUND- for Small and Medium-sized Enterprises Ltd (the ''Company'') and its subsidiary (altogether referred to as the "Group") for the year ended 31 December 2019.

Principal Activity

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

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

The Group is composed of 2 distinct entities presented hereafter:

- African Guarantee Fund has a branch registered in Nairobi, Kenya. It is registered as a branch of a foreign entity under the Kenyan Companies Act. The main operations are held in Kenya.
- AGF West Africa registered in Lomé, Togo. It is registered as a financial institution, subject to the provisions of the banking law in the West African Monetary Union (UMOA/WAMU).

Results and Dividends

The results for the year are as shown in the statements of profit or loss and statements of comprehensive income on pages 9 and 10 respectively.

The directors do not recommend the payment of any dividend for the year under review.

Directors

The directors in office during the year are as stated on page 1.

Directors' Responsibilities In Respect of the Financial Statements

The Group's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statements of financial position as at 31 December 2019, and the statements of profit or loss, the statements of comprehensive income, the statements of changes in net assets attributable to shareholders and the statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. Please refer to the post balance sheet event note 30

Auditors

The auditors, Ernst & Young, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of the shareholders.

Rogers Capital

CORPORATE · TECHNOLOGY · FINANCIAL

Certificate from the Secretary to the Members of African Guarantee Fund under Section 166 (D) of the Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of African Guarantee Fund - for Small and Medium - Sized Enterprises Ltd under the Companies Act 2001, for the year ended 31 December 2019.

....

Fo rand on behalf of

Rogers Capital Fund Services Ltd

CORPORATE SECRETARY

Date: **23 June 2020**

Rogers Capital Fund Services Ltd.
BRN No C10012347
3rd Floor Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius.
T: (230) 203 1100 W: www.rogerscapital.mu

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICAN GUARANTEE FUND – FOR SMALL AND MEDIUM-SIZED ENTERPRISES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of African Guarantee Fund – for Small and Medium-sized Enterprises Ltd (the "Company") and its subsidiary (the "Group") on pages 9 to 71 which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at 31 December 2019, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the 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 Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and 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 Commentary of Directors and the Certificate from Secretary as required by the Companies Act 2001, 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 on the other information obtained prior to the date of this auditor's report, 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.

Corporate Governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission' Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements of the Group and the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report On Other Legal And Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the 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.

ERNST & YOUNG
Ebène, Mauritius

Date: 09 SEP 2020

DARYL CSIZMADIA, C.A. (S.A)
Licenced by FRC

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group		Company	
		2019	2018	**2019**	2018
		USD	USD	**USD**	USD
Income					
Income from guarantees:					
Utilization fees		**3,762,942**	3,766,738	**2,192,638**	2,004,193
Assessment and commission fees	9	**2,172,261**	1,498,133	**1,594,998**	1,251,446
Income from investments	10	**4,034,253**	3,277,826	**1,983,644**	1,066,523
Administrative income		**250,535**	218,376	**250,535**	218,376
Fair valuation gain on financial guarantee contracts	8(b)	**987,002**	1,216,918	**2,816,160**	1,017,466
Foreign exchange revaluation differences		**276,866**	543,597	**271,516**	509,877
Other income	11	**189,174**	117,666	**4,990**	-
Write back on allowance for expected credit loss	29	**1,090,358**	-	**451,530**	-
Movement in other guarantees	20	**973,616**	2,713,238	**1,283,638**	700,320
		13,737,007	13,352,492	**10,849,649**	6,768,201
Expenses					
Administrative and legal fees	14	**(1,146,478)**	(805,914)	**(953,570)**	(572,553)
Communication expenses	14	**(209,016)**	(195,908)	**(151,221)**	(134,816)
Depreciation of property and equipment	16	**(281,575)**	(256,859)	**(251,349)**	(250,911)
Amortization of intangible assets	17	**(276,288)**	(203,225)	**(275,430)**	(203,021)
Marketing expenses	14	**(395,577)**	(676,845)	**(335,377)**	(644,453)
Other expenses	14	**(954,146)**	(1,004,350)	**(619,648)**	(653,330)
Premises expenses	14	**(368,277)**	(290,968)	**(284,479)**	(245,858)
Staff expenses	13	**(5,286,182)**	(4,446,285)	**(4,342,627)**	(3,724,203)
Travelling expenses		**(866,793)**	(839,454)	**(754,352)**	(646,176)
Treasury management fees	27	**(98,107)**	(54,996)	**(85,325)**	(54,937)
Receivables written down	18	**(1,377,219)**	-	**(917,226)**	-
Allowance for expected credit loss	29	**-**	(169,989)	**-**	(298,965)
Guarantee expenses	27	**(1,484,866)**	(712,836)	**(1,484,866)**	(712,836)
Claims on financial guarantee contracts	8 (b)	**(814,754)**	-	**(814,754)**	-
Interest on loans and borrowings		**-**	-	**(226,959)**	(224,451)
		(13,559,278)	(9,657,629)	**(11,497,183)**	(8,366,510)
Profit/(loss) before tax	¤	**177,729**	3,694,863	**(647,534)**	(1,598,309)
Taxation	15	**-**	-	**-**	-

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group		Company	
		2019	2018	**2019**	2018
		USD	USD	**USD**	USD
Increase/(decrease) in net assets attributable to shareholders		**177,729**	3,694,863	**(647,534)**	(1,598,309)
Increase/(decrease) in net assets attributable to shareholders attributable to:					
- Owners of the Company		**17,297**	2,704,643	**(647,534)**	(1,598,309)
- Non-Controlling Interests		**160,432**	990,220	-	-
		177,729	3,694,863	**(647,534)**	(1,598,309)
Increase/(decrease) in net assets attributable to shareholders		**177,729**	3,694,863	**(647,534)**	(1,598,309)
Other comprehensive Income/(loss)					
Exchange differences on translation of foreign subsidiary	**12**	**(861,915)**	(2,437,019)	**-**	-
Total comprehensive (loss)/income for the year		**(684,186)**	1,257,844	**(647,534)**	(1,598,309)
Total comprehensive (loss)/income attributable to:					
- Owners of the Company		**(677,062)**	741,380	**(647,534)**	(1,598,309)
- Non-Controlling Interests		**(7,124)**	516,464	**-**	-
		(684,186)	1,257,844	**(647,534)**	(1,598,309)

STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group 2019 USD	Group 2018 USD	Company 2019 USD	Company 2018 USD
Assets					
Property and equipment	16	**10,367,394**	8,020,149	**4,559,979**	3,615,238
Intangible assets	17	**2,840,628**	2,883,116	**2,736,590**	2,828,939
Investment in subsidiary	25	**-**	-	**31,887,765**	31,887,765
Guarantee contracts at fair value through profit or loss	8(b)	**22,024,327**	15,513,323	**19,329,526**	12,457,020
Deferred income on guarantee contracts	23	**(16,604,594)**	(11,076,613)	**(12,276,111)**	(8,219,762)
Other guarantees	20	**-**	-	**1,937,329**	-
Other financial instruments	8(c)	**34,397,494**	35,330,317	**1,231,829**	449,102
Debt instruments at amortized cost	8(a)	**72,031,841**	32,849,644	**68,826,892**	28,979,103
Receivables and deposits	18	**9,694,104**	8,357,346	**5,856,170**	5,791,852
Prepayments		**1,534,820**	471,455	**1,534,820**	471,455
Cash and cash equivalents	6	**43,967,051**	56,797,144	**43,109,808**	56,354,228
Total assets		**180,253,065**	**149,145,881**	**168,734,597**	**134,614,940**
Liabilities					
Other provisions	21	**45,306**	108,002	**-**	-
Other guarantees	20	**5,294,804**	9,640,269	**-**	96,309
Trade and other payables	19	**467,790**	321,908	**366,708**	270,513
Loans and borrowings	26	**-**	-	**8,557,665**	9,304,704
Deferred Income- Land grant	23	**1,969,900**	2,097,378	**-**	-
Other liabilities	19	**1,653,244**	3,722,117	**897,075**	3,632,731
Total liabilities		**9,431,044**	15,889,674	**9,821,448**	13,304,257
Net assets attributable to shareholders		**170,822,021**	133,256,207	**158,913,149**	121,310,683
Represented by:					
Stated capital	22	**179,891,155**	141,641,155	**179,891,155**	141,641,155
Share Premium		**7,465**	7,465	**7,465**	7,465
Accumulated losses		**(18,930,120)**	(448,531)	**(20,337,937)**	(6,547,955)
IFRS 9 impact		**-**	(21,186,232)	**-**	(12,191,673)
Decrease in net assets for the year		**17,297**	2,704,643	**(647,534)**	(1,598,309)
Accumulated losses		**(18,912,823)**	(18,930,120)	**(20,985,471)**	(20,337,937)
Foreign currency translation reserve		**1,360,931**	2,055,290	**-**	-
Net assets attributable to equity holders of the Company		**162,346,728**	124,773,790	158,913,149	121,310,683
Non-controlling interests		**8,475,293**	8,482,417	**-**	-
Net assets attributable to shareholders		**170,822,021**	133,256,207	**158,913,149**	121,310,683

The financial statements were approved and authorised for issue by the Board of Directors on....23 June 2020.....and were signed on its behalf by:

Director **Director**

The notes on pages 15 to 71 from an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2019

	Group					
	Stated capital (a) USD	Accumulated losses (b) USD	Foreign currency translation reserve (losses)/gain (c) USD	Total (a+b+c) USD	Non-controlling interests (d) USD	Total equity (a+b+c+d) USD
At 1 January 2018	87,191,140	(448,531)	4,018,553	90,761,162	10,136,439	100,897,601
Impact of adopting IFRS 9	-	(21,186,232)	-	(21,186,232)	(2,170,486)	(23,356,718)
Restated opening balance under IFRS 9	87,191,140	(21,634,763)	4,018,553	69,574,930	7,965,953	77,540,883
Issue of shares	54,457,480	-	-	54,457,480	-	54,457,480
Increase in net assets (**)	-	2,704,643	-	2,704,643	990,220	3,694,863
OCI (***)	-	-	(1,963,263)	(1,963,263)	(473,756)	(2,437,019)
Total comprehensive income for the year	-	2,704,643	(1,963,263)	741,380	516,464	1,257,844
At 31 December 2018/ 1 January 2019	141,648,620	(18,930,120)	2,055,290	124,773,790	8,482,417	133,256,207
Issue of shares	38,250,000	-	-	38,250,000	-	38,250,000
Increase in net assets (**)	-	17,297	-	17,297	160,432	177,729
OCI (***)	-	-	(694,359)	(694,359)	(167,556)	(861,915)
Total comprehensive income for the year	-	17,297	(694,359)	(677,062)	(7,124)	(684,186)
At 31 December 2019	**179,898,620**	**(18,912,823)**	**1,360,931**	**162,346,728**	**8,475,293**	**170,822,021**

(*) - Decrease in net assets attributable to shareholders from operations

(**) - Increase in net assets attributable to shareholders from operations

(***) - Other comprehensive income

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2019

		Company	
	Issued capital	Accumulated losses	Total
	USD	USD	USD
At 1 January 2018	87,191,140	(18,739,628)	68,451,512
Issue of shares	54,457,480	-	54,457,480
Decrease in net assets attributable to shareholders from operations for the year	-	(1,598,309)	(1,598,309)
At 31 December 2018	141,648,620	(20,337,937)	121,310,683
At 1 January 2019	141,648,620	(20,337,937)	121,310,683
Issue of shares	38,250,000	-	38,250,000
Decrease in net assets attributable to shareholders from operations for the year	-	(647,534)	(647,534)
At 31 December 2019	**179,898,620**	**(20,985,471)**	**158,913,149**

STATEMENTS OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group	Group	Company	Company
		2019	2018	**2019**	2018
		USD	USD	**USD**	USD
Profit /(loss) before tax		**177,729**	3,694,863	**(647,534)**	(1,598,309)
Adjustment to reconcile profit/(loss) before tax to net cash flows:		-	-	-	-
Non cash item:					
Write down receivables		**1,377,219**	-	**917,226**	-
Expected credit loss		**(1,090,359)**	(2,543,250)	**(451,530)**	(222,337)
Depreciation of property and equipment	16	**281,575**	256,859	**251,349**	250,911
Amortization of intangible assets	17	**276,288**	203,225	**275,430**	203,021
Amortization deferred income on land	23	**(85,271)**	(87,392)	-	-
Income from investments		**(4,034,253)**	(1,006,470)	**(1,983,644)**	(1,066,523)
Net foreign exchange differences		**(226,783)**	1,760,342	**(114,021)**	(758,539)
Fair value gain on guarantee contracts fair value through profit or loss		**(987,002)**	881,394	**(2,816,160)**	(258,927)
Movement in working capital:			-		
Receivables and deposits		**(1,776,361)**	2,310,145	**(490,160)**	(2,113,008)
Prepayments		**(1,063,365)**	227,928	**(1,063,365)**	227,928
Other provisions		**(62,696)**	(1,705,384)	-	-
Other liabilities		**(2,152,959)**	2,675,980	**(2,735,665)**	3,306,447
Trade and other payables		**145,882**	(404,698)	**96,195**	(434,520)
Net claims paid on other guarantees		**(3,181,174)**	-	**(750,000)**	-
Movement on other guarantees		**(973,616)**	(4,336,463)	**(1,283,638)**	(446,898)
Net cash flows used in operating activities		**(13,375,146)**	1,927,079	**(10,795,517)**	(2,910,754)
Investing activities					
Acquisition of property and equipment	16	**(2,628,820)**	(5,043,022)	**(1,196,090)**	(657,794)
Acquisition of intangible assets	17	**(233,800)**	(1,409,225)	**(183,079)**	(1,394,069)
Investment in debt instrument at amortized cost		**(45,870,967)**	(2,392,746)	**(45,870,967)**	-
Disposal of bonds		**3,918,403**	1,125,943	**3,918,403**	1,125,942
Deposits matured during the year		**4,375,576**	6,367,548	-	1,373,945
Investment in bank deposit		**(3,193,213)**	(818,515)	**(799,754)**	-
Interest on investments received		**6,789,788**	1,690,432	**4,065,602**	1,690,432
Net cash flows generated/(used in) from investing activities		**(36,843,033)**	(479,585)	**(40,065,885)**	2,138,456
Financing activities					
Proceeds from issue of ordinary share capital to shareholders		**38,250,000**	54,457,480	**38,250,000**	54,457,480
Payment of loan received from subsidiary		-	-	**(633,018)**	(194,417)
Net cash flows from financing activities		**38,250,000**	54,457,480	**37,616,982**	54,263,063
Increase in cash and cash equivalents		**(11,968,179)**	55,904,975	**(13,244,420)**	53,490,765
Foreign Currency translation		**(861,915)**	(2,437,019)	-	-
Opening balance		**56,797,145**	3,329,189	**56,354,228**	**2,863,463**
Closing balance		**43,967,051**	56,797,144	**43,109,808**	**56,354,228**

1. GENERAL INFORMATION

The African Guarantee Fund - for Small and Medium-Sized Enterprises Ltd (the "Company") was incorporated in the Republic of Mauritius on 28 March 2011 as a private company limited by shares in accordance with the Companies Act 2001. It has been granted a Category 1, Global Business Licence by the Financial Services Commission.

The registered office is located at C/o Rogers Capital Fund Services Ltd, Rogers House, 5 President John Kennedy Street, Port Louis.

The recent changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the Global Business Category 1 Licence (GBL1) will henceforth be known as the Global Business Licence (GBL) whilst the category 2 Global business Licence (GBL2) is being abolished and replaced by the authorised company. A corporation that was licenced as a GBL 1 on or before 16 October 2017 will be exempt until 30 June 2021. As from that date, the corporation will be deemed to hold a GBL.

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

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

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

2. BASIS OF PREPARATION

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

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRSs) issued by the International Accounting Standards Board (IASB).

Basis of measurement

The financial statements have been prepared under the historical cost basis except for the guarantee contracts at fair value through profit or loss which have been fair valued. The financial statements are presented in US Dollars (USD), which is also the functional currency for the group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of African Guarantee Fund and its sole subsidiary "AGF West Africa" as at 31 December 2019.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Use of estimates and judgements

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

3. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

3.1 New and amended standards and interpretations

In the current year, the Fund has adopted the following standards and interpretations that are effective for the current financial year.

Standards and interpretations	Effective for accounting period beginning on or after
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1 January 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowing costs - Borrowing costs eligible for capitalisation	1 January 2019
IFRS 16Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

3. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR (Continued)

The directors of the company have made an assessment and have concluded that the above standards did not have an impact on the financial statement. For those that could have an impact, the impact has been described as per below.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

As at 31 December 2019, the group's held its leases for a period of less than 12 months. The leases comprise of rental of floor space with no extension clause as the Company will be relocating in the next financial year period. The Group has thus taken small lease exemption. The values of the leases are insignificant to be included in the balance sheet.

IFRIC 23 Tax

Effective in 2019, IFRIC 23 clarifies how to account for income tax when it is unclear whether the taxing authority will accept the company's tax treatment. In June 2017, IFRIC 23 was issued. IFRIC 23 applies to all aspects of income tax accounting when there is uncertainty about the income tax treatment of an item, including taxable profit or loss, the tax basis of assets and liabilities, tax losses and credits, and tax rates.

The group tax computation meets the requirements of the taxing authority and therefore the tax calculation remains the same.

3.1 Standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

	Effective for accounting period beginning on or after
New or revised standards and interpretations	
Definition of material – Amendments to IAS 1 and IAS 8	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021

The Directors of the Group have assessed the impact of these standards and consider that these standards will not have an impact on the financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of each subsidiary reflects the economic substance of the underlying events and circumstances of these entities. The Company is registered in Mauritius and the sole subsidiary 'AGF West Africa' is registered and operated in West African Francophone Area with Franc CFA (XOF) as functional currency.

The consolidated financial statements are presented in US Dollars (USD), which is the Holding Company's presentation currency ("the presentation currency"). Each entity within the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. As of the reporting date, the results of foreign operations are translated into USD, using the following procedures:

a) Assets and liabilities for each statement of financial position presented are translated at the year-end exchange rates;
b) The profit or loss and cash flows of foreign entities are translated at the yearly average rate;
c) All resulting exchange differences are recognized in other comprehensive income.

The Group uses the direct method of consolidation and on disposal of a foreign operation; the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

The following table summarizes the currencies translation rates into the USD as of December 31, 2019 and 2018 and the average rates for the year ended December 31, 2019 and 2018.

Country	Currency	2019		2018	
		Closing rate	Average rate	Closing rate	Average rate
Togo	XOF	0.001712	0.001704	0.00175	0.00178
Kenya	KES	0.009866	0.009802	0.0097	0.0099

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss, is also recognized in other comprehensive income or profit or loss, respectively).

Foreign currency (Continued)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Investment in subsidiary

Subsidiaries are those entities controlled by the Company. Control is achieved when the company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss.Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents disclosed in the statements of cash flows consist of cash together with other highly liquid short-term placements available on demand. These balances are reported at amortized cost in compliance with IFRS 9.

Financial instruments - initial recognition and subsequent measurement

The Group classifies its financial assets and financial liabilities into the following categories:

Financial assets/Liabilities	Classification
Cash and Cash equivalent	Amortised cost
Other financial instrument	Amortised cost
Debt instruments at amortised cost	Amortised cost
Receivables and deposits	Amortised cost
Guarantee contracts at fair value through profit or loss	Fair value through profit or loss
Trade and other payables	Fair value through profit or loss
Loans and borrowings	Amortised cost
Other liabilities	Fair value through profit or loss

(a) Financial assets

The financial assets of the Group comprise of other financial instruments, debt instruments at amortised cost, receivables and cash and cash equivalent.

Recognition and initial measurement

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

Classification and subsequent measurement

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

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

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

Business model assessment

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

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

Business model assessment (Continued)

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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

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

Impairment

Financial instruments

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost (this includes debt instruments at amortised cost, other financial instruments and other receivables);
- Financial guarantee contracts (refer to part (c) of financial instruments-initial recognition and subsequent measurement

The Group measures loss allowances at an amount equal to lifetime ECL When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

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

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

Stage 1: When financial guarantees are first recognised, the Fund recognises an allowance based on 12month ECLs. Stage 1 Financial guarantee also include facilities where the credit risk has improved and the financial guarantee has been reclassified from Stage 2.

Stage 2: When a financial guarantee has shown a significant increase in credit risk since origination, the Fund records an allowance for the Long Term ECLs. Stage 2 financial guarantee also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. A significant increase in credit risk is assessed when there are liquidity issues, inability to make payment on the due date by the counterparty. This is where the probability of default and the LGD will increase significant.

Stage 3: Financial guarantees with more than 90 days of arrears and for which, based on the monitoring discussion with the financial institution the Company expects a claim with a high probability.

The Calculation of ECLs

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

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

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

The mechanics of the ECL method

Financial guarantee contracts

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

(b) Financial liabilities

Financial liabilities of the Group are measured at amortised cost

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

De-recognition

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

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

Or

• The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset,

or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(c) Guarantee contracts

(a) AGF has in its financials 3 types of products:

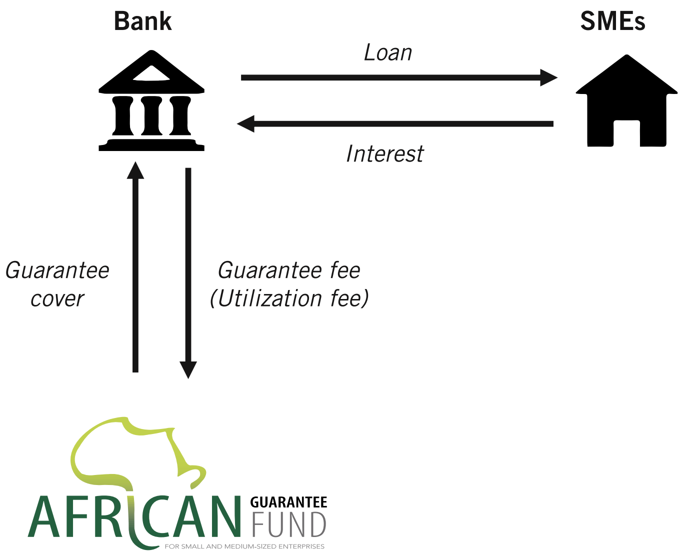
- Loan Individual Guarantee (LIG)
- Loan Portfolio Guarantee (LPG)
- Bank's Fund Raising Guarantee (BFRG)

(i) Loan Individual Guarantee (LIG)

The Loan Individual Guarantee has been grouped in other guarantees in the statement of financial position.

a. Definition

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



b. Fees structures

On LIGs, AGF charges 2 types of fees:

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

c. Measurement and Classification

LIGs are treated as financial guarantee contracts and are initially measured at fair value. Subsequently, these contracts are measured at the higher of the amount initially recognised less amortisation and expected credit loss. The financial guarantees are generally issued to unrelated parties and the fair value at inception is equal to the premiums received. No premium is received upfront on the guarantee contracts issued by the Group. The fair value is nil at initial recognition

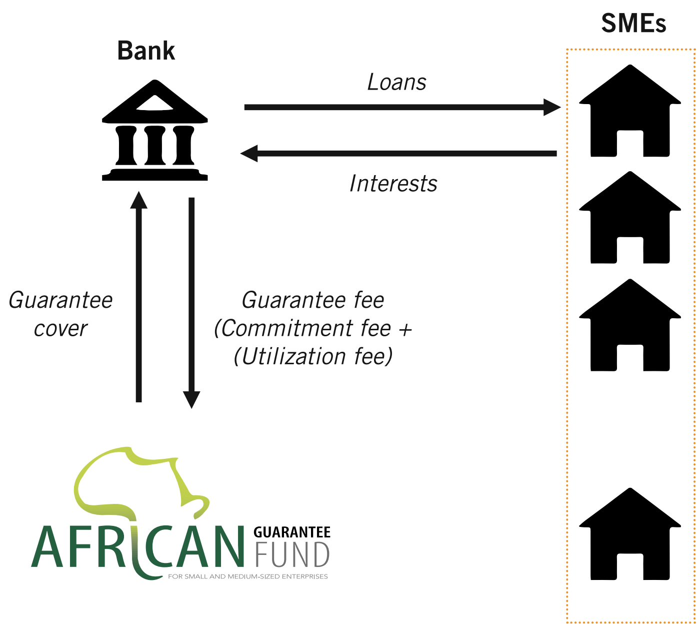
(ii) Loan Portfolio Guarantee (LPG)

a. Definition

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

The LPG contracts are accounted as ‘Guarantee at fair value through profit or loss’ on the face of the statement of financial position.

On adoption of IFRS 9, the accounting of the loan portfolio guarantee contracts (LPG) was realigned to the requirement of the new standard. On initial recognition, the fair value gains which were previously credited to profit or loss, are now deferred to the Statement of Financial Position and release to profit or loss on a straight line basis over the life of the respective contracts.



b. Fees structures

On LPGs, AGF charges 3 types of fees:

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

c. Measurement and Classification

LPGs are classified at fair value through profit and loss and measured at fair value during initial recognition.

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

At initial recognition, due to the above market profit element embedded in the guarantee contracts, it represents day 1 gain in terms of IFRS 9. Due to the unobservable nature of the inputs into the valuation, the day 1 gains is deferred during initial recognition and subsequently released to profit or loss over the period of the LPG contracts.

After initial recognition, AGF continues to measure the fair value of the LPG contracts using the variables

(iii) Bank Fund Raising Guarantee (BFRG)

The Bank Fund Raising Guarantee has been grouped in other guarantees in the statement of financial position.

a. Definition

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

BFRG contracts are classified and measured the same as LIG. Refer to note 1 above for classification and measurement. There is no change in the classification and measurement of BFRG contracts under IFRS 9, compared to IAS 39.

Fair value measurement

The Group measures financial instruments such as guarantee contracts at fair value through profit or loss at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at statement of financial position date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

• In the principal market for the asset or liability

Or

• In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

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

- **Fair value measurement Note 7.**

Property and equipment

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

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

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

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

	Years
Office, furniture and office equipment	3 to 10
Computer and accessories	3 to 5
Motor vehicles	3 to 5

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

Included in property and equipment is also Land which has been measured at cost.

Land Grant

Grants related to non-depreciable assets requiring the fulfilment of certain obligations is recognised in profit or loss over the periods that bear the cost of meeting the obligations. The Group has received a grant of land which is conditional upon the erection of a building of AGF WA. The grant is released to profit or loss over the estimated useful life of the building. The value of the land has initially been determined by an external professional valuer, based on open market value.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost includes all the costs incurred to acquire and bring to use the specific assets. These costs are amortized on the basis of the expected useful lives.

Expenditure subsequently incurred on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if necessary.

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

	Years
Software and website	1 to 5

Impairment of non-financial assets

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

Asset on which impairment losses has been recognized in prior periods are re-assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leased assets

Accounting policies before 1 January 2019

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease agreements are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group only leases the building and the lease is expiring in October 2020, without further renewal as the Group is constructing its own office building and shall occupy the building in October 2020 Lease payments on short-term leases value assets are recognised as expense on a straight-line basis over the lease term.

Tax

Direct taxation

Direct taxation includes current and deferred tax.

Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current and 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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Indirect taxation

Indirect taxes, including non-recoverable value added tax (VAT) and other duties, are recognized in profit or loss and their classification depends on the nature of the underlying transaction.

Employee benefits

Post-employment benefits - defined contribution plans

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

Post-employment benefits - defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The cost of providing defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retain earnings through OCI in the period in which they occur. Re-measurements are not classified to profit or loss in subsequent periods.

Past service costs are recognized in profit and loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Group recognizes the changes in the net defined benefit obligation under 'Pension provisions' in the consolidated statement of comprehensive income. Services costs comprising current service costs, past service costs, gain and losses on curtailments and non-routine settlements.

Termination benefits

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

Short-term benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group and/or the company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

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

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

Stated capital

The Class A, B and C shares are redeemable at the shareholder’s option and are classified as financial liabilities, and measured at the redemption amount.

Class D are not redeemable, do not participate in the net income or dividends of the Company and are classified as equity.

Some financial instruments include a contractual obligation for the issuing entity to deliver to another entity a pro rata share of its net assets only on liquidation. The obligation arises because liquidation either is certain to occur and outside the control of the entity (for example, a limited life entity) or is uncertain to occur but is at the option of the instrument holder.

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

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

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

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

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

Revenue recognition

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

Assessment fee and commission revenue

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

Utilization fee

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

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

Interest income

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group and/or the Company make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Functional currency

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

Impairment losses on financial guarantee contracts

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

Determination of fair value of guarantee contracts

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

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

In determining the fair value of investments, the Group adheres to the valuation guidelines issued by the International Private Equity and Venture Capital Board. The fair valuation of the guarantee contracts is based on a discounted cash flow model. The cash flows are based on above market rates due to the uniqueness of the product. The determination of the "super profit" portion of future income is a critical judgement to be applied by management.

Land grant

AGFWA received a land grant from the government of Togo for the construction of a building in west Africa. The land being a non-depreciable asset, the land grant has been amortised over the life of the building to be constructed. The Directors of AGF have estimated the life of the building to be 25 years and believe that the life span assumed is reasonable and is in line with the depreciation rate of the asset. Refer to note 23.

Going Concern

The financial statements have been prepared on a going concern basis and there is no significant reason to believe that the Company will not continue on the next 12-month period despite the Covid-19 global pandemic.

Indeed, the World Health Organization declared the novel coronavirus (Covid-19) a global pandemic. Global economic growth is seen dipping in the year 2020 as the coronavirus weighs on economic activity and momentum. Businesses already feel the pinch as a result with countries putting travel restrictions in place because of coronavirus. Measures taken to contain the virus have affected economic activity, which in turn has implications for financial reporting. Refer to note 30 for more details on Covid-19.

The African Guarantee Fund has considered measures to control the effect of the pandemic to its business. Fitch undertook a review of the group's financials and issued a report maintaining AGF AA- rating with a stable outlook.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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

Credit risk (Continued)

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was:

Cash and cash equivalents (excluding cash in hand)

	Group						Company					
	2019			2018			2019			2018		
	Balance	Rating		Balance	Rating		Balance	Rating		Balance	Rating	
	USD	Short Term	Long Term	USD	Short Term	Long Term	USD	Short Term	Long Term	USD	Short Term	Long Term
Barclays Bank Mauritius*	**33,560,630**	**B**	**BB**	28,594,070	B	BBB-	**33,560,630**	**B**	**BB**	28,594,070	B	BBB-
Barclays Bank London*	**6,180,363**	**A-2**	**BBB**	1,050,451	A-2	BBB	**6,180,363**	**A-2**	**BBB**	1,050,451	A-2	BBB
CFC Stanbic**	**553,293**	**B**	**BB-**	7,730,182	B	B	**553,293**	**B**	**BB-**	7,730,182	B	B
Commercial Bank of Africa***	**1,081,390**	**A1 (KE)**	**A+ (KE)**	284	A1 (KE)	A+ (KE)	**1,081,390**	**A1 (KE)**	**A+ (KE)**	284	A1 (KE)	A+ (KE)
Ecobank**	**1,753,172**	**B**	**B+**	18,979,241	B	B	**1,753,172**	**B**	**B+**	18,979,241	B	B
BCEAO Siège (EURO)	**15,619**	**N/A**	**N/A**	15,937	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
BTCI	**46,926**	**N/A**	**N/A**	41,289	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
ECOBANK TOGO	**329,913**	**N/A**	**N/A**	28,212	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
BATG	**104,980**	**N/A**	**N/A**	120,179	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
BOA TOGO	**160,724**	**N/A**	**N/A**	111,864	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
BACI	**209,763**	**N/A**	**N/A**	125,435	N/A	N/A	-	**N/A**	**N/A**	-	N/A	N/A
Total	**43,996,773**			56,797,144			**43,128,848**			56,354,228		
ECL	**(85,401)**			(96,067)			**(74,625)**			(95,956)		
Total after ECL	**43,911,372**			56,701,077			**43,054,223**			56,258,272		

(*) Rating by Standard & Poors, (**) Fitch National rating, (***) Rating by GCR. "N/A" refers to entities that have not been rated by any reputable Rating agency whose opinions may be relied upon.

In 2019, amounts of USD 55,679 and USD 55,585 for the Group and the Company respectively representing cash in hand was not included in the table (2018: USD 96,067 and 2018: USD 95,956 respectively).

Cash and cash equivalents (including cash in hand) (Continued)

GROUP	2019 USD	2018 USD	COMPANY	2019 USD	2018 USD
Cash at Bank and on hand	**36,043,557**	40,817,483	Cash at Bank and on hand	**35,186,314**	40,374,566
Short term deposits	**7,923,494**	15,979,661	Short term deposits	**7,923,494**	15,979,662
Total	**43,967,051**	56,797,144	Total	**43,109,808**	56,354,228

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

At 31 December 2019, the Group had available USD 4,939,880 (2018: USD 4,769,900) of undrawn committed borrowing facilities.

Debt instruments at amortised costs, cash and cash equivalents, other financial instruments and receivables

	Group		**Company**	
	2019	2018	**2019**	2018
Rating*	**USD**	USD	**USD**	USD
AAA	**8,442,111**	4,903,350	**8,442,111**	4,903,350
AA	**5,968,845**	1,081,239	**5,968,845**	1,081,239
AA-	**12,453,441**	8,219,577	**12,453,441**	8,219,577
A+	**3,970,962**	3,956,107	**3,970,962**	3,956,107
A	**17,521,590**	5,624,033	**17,521,590**	5,624,033
A-	**5,849,351**	2,407,031	**5,849,351**	2,407,031
BBB+	**1,847,296**	-	**-**	-
BBB	**12,827,309**	1,766,039	**9,623,763**	1,766,039
BBB-	**43,021,999**	1,029,682	**43,021,999**	1,029,682
Not Rated	**52,881,769**	104,347,393	**15,757,576**	62,587,227
	164,784,673	133,334,451	**122,609,638**	91,574,285
	(4,694,183)		**(3,584,939)**	
	160,090,490	133,334,451	**119,024,699**	91,574,285

*Source: Bloomberg

The credit risk is mitigated through:

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Concentration risk

Concentration risk is defined as a direct and/or indirect concentration of exposure to a single or Group of counterparties, industry or geographic region. By the nature of its operations, AGF will always have a lot of exposure in the African continent. AGF will always seek to counter this by diversifying i.e. by investing in other geographical regions and other counterparties.

The concentration of 59% of the portfolio in Africa is temporary and due to disbursements of additional capital at the end of the year. These new funds will be invested across different asset classes and geographical regions. The investments are well diversified within each region and are within the single obligor limits.

	Group				Company			
	Book Value 2019	**Percentage**	Book Value 2018	Percentage	**Book Value 2019**	**Percentage**	Book Value 2018	Percentage
Africa	**97,471,330**	**59.15%**	111,877,203	80.42%	**55,366,315**	**45.08%**	68,368,965	71.51%
Europe	**29,844,577**	**18.11%**	12,279,236	8.83%	**29,844,557**	**24.38%**	12,279,236	12.84%
America	**10,899,828**	**6.61%**	3,956,107	2.84%	**10,829,828**	**8.85%**	3,956,107	4.14%
Middle East	**8,718,323**	**5.29%**	4,301,174	3.09%	**8,718,323**	**7.12%**	4,301,174	4.50%
Asia	**17,850,615**	**10.83%**	6,705,272	4.82%	**17,850,615**	**14.58%**	6,705,272	7.01%
ECL	**(4,694,183)**		(5,784,541)		**(3,584,939)**		(4,036,469)	
Total	**160,090,490**	**100%**	133,334,451	100%	**119,024,699**	**100%**	91,574,285	100%

Market risk

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

Interest rate risk

The Group and the Company is not sensitive to interest rate risk changes due to the fact that all coupon rates are fixed and the bonds are intended to be held to maturity.

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

Foreign exchange risk

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

While the reporting currency of AGF is USD, the investment portfolio shall aim to mitigate currency risk. This currency risk arises from writing guarantees in currencies other than USD, while having an asset base to support those guarantees denominated in USD. Especially, the portfolio shall counteract the currency risk by aiming to match the currencies of the investments to the major contingent liabilities.

The currency breakdown of the assets is in line with the company major contingent liabilities (a very important part of the company contingent liabilities is in XOF).For financial assets in EUR, a currency swap has been executed to hedge the EUR/USD currency risk. As of 31 December 2019 and 2018 the Group and the Company's net exposure to foreign exchange risk was as follows:

Foreign exchange risk

	Group				
	USD	**EURO**	**KES**	**XOF**	**Total USD**
	2019	**2019**	**2019**	**2019**	**2019**
Assets	**117,770,617**	**133,286**	**23,960,596**	**33,105,533,429**	**174,833,332**
Liabilities	**1,055,532**	**-**	**19,257,168**	**1,662,035,743**	**4,090,934**
Closing rate	**1**	**1.1227**	**0.009866282**	**0.001712**	
Net exposure in USD	**116,715,085**	**149,640**	**46,405**	**53,831,268**	**170,742,398**

	Group				
	USD	**EURO**	**KES**	**XOF**	**Total USD**
	2018	**2018**	**2018**	**2018**	**2018**
Assets	71,576,402	6,218,820	20,773,284	33,638,464,688	137,771,159
Liabilities	437,279	18,801	18,498,064	1,944,995,147	4,044,024
Closing rate	1	1.1455	0.00981	0.00175	-
A2					
Net exposure in USD	71,139,123	7,102,121	22,320	55,463,572	133,727,135

	Company				
	USD	**EURO**	**KES**	**XOF**	**Total USD**
	2019	**2019**	**2019**	**2019**	**2019**
Assets	**127,470,046**	**133,286**	**23,960,596**	**-**	**127,856,088**
Liabilities	**1,073,786**	**0**	**19,257,168**	**4,998,636,098**	**9,821,448**
Closing rate	**1**	**1.1227**	**0.009866282**	**0.001712**	**-**
Net exposure in USD	**126,396,260**	**149,640**	**46,405**	**(8,557,665)**	**118,034,640**

	Group				
	USD	**EURO**	**KES**	**XOF**	**Total USD**
	2018	**2018**	**2018**	**2018**	**2018**
Assets	88,484,099	6,218,820	20,773,284	-	95,811,542
Liabilities	3,429,728	18,801	18,498,064	5,316,973,566	12,937,434
Closing rate	1	1.1455	0.00981	0.00175	-
Net exposure in USD	85,054,371	7,102,121	22,320	(9,304,704)	82,874,108

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations from its financial liabilities. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.The Group and the Company's treasury maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities to ensure necessary access to sufficient liquidity at all times.

The table below summarizes the maturity profile of the Group's and the Company's financial assets and liabilities at 31 December based on contractual undiscounted payments. The amounts on undetermined category relate to guarantee designated at fair value through profit or loss.

Group

As at 31 December 2019	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	1 to 8 years USD	Total USD
Cash and cash equivalents	36,043,557	7,923,494	-	-	-	43,967,051
Debt instruments at amortized cost	145,157	9,000,694	-	6,440,893	56,445,097	72,031,841
Guarantee designated at Fair value through profit or loss	-	-	-	-	22,024,327	22,024,327
Deferred income on guarantee contracts	-	-	-	-	(16,604,594)	(16,604,594)
Other financial assets	5,755,246	-	-	10,611,587	18,030,661	34,397,494
Receivables and deposits	-	115,160	201,769	7,574,097	1,803,078	9,694,104
Total financial assets	**41,943,960**	**17,039,348**	**201,769**	**24,626,577**	**81,698,569**	**165,510,223**
Trade and other payables	467,790	-	-	-	-	467,790
Other guarantees	-	-	-	-	5,294,804	5,294,804
Deferred income	-	-	-	-	1,969,900	1,969,900
Other liabilities	1,653,244	-	-	-	-	1,653,244
Total financial liabilities	**2,121,034**	**-**	**-**	**-**	**7,264,704**	**9,385,738**

Company

As at 31 December 2019	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	1 to 8 years USD	Total USD
Cash and cash equivalents	35,186,314	7,923,494	-	-	-	43,109,808
Debt instruments at mortised cost		9,000,694	-	6,074,825	53,751,373	68,826,892
Other financial assets	-	-	-	150,000	1,081,829	1,231,829
Guarantee designated at Fair value through profit or loss	-	-	-	-	19,329,526	19,329,526
Deferred income on guarantee contracts	-	-	-	-	(12,276,111)	(12,276,111)
Other guarantees	-	-	-	-	1,937,329	1,937,329
Receivables and deposits		115,160	201,769	4,709,377	652,784	5,679,090
Total financial assets	**35,186,314**	**17,039,348**	**201,769**	**10,934,202**	**64,476,730**	**127,838,363**
Loans and borrowings	-	-	8,557,665	-	-	8,557,665
Trade and other payables	366,708	-	-	-	-	366,708
Other liabilities	897,075	-	-	-	-	897,075
Total financial liabilities	**1,263,783**	**-**	**8,557,665**	**-**	**-**	**9,821,448**

Liquidity risk (Continued)

Group

As at 31 December 2018	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	1 to 8 years USD	Total USD
Cash and cash equivalents	33,239,510	23,557,634	-	-	-	56,797,144
Debt instruments at amortized cost	45,622	102,732	-	4,096,413	28,604,877	32,849,644
Other financial assets	4,799,073	-	-	2,668,570	27,862,674	35,330,317
Guarantee designated at Fair value through profit or loss	-	-	-	-	15,513,323	15,513,323
Deferred income on guarantee contracts	-	-	-	-	(11,076,613)	(11,076,613)
Receivables and deposits	-	831,056	522,373	2,071,805	4,932,112	8,357,346
Total financial assets	**38,084,205**	**24,491,422**	**522,373**	**8,836,788**	**65,836,373**	**137,771,161**
Trade and other payables		321,908	-	-	-	321,908
Other liabilities		3,722,117	-	-	-	3,722,117
Other guarantees	-	-	-	-	9,640,269	9,640,269
Net assets attributable to shareholders	-	-	-	-	133,256,207	133,256,207
Total financial liabilities		**4,044,025**	-	-	**142,896,476**	**146,940,501**

Company

As at 31 December 2018	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	1 to 8 years USD	Total USD
Cash and cash equivalents	32,796,594	23,557,634	-	-	-	56,354,228
Debt instruments at mortised cost				3,991,873	24,987,230	28,979,103
Guarantee designated at Fair value through profit or loss					12,457,020	12,457,020
Deferred income on guarantee contracts					(8,219,762)	(8,219,762)
Other financial assets	-	-	-		449,102	449,102
Receivables and deposits	-	1,713,927	106,564	591,159	3,380,202	5,791,852
Total financial assets	32,796,594	25,271,561	106,564	4,583,032	33,053,792	95,811,543
Loans and borrowings	-	-	9,304,704	-	-	9,304,704
Trade and other payables	-	270,513	-	-	-	270,513
Other liabilities	-	3,632,731	-	-	-	3,632,731
Other guarantees	-	-	-	-	96,309	96,309
Net assets attributable to equity holders of the Company	-	-	-	-	121,310,683	121,310,683
Total financial liabilities	-	**3,903,244**	**9,304,704**	-	**121,406,992**	**134,614,940**

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Operational risk

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

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

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

- Ethical and business standards.
- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- Development of contingency plans.
- Training and professional development.
- Risk mitigation, including insurance where this is effective.

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

Capital management

The principal objective of the Group when managing capital is to earn the maximum risk-adjusted return that is compatible with keeping the capital intact in the medium and long term and being able to settle all obligations in full as they fall due.

	Group		Company	
	2019	2018	**2019**	2018
Trade and other payables	**467,790**	321,908	**366,708**	270,513
Borrowed Funds	-	-	**8,557,665**	9,304,704
Other liabilities	**1,653,244**	3,722,117	**897,075**	3,632,731
Net debt	**2,121,034**	4,044,025	**9,821,448**	**13,207,948**
Equity	**170,822,021**	133,256,207	**158,913,149**	80,643,185
Total Capital	**170,822,021**	133,256,207	**158,913,149**	80,643,185
Capital and net debt	**172,943,055**	137,300,232	**168,734,597**	93,851,133
Gearing ratio	**1%**	3%	**6%**	14%

7. FAIR VALUE MEASUREMENTS

Debt instrument at amortised cost	Group 2019		Group 2018		Company 2019		Company 2018	
	Carrying amount USD	**Fair value USD**	Carrying amount USD	Fair value USD	**Carrying amount USD**	**Fair value USD**	Carrying amount USD	Fair value USD
Belgium Kingdom	-	-	3,918,403	3,409,207	-	-	3,918,403	3,409,207
Bk Nederlandse Gemeenten	**2,405,487**	**2,257,206**	2,446,798	2,295,970	**2,405,487**	**2,257,206**	2,446,798	2,295,970
European investment bank	**6,036,623**	**5,694,007**	2,456,552	2,317,127	**6,036,623**	**5,694,007**	2,456,552	2,317,127
Bank of China Hong Kong	**5,517,432**	**5,369,229**	5,624,033	5,472,967	**5,517,432**	**5,369,229**	5,624,033	5,472,967
Poland	**5,849,351**	**5,430,541**	2,407,031	2,234,689	**5,849,351**	**5,430,541**	2,407,031	2,234,689
Kingdom of Morocco	**5,978,107**	**5,278,946**	1,029,682	909,257	**5,978,107**	**5,278,946**	1,029,682	909,257
State of Qatar	**6,089,102**	**5,492,472**	4,301,174	3,879,731	**6,089,102**	**5,492,472**	4,301,174	3,879,731
Republic of Chile	**3,970,962**	**3,709,486**	3,956,107	3,695,609	**3,970,962**	**3,709,486**	3,956,107	3,695,609
African export- import bank 2019	**2,925,475**	**2,732,841**	-	-	**2,925,475**	**2,732,841**	-	-
Export-Import Bank Korea	**5,968,845**	**5,274,359**	1,081,239	955,435	**5,968,845**	**5,274,359**	1,081,239	955,435
Banque Ouest Africaine de Développement	**1,744,604**	**1,610,452**	1,766,039	1,630,239	**1,744,604**	**1,610,452**	1,766,039	1,630,239
Banque Ouest Africaine de Développement	**102,693**	**102,837**	104,778	104,925	-	-	-	-
Société immobilière et financière de la côte africaine	**128,366**	**118,495**	130,973	131,620	-	-	-	-
Etat du Niger	**29,919**	**27,038**	30,528	27,588	-	-	-	-
Etat du Togo	**1,095,543**	**1,446,904**	1,654,839	1,476,349	-	-	-	-
Etat du Benin	**855,738**	**834,671**	873,152	851,657	-	-	-	-
Banque d'investissement et de Développement de la CEDEAO	**35,669**	**35,663**	36,393	36,387	-	-	-	-
Etat du Mali	**539,107**	**548,333**	466,075	474,050	-	-	-	-
Etat du Cote D'Ivoire	-	-	84,003	87,671	-	-	-	-
Caisse Régionale Refinancement Hypothécaire	**139,383**	**130,247**	142,219	132,898	-	-	-	-
Westpac Banking Corporation	**3,438,864**	**3,213,482**	-	-	**3,438,864**	**3,213,482**	-	-
Etat du Sénégal	**105,367**	**109,423**	209,933	218,015	-	-	-	-
Etat du Sénégal (EOS)	**180,026**	**181,877**	183,690	185,578	-	-	-	-
Ras Laffan LNG	**2,629,220**	**2,376,013**	-	-	**2,629,220**	**2,376,013**	-	-
Lithuania	**3,504,555**	**3,126,555**	-	-	**3,504,555**	**3,126,555**	-	-
Ford Motor Credit LLC	**3,483,261**	**3,397,512**	-	-	**3,483,261**	**3,397,512**	-	-
Iceland	**5,870,383**	**5,869,415**	-	-	**5,870,383**	**5,869,415**	-	-
International Lease Finance Corp	**3,445,605**	**3,219,781**	-	-	**3,445,605**	**3,219,781**	-	-
Impact on IFRS 9	**(37,846)**	-	(53,997)	-	**(30,984)**	-	(7,956)	-
Total	**72,031,841**	**67,587,785**	32,849,644	30,526,969	**68,826,892**	**64,052,297**	28,979,102	26,800,231

The bonds are listed on various stock market. Their fair values are therefore determined based on the listed prices at year end. The fair value of the debt instruments are classified with level 1 of the fair value hierarchy.

7. FAIR VALUE MEASUREMENTS (Continued)

At 31 December, the Group and the Company held the following financial instruments measured at fair value:

Recurring fair value measurement of guarantee contracts at fair value through profit or loss

	Group		**Company**	
	2019 USD	2019 USD	**2019 USD**	2018 USD
Opening Balance	**15,513,323**	16,056,747	**12,457,020**	12,198,093
Fair value movement during the year	**987,002**	1,216,918	**2,816,157**	1,017,466
Movement during the year	**5,584,958**	(1,583,714)	**4,056,349**	(758,539)
FX Translation	**(60,956)**	(176,628)	**-**	-
	22,024,327	15,513,323	**19,329,526**	12,457,020

The guarantee contracts at fair value through profit or loss have been fair valued based on the Discounted Cash Flow ("DCF") methodology at year end and is classified under Level 3 of the fair value hierarchy (2018: same).

The DCF methodology derives the value of an instrument by calculating the present value of expected cash flow or future earnings. Under the DCF methodology, the cash flow projections on a free cash flow basis have been used, including the appropriate discount rate.

The FX translation amount of USD (861,915) in 2019 is the impact of foreign exchange differences in opening and closing balance of the subsidiary's fair value amount in 2019.

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

At 31 December 2019, the nominal amount of guarantee contracts at fair value through or loss amounted to USD 415,701,472 (2018: USD 330,348,168).

The fair value of receivables and deposits, trade and other payables and other liabilities are disclosed in Note 18 and Note 19 respectively. Refer note 8(b) for sensitivity analysis and key inputs used in the valuations.

Valuation process

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

8.(a) DEBT INSTRUMENTS AT AMORTISED COST

2019	Group			
	Purchase value including commission)	Maturity Date	Coupon Rate	Book Value
	USD			USD
Bank Nederlandse Gemeenten	2,598,433	16/02/2021	4.38%	2,405,487
European Investment Bank	2,596,771	16/02/2021	4.00%	2,418,590
European Investment Bank	3,648,294	13/05/2021	2,38%	3,618,033
Bank of China Hong Kong	5,870,582	11/02/2020	5.55%	5,517,432
Poland	6,152,037	21/04/2021	5.13%	5,849,351
Morocco	6,086,364	11/12/2022	4.25%	5,978,107
State of Qatar B	1,849,888	14/03/2024	3.38%	1,858,395
State of Qatar	4,490,130	20/01/2022	4.50%	4,230,707
Republic of Chile	3,903,335	30/10/2022	2.25%	3,970,962
Commonwealth Bank Australia	2,945,926	16/03/2023	2.70%	2,925,475
Export-Import Bank Korea B	4,959,062	01/11/2022	3.00%	4,908,346
Export-Import Bank Korea	1,137,097	11/04/2022	5.00%	1,060,499
Banque Ouest Africaine de Développement	1,824,269	06/05/2021	5.50%	1,744,604
Westpac Banking Corporation	3,438,050	15/05/2023	2.72%	3,438,864
Ras Laffan LNG	3,963,553	30/09/2020	5.30%	2,629,220
Lithuania	3,471,398	01/02/2022	6.63%	3,504,555
Ford Motor Credit LLC	3,462,382	15/01/2020	8.13%	3,483,261
Iceland	5,997,590	11/05/2022	5.88%	5,870,383
International Lease Finance Corp	3,556,936	15/12/2020	8.25%	3,411,071
BIDC.03 SGI	35,669	3/30/2021	6.50%	35,669
BOAD SGI	102,693	2/5/2021	5.95%	102,693
CRRH SGI	92,965	1/17/2024	6.10%	92,965
CRRH UEMOA top finance	46,417	7/21/2024	6.10%	46,417
Eos -etat mali africa bourse	90,712	4/20/2024	6.50%	90,712
Eos 04	19,079	12/14/2019	6.70%	19,079
Eos 05	52,096	1/1/2023	6.50%	52,096
Eos 06	108,852	1/1/2021	6.50%	108,852
Etat du niger africa Bourse	14,999	10/16/2024	6.00%	14,999
Etat du togo sgi	1,161,059	1/19/2023	6.90%	1,161,059
Etat senegal top finance	61,616	2/28/2021	6.60%	61,616
OAT benin	855,738	9/7/2021	6.10%	855,738
Oblig. Sifcaafrica bourse	128,366	8/8/2021	6.90%	128,366
Tps 5,90% 02/2018	43,751	10/25/2018	5.90%	43,751
Tresor public mali	366,068	7/7/2020	6.81%	366,068
Tresor publicniger africa Bourse	14,920	10/16/2024	6.00%	14,920
Tresor public cote d'ivoire Africa bourse	81,484	8/5/2019	6.00%	81,484
Tresor public senegal Africa bourse	844	4/10/2019	6.25%	844
Total Gross value	75,229,425			72,100,670
Allowance for expected credit loss	-			(68,829)
Total carrying value	75,229,425			72,031,841

8.(a) DEBT INSTRUMENT AT AMORTISED COST (Continued)

	Group			
2018	Purchase value including commission)	Maturity Date	Coupon Rate	Book Value
	USD			USD
Belgium Kingdom	5,048,483	28-Sep-19	3.00%	3,918,403
Bank Nederlandse Gemeenten	2,598,433	16-Feb-21	4.38%	2,446,798
European Investment Bank	2,596,771	16-Feb-21	4.00%	2,456,552
Bank of China Hong Kong	5,870,582	11-Feb-20	5.55%	5,624,033
Poland	2,602,338	21-Apr-21	5.13%	2,407,031
Morocco	1,058,175	11-Dec-22	4.25%	1,029,682
State of Qatar	1,137,097	11-Apr-22	5.00%	4,301,174
Republic of Chile	3,903,335	30-Oct-22	2.25%	3,956,107
Export-Import Bank Korea	4,490,130	20-Jan-22	4.50%	1,081,239
Banque Ouest Africaine de Développement	1,824,269	6-May-21	5.50%	1,766,038
Banque Ouest Africaine de Développement	126,998	5-Feb-21	5.95%	104,778
Société immobilière et financière de la côte africaine	238,121	8-Aug-21	6.90%	130,973
Etat du Niger	52,051	16-Oct-24	6.00%	30,528
Etat du Togo	1,710,477	19-Jan-23	6.90%	1,654,839
Etat du Benin	901,093	7-Sep-21	6.10%	873,152
Banque d'investissement et de Développement de la CEDEAO	79,374	30-Mar-21	6.50%	36,393
Etat du Mali	466,761	6-Apr-20	6.81%	466,075
Etat du Mali	96,998	20-Apr-24	6.50%	84,003
Caisse Régionale Refinancement Hypothécaire	238,120	21-Jul-24	6.10%	142,219
Etat du Sénégal	216,693	27-Nov-21	6.50%	209,934
Etat du Sénégal (EOS)	188,694	1-Jan-23	6.50%	183,690
Total Gross value	35,444,993			32,903,641
Allowance for expected credit loss	-			(53,997)
Total carrying value	35,444,993			32,849,644

2019	Company			
	Purchase value (including commission)	Maturity Date	Coupon Rate	Book Value
	USD			USD
Bank Nederlandse Gemeenten	2,598,433	16/02/2021	4.38%	2,405,487
European Investment Bank	2,596,771	13/05/2021	4.00%	2,418,590
European Investment Bank B	3,648,294	13/05/2021	2.38%	3,618,033
Bank of China Hong Kong	5,870,582	11/02/2020	5.55%	5,517,432
Poland	6,152,037	21/04/2021	5.13%	5,849,351
Morocco	6,086,364	11/12/2022	4.25%	5,978,107
State of Qatar	4,490,130	20/01/2022	4.50%	4,230,707
State of Qatar B	1,849,888	14/03/2024	3.38%	1,858,395
Republic of Chile	3,903,335	30/10/2022	2.25%	3,970,962
Commonwealth Bank Australia	2,945,926	16/03/2023	2.70%	2,925,475
Export-Import Bank Korea B	4,959,062	01/11/2022	3.00%	4,908,346
Export-Import Bank Korea	1,137,097	11/04/2022	5.00%	1,060,499
Banque Ouest Africaine de Développement	1,824,269	06/05/2021	5.50%	1,744,604
Westpac Banking Corporation	3,438,050	15/05/2023	2.72%	3,438,864
Ras Laffan LNG	3,963,553	30/09/2020	5.30%	2,629,220
Lithuania	3,471,398	01/02/2022	6.63%	3,504,555
Ford Motor Credit LLC	3,462,382	15/01/2020	8.13%	3,483,261
Iceland	5,997,590	11/05/2022	5.88%	5,870,383
International Lease Finance Corp	3,556,936	15/12/2020	8.25%	3,445,605
Total Gross value	**71,952,097**			**68,857,876**
Allowance for expected credit loss				(30,984)
Total carrying value	**71,952,097**			**68,826,892**

2018	Company			
	Purchase value (including commission)	Maturity Date	Coupon Rate	Book Value
	USD			USD
Belgium Kingdom	5,048,483	28-Sep-19	3.00%	3,918,403
Bank Nederlandse Gemeenten	2,598,433	16-Feb-21	4.38%	2,446,798
European Investment Bank	2,596,771	16-Feb-21	4.00%	2,456,552
Bank of China Hong Kong	5,870,582	11-Feb-20	5.55%	5,624,033
Poland	2,602,338	21-Apr-21	5.13%	2,407,032
Morocco	1,058,175	11-Dec-22	4.25%	1,029,682
State of Qatar	1,137,097	11-Apr-22	5.00%	4,301,174
Republic of Chile	3,903,335	30-Oct-22	2.25%	3,956,107
Export-Import Bank Korea	4,490,130	20-Jan-22	4.50%	1,081,239
BOAD	1,824,269	6-May-21	5.50%	1,766,037
Total Gross value	**31,129,613**			**28,987,057**
Allowance for expected credit loss				(7,954)
Total carrying value	31,129,613			28,979,103

*The Fund has applied IFRS 9 as at 1 January 2018 and has adopted a modified retrospective approach, prior year balances have not been restated. The allowance for the expected credit loss (ECL) of the Group and Company has been derived from the Standard & Poor credit rating for Kenya. An average loss given default of 45% (2018: 45%) has been used to calculate the ECL.

8.(b) GUARANTEE CONTRACTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Fair value of guarantee contracts: USD 22,024,327 and USD 19,329,526 for the Group and Company respectively (2018: USD 15,513,323 and USD 12,457,020 respectively).

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Opening Balance	**15,513,323**	16,056,747	**12,457,020**	12,198,093
Movement through profit & loss account	**987,002**	1,216,918	**2,816,160**	1,017,466
Movement in deferred income account	**5,584,958**	(1,583,714)	**4,056,346**	(758,539)
FX Translation	**(60,956)**	(176,628)	**-**	-
Closing Balance	**22,024,327**	15,513,323	**19,329,526**	12,457,020

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
If the Company's average annual growth in utilization is lower by 100 point (1%) to the management assumption (from 25% to 24%), the fair value gain will decrease by 0.35%:	100,604	54,296	97,404	43,600
If the Company's annual default rate over the period of the contract is higher by 10 point (0.1%) to the management assumption (from 0.3% to 0.4%), the fair value gain will decrease by:	1,016,117	833,065	900,316	668,941
If the Company's average recovery rate is lower by 100 point (1%) to the management assumption (from 5% to 4%), the fair value gain will decrease by: 0.14%	23,670	21,719	21,232	17,439
If the Company's discount rate is higher by 100 point (1%) to the management assumption (from 5% to 6%), the fair value gain will decrease by:	584,663	390,936	518,887	313,916

8.(c) OTHER FINANCIAL INSTRUMENTS

Other financial instruments consist of long-term deposits made by the Group in different African Bank. Interests rate are fixed. Details are provided as follows:

		Group 2019	
Bank	**Annual rates**	**Terms**	**Amount (USD)**
BOA BENIN	7.00%	27/01/2010 - 29/01/2021	3,423,093
BOA SENEGAL	6.00%	17/06/2015 - 17/06/2021	2,567,319
BANQUE ATLANTIQUE TOGO	6.54%	15/06/2018 - 15/06/2021	1,711,546
BANQUE ATLANTIQUE TOGO	6.00%	19/07/2018 - 18/07/2021	1,369,237
BANQUE ATLANTIQUE TOGO	5.50%	7/04/2017 - 6/04/2020	1,198,082
CORIS BANK	6.50%	3/12/2010 - 3/12/2019	2,567,319
BSIC TOGO3ème DAT	6.00%	8/06/2015 - 8/06/2021	855,773
ORABANK -TOGO	5.95%	28/04/2012 - 27/04/2021	855,773
BOA TOGO	5.75%	24/01/2018 - 24/01/2021	855,773
BOA TOGO	5.50%	7/04/2017 - 6/04/2020	855,773
BOA TOGO	5.75%	13/07/2018 - 12/07/2021	855,773
CORIS BANK CI	6.00%	8/06/2016 - 7/06/2020	4,208,295
ORABANK COTE D'IVOIRE	6.00%	8/06/2016 - 7/06/2020	3,423,093
SOCIETE GENERALE TOGO	5.50%	24/04/2017 - 20/04/2020	855,773
SOCIETE GENERALE TOGO	6.00%	24/07/2018 - 23/07/2021	1,711,546
ECOBANK TOGO	5.75%	24/01/2018 - 24/01/2021	3,001,651
BCEAO	0.00%	on call	3,203,546
Stanbic Bank	3.00%	21/12/17 - 26/09/24	1,266,370
Total Gross value			**34,785,735**
Allowance for expected credit loss			**(388,241)**
Total carrying value			34,397,494

		Company 2019	
	Annual rates	Terms	Amount (USD)
Stanbic Bank	**3.00%**	**21/12/17 - 26/09/24**	**1,266,370**
Allowance for expected credit loss			**(34,541)**
Total carrying value			**1,231,829**

8.(c) OTHER FINANCIAL INSTRUMENTS (CONTINUED)

Group 2018

Bank	Annual rates	Terms	Amount (USD)
BOA Benin	7.00%	27/01/2010 - 29/01/2021	3,598,841
BOA Senegal	6.00%	17/06/2015 - 17/06/2021	2,648,557
Banque Atlantique Togo	6.54%	15/06/2018 - 15/06/2021	1,593,310
Banque Atlantique Togo	6.00%	19/07/2018 - 18/07/2021	1,391,721
Banque Atlantique Togo	5.50%	7/04/2017 - 6/04/2020	1,211,350
Coris bank	6.50%	3/12/2010 - 3/12/2019	2,576,255
BSIC togo3ème Dat	6.00%	8/06/2015 - 8/06/2021	862,140
Orabank Togo	5.95%	28/04/2012 - 27/04/2021	880,360
BOA Togo	5.75%	24/01/2018 - 24/01/2021	881,344
BOA Togo	5.50%	7/04/2017 - 6/04/2020	881,515
BOA Togo	5.75%	13/07/2018 - 12/07/2021	872,158
Coris Cote D'ivoire	6.00%	8/06/2016 - 7/06/2020	4,323,209
Orabank Cote D'ivoire	6.00%	8/06/2016 - 7/06/2020	3,448,752
UTB	5.75%	28/10/2016 - 22/01/2019	1,799,321
Societe Generale Togo	5.50%	24/04/2017 - 20/04/2020	870,108
Societe Generale Togo	6.00%	24/07/2018 - 23/07/2021	1,760,876
Ecobank Togo	5.75%	24/01/2018 - 24/01/2021	2,642,702
BCEAO	0.00%	on call	3,050,151
Stanbic Bank	3.00%	21/12/17 - 21/12/22	795,370
Total Gross value			36,088,040
Allowance for expected credit loss			(757,723)
Total carrying value			35,330,317

Company
Company
2018

	Annual rates	Terms	Amount (USD)
Stanbic Bank	3.00%	21/12/17 – 21/12/22	795,370
Allowance for expected credit loss			(346,268)
Total carrying value			449,102

The Fund has applied IFRS 9 as at 1 January 2018 and has adopted a modified retrospective approach, prior year balances have not been restated. The allowance for the expected credit loss (ECL) of the Group and Company has been derived from the Standard & Poor credit rating for Kenya. A probability default rate of an average of 2.76% and a loss given default of 45% has been used to calculate the ECL.

9. ASSEMENT AND COMMISSION FEES

	Group		Company	
	2019 USD	2018 USD	**2019**	2018
Origination fees	**1,467,241**	645,612	**889,978**	398,925
Commission fees	**705,020**	852,521	**705,020**	852,521
	2,172,261	1,498,133	**1,594,998**	1,251,446

10. INCOME FROM INVESTMENTS

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
cost	**1,003,143**	808,270	**1,003,143**	808,270
Interest received on fixed-term deposits	**980,501**	258,253	**980,501**	258,253
Interests income on Central Bank AGF WA	**-**	744	**-**	-
Interests income on bonds AGF WA	**248,451**	198,200	**-**	-
Interests income on term Deposits AGF WA	**1,802,158**	2,012,359	**-**	-
	4,034,253	3,277,826	**1,983,644**	1,066,523

11. OTHER INCOME

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
AGF West Africa amortised income **	**85,271**	87,392	-	-
Previous year origination income	**4,990**		4,990	
Sundry income	**98,913**	30,274	-	-
	189,174	117,666	4,990	-

** Please refer to Note 23 on deferred income regarding AGF West Africa amortised income. The recoveries relate to amounts that had been under billed in the previous year and have been recovered in the current year in AGF West Africa.

12. NET FOREIGN EXCHANGE DIFFERENCES

Net Foreign Exchange differences represent the net impact resulting from the translation of foreign currencies to USD. Revaluation – This occurs on consolidation of the operations in Subsidiary and group with the AGF West Africa books denominated in XOF but consolidated to USD.

Intercompany borrowing – This refers to the net gain/(loss) that occurs on reporting of the intercompany loan from AGF West Africa to group of XOF 5bn

Bonds – This refers to the net gain/(loss) that is reported on consolidation for all the non-USD denominated bonds.
Swap – This refers to the net gain/(loss) reported for the EUR/USD swap that AGF entered into to hedge against its exposure to the Euro as a result of acquiring the Euro-denominated Belgium bond.

The Foreign currency translation has been calculated as below:

	Group
AGF WA closing balance sheet as at 31 December 2018 in XOF (IFRS adjusted)	23,621,470,439
AGF WA closing balance sheet in USD using 2018 USD/XOF rate at 572.6 (a)	41,251,974
AGF WA closing balance sheet in USD using 2019 USD/XOF rate at 584.3 (b)	40,429,239
Exchange differences on translation of the closing balance sheet (b) - (a)	(822,735)
Exchange differences on translation of other adjustments	(39,180)
Exchange differences on translation of foreign subsidiary	**(861,915)**

13. STAFF EXPENSES

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Wages and salaries	**5,045,577**	4,331,577	**4,218,022**	3,609,495
Pension cost	**239,872**	107,485	**123,872**	107,485
Social security contributions and similar taxes	**733**	7,223	**733**	7,223
	5,286,182	4,446,285	**4,342,627**	3,724,203

14. EXPENSES BY NATURE

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Administrative expenses	**48,200**	49,040	**48,200**	45,000
Board expenses	**503,752**	358,595	**345,913**	196,704
Legal and tax advisory fees	**594,526**	398,279	**559,457**	330,849
Administrative and legal fees	**1,146,478**	805,914	**953,570**	572,553
Telephone	**126,753**	121,059	**115,642**	104,518
Courier and postage	**29,958**	26,716	**21,394**	20,616
Others	**52,305**	48,133	**14,185**	9,682
Communication expenses	**209,016**	195,908	**151,221**	134,816
Marketing Material and Public Relations	**229,309**	443,769	**169,109**	411,377
Conference Sponsorship	**166,268**	233,076	**166,268**	233,076
Marketing Adverts	**-**	-	**-**	-
Marketing expenses	**395,577**	676,845	**335,377**	644,453
Rent	**239,567**	179,527	**167,347**	147,396
Service charges	**28,065**	28,606	**28,065**	28,606
Security and maintenance	**65,560**	47,975	**58,560**	41,926
Parking and electricity	**26,409**	26,859	**24,649**	22,494
Insurance	**8,676**	8,001	**5,858**	5,436
Premises expenses	**368,277**	290,968	**284,479**	245,858
Staff recruitment	**41,351**	18,089	**41,351**	18,089
Staff training	**1,230**	82,478	**-**	82,478
Consultancy	**283,046**	279,831	**212,004**	205,427
Audit fees	**231,978**	161,982	**109,246**	92,957
Office supplies	**60,007**	91,164	**42,435**	47,862
Computer maintenance cost	**-**	14,602	**-**	14,602
Bank charges	**27,203**	34,994	**22,013**	18,723
Charges related to business	**-**	76,332	**-**	-
Sundry expenses	**309,331**	244,878	**192,599**	173,192
Other expenses	**954,146**	1,004,350	**619,648**	653,330

15. TAXATION

Mauritius

The Company, being the holder of a Category 1, Global Business License, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income. Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Company from the sale of shares are exempt from tax.

As from 1 July 2021, the company will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 1 January 2019, the company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the company may apply the credit system if it so wishes.

Kenya

The Company undertakes its operations in Kenya and thus has a branch in Kenya. As such it is entitled to tax obligations. Resident and non-resident companies are subject to income tax on income accrued or derived from Kenya. Different rates apply to resident and non-resident companies. The rate of corporate income tax for resident companies, including subsidiary companies of foreign parent companies, is 30%. The corporate income tax rate for branches of foreign companies is 37.5%. The company's Kenyan branch pays all its liable taxes including withholding tax at the rate of 5% for local goods and services and 20% for imported goods and services, value added tax at the rate of 16% for goods and services and capital gains tax at the rate of 5% of the net gain on the transfer of property. The branch has unused accumulated tax losses as at 31 December 2019 and 2018.

Togo

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

The unused tax losses not recognized in the books at 31 December 2019 for the Group and the Company amounted to USD 13,785,643 (Company 2018: USD 11,897,753) Deferred tax asset has not been recognized in respect of tax losses carried forward as the Directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilized.

	Expiry	Group and Company	
Year of Assessment	**Year**	**2019**	2018
		USD	USD
2012	2017	**475,931**	475,931
2013	2018	**1,488,855**	1,488,855
2014	2019	**1,035,462**	1,035,462
2015	2020	**1,161,579**	1,161,579
2016	2021	**1,643,634**	1,643,634
2017	2022	**2,391,682**	2,391,682
2018	2023	**3,700,610**	3,700,610
2019	2024	**1,810,305**	-
		13,708,058	11,897,753

16. PROPERTY AND EQUIPMENT

	Group						
	Office equipment	Fittings	Furniture	Computer equipment	Motor vehicles	Assets under construction	Total
COST	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
At 1 January 2019	314,528	1,183,827	298,169	324,112	328,468	7,360,553	9,809,657
Additions	5,277	-	4,047	15,596	-	2,603,900	2,628,820
At 31 December 2019	**319,805**	**1,183,827**	**302,216**	**339,708**	**328,468**	**9,964,453**	**12,438,477**
At 1 January 2018	189,791	1,170,961	296,236	169,866	260,348	2,453,462	4,540,664
***Reclassification**	98,917	(15,691)	(500)	75,123	68,120	-	225,969
Additions	25,820	28,557	2,433	79,123	-	4,907,091	5,043,024
At 31 December 2018	**314,528**	**1,183,827**	**298,169**	**324,112**	**328,468**	**7,360,553**	**9,809,657**
DEPRECIATION							
At 1 January 2019	(250,824)	(817,078)	(227,643)	(228,067)	(265,896)	-	(1,789,508)
Charge for the year	(36,071)	(144,919)	(37,272)	(37,521)	(25,792)	-	(281,575)
At 31 December 2019	**(286,895)**	**(961,997)**	**(264,915)**	**(265,588)**	**(291,688)**	**-**	**(2,071,083)**
At 1 January 2018	**(128,105)**	**(687,914)**	**(190,898)**	**(130,130)**	**(169,633)**	**-**	**(1,306,680)**
*Reclassification	(98,917)	15,691	500	(75,123)	(68,120)	-	(225,969)
Charge for the year	(23,802)	(144,855)	(37,245)	(22,814)	(28,143)	-	(256,858)
At 31 December 2018	**(250,824)**	**(817,078)**	**(227,643)**	**(228,067)**	**(265,896)**	**-**	**(1,789,508)**
NET BOOK VALUE							
At 31 December 2019	**32,910**	**221,830**	**37,301**	**74,120**	**36,780**	**9,964,453**	**10,367,394**
At 31 December 2018	63,705	366,749	70,527	96,044	62,573	7,360,551	8,020,149

(*) The reclassification amount in both cost and depreciation is to realign the historical cost and depreciation for the group's subsidiary assets. The opening balance shows a net off the subsidiary cost from the depreciation however, the reallocation restates the figures in their respective classes.

(**) Included in assets under construction is a land grant from the Government of Togo. Refer to note 23 for more details.

16. PROPERTY AND EQUIPMENT (CONTINUED)

	Company						
	Office equipment	Fittings	Furniture	Computer	Motor Vehicles	Assets under construction	Total
COST	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
At 1 January 2019	189,791	1,164,811	298,170	206,754	231,288	3,041,953	5,132,767
Additions	5,023	-	4,047	9,874	-	*1,177,146	1,196,090
At 31 December 2019	**194,814**	**1,164,811**	**302,217**	**216,628**	**231,288**	**4,219,099**	**6,328,857**
At 1 January 2018	189,276	1,147,827	295,692	163,362	231,288	2,447,528	4,474,973
Additions	515	16,984	2,478	43,392	-	594,425	657,794
At 31 December 2018	**189,791**	**1,164,811**	**298,170**	**206,754**	**231,288**	**3,041,953**	**5,132,767**
DEPRECIATION							
At 1 January 2019	(151,269)	(815,488)	(227,643)	(142,712)	(180,417)	-	(1,517,529)
Charge for the year	(24,085)	(144,621)	(37,271)	(19,936)	(25,435)	-	(251,349)
At 31 December 2019	**(175,354)**	**(960,109)**	**(264,914)**	**(162,648)**	**(205,852)**	**-**	**(1,768,878)**
At 1 January 2018	(127,588)	(670,656)	(190,398)	(123,631)	(154,345)	-	(1,266,618)
Charge for the year	(23,681)	(144,832)	(37,245)	(19,081)	(26,072)		(250,911)
At 31 December 2018	**(151,269)**	**(815,488)**	**(227,644)**	**(142,711)**	**(180,416)**	**-**	**(1,517,529)**
NET BOOK VALUE							
At 31 December 2019	**19,460**	**204,702**	**37,302**	**53,980**	**25,436**	**4,219,099**	**4,559,979**
At 31 December 2018	38,522	349,323	70,526	64,043	50,872	3,041,953	3,615,238

** Assets under construction

Included in property, plant and equipment at 31 December 2019 was an amount of USD 1,777,146 (2018: USD 336,687) relating to expenditure for on the construction of a building that will be used for office purposes by the Fund. The value of the construction in progress for the building was certified by a certified Quantity Surveyor.

17. INTANGIBLE ASSETS

	Group			
	Software USD	Website USD	Assets in progress USD	Total USD
COST				
At 1 January 2019	2,601,038	55,988	1,141,688	3,798,714
Transfer from work in progress	650,033	-	(650,033)	-
Additions	8,013	-	225,787	233,800
At 31 December 2019	**3,259,084**	**55,988**	**717,442**	**4,032,514**
At 1 January 2018	878,450	168,714	1,047,901	2,095,065
*Reclassifications	405,491	(130,476)	19,410	294,425
Additions	1317,097	17,750	74,377	1,409,225
At 31 December 2018	**2,601,038**	**55,988**	**1,141,688**	**3,798,714**
AMORTISATION				
At 1 January 2019	(886,281)	(29,317)	-	(915,598)
Charge for the year	(271,181)	(5,106)	-	(276,288)
At 31 December 2019	**(1,157,462)**	**(34,423)**	**-**	**(1,191,886)**
At 1 January 2018	(382,672)	(35,276)	-	(417,948)
*Reclassifications	(305,491)	11,065	-	(294,425)
Charge for the year	(198,118)	(5,106)	-	(203,225)
At 31 December 2018	**(886,281)**	**(29,317)**	**-**	**(915,598)**
NET BOOK VALUE				
At 31 December 2019	**2,101,621**	**21,565**	**717,442**	**2,840,628**
At 31 December 2018	1,714,757	26,671	1,141,688	2,883,116

(*) The reclassification amount in both cost and depreciation is to realign the historical cost and depreciation for the group's subsidiary assets. The opening balance shows a net off the subsidiary cost from the depreciation however, the reallocation restates the figures in their respective classes.

17. INTANGIBLE ASSETS (CONTINUED)

	Company			
	Software	Website	Assets in progress	Total
	USD	USD	USD	USD
COST				
At 1 January 2019	2,286,544	44,864	1,107,434	3,438,842
Transfer from work in progress	650,033	-	(650,033)	-
Additions	7,000	-	176,079	183,079
At 31 December 2019	**2,943,577**	**44,864**	**633,480**	**3,621,921**
At 1 January 2018	969,758	27,114	1,047,901	2,044,773
Additions	1,316,786	17,750	59,533	1,394,069
At 31 December 2018	**2,286,544**	**44,864**	**1,107,434**	**3,438,842**
AMORTISATION				
At 1 January 2019	(580,586)	(29,316)	-	(609,902)
Charge for the year	(270,323)	(5,106)	-	(275,430)
	(850,909)	**(34,422)**	**-**	**(885,332)**
At 1 January 2018	(382,672)	(24,210)	-	(406,882)
Charge for the year	(197,914)	(5,106)	-	(203,021)
	(580,586)	**(29,316)**	**-**	**(609,903)**
NET BOOK VALUE				
At 31 December 2019	**2,092,668**	**10,442**	**633,480**	**2,736,589**
At 31 December 2018	1,705,958	15,548	1,107,434	2,828,939

18. RECEIVABLES AND DEPOSITS

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Trade receivables	**8,726,025**	7,923,584	**6,874,783**	7,625,381
Allowance for expected credit loss	**(4,117,170)**	(4,972,821)	**(3,444,789)**	(3,682,246)
Net receivables	**4,608,855**	2,950,763	**3,429,994**	3,943,135
Due from related party	**1,032,422**	589,804	**1,032,422**	589,804
Other receivables	**4,458,863**	4,732,802	**1,339,797**	1,209,272
Receivables written down	**(1,377,219)**	-	**(917,226)**	-
Deposits	**971,183**	83,977	**971,183**	49,640
	9,694,104	**8,357,346**	**5,856,170**	**5,791,851**

Trade receivables are non-interest bearing. They are invoices that have been send to the clients and the accrual of income to be invoiced for the last semester in 2019. Deposits include advance payments for construction work of USD 925,031 and deposits for utility payments. Other receivables comprise mainly of income fee receivable (utilization and commission fees).

Other receivables are accounted as they fall due. There receivables written down of USD 1,377,219 were due to clean up of unrecoverable amounts in the receivables. The fair values of other receivables classified under amortized cost are not materially different to their carrying values. Please refer to note 29 for ECL breakdown.

18. RECEIVABLES AND DEPOSITS (Continued)

	Total	Neither past due nor impaired	31 - 60	61 - 90	91 -1 year	More than 1 year
	USD	USD	USD	USD	USD	USD
Group 2019	**4,608,855**	**3,074,757**	**63,427**	-	**514,311**	**956,360**
2018	2,950,763	1,966,547	13,446	136,999	305,075	528,695
Company 2019	**3,429,994**	**2,524,452**	**63,427**	-	**184,643**	**657,472**
2018	2,189,595	1,757,876	13,446			418,273

19. TRADE, OTHER PAYABLES AND OTHER LIABILITIES

Trade and other payables	Group 2019	Group 2018	Company 2019	Company 2018
	USD	USD	**USD**	USD
Trade payables	**212,551**	51,395	**111,469**	-
Accrued payables	**255,239**	270,513	**255,239**	270,513
	467,790	**321,908**	**366,708**	**270,513**

The carrying values of trade payables and accrued payables approximate their fair values at 31 December 2019 and 2018. Trade payables are interest free and are repayable within a period of three months.

Other liabilities	Group 2019	Group 2018	Company 2019	Company 2018
	USD	USD	**USD**	USD
Statutory payables	**228,719**	152,481	**228,719**	152,481
Amount payable to related party (Note 24)	-	2,517,457	-	2,517,457
Sundry liabilities	**1,424,525**	1,052,179	**668,356**	962,793
	1,653,244	**3,722,117**	**897,075**	**3,632,731**

The amount payable to related party is repayable on demand, unsecured and carry no interest

20. OTHER GUARANTEES

Other guarantees represent guarantees under the loan individual portfolio and the bank fundraising portfolio. The volume of live financial guarantees as at 31 December 2019 stood at USD 682,490,833 for the Group (2018: USD 514,742,229) and USD 379,580,216 for the Company (2018: USD 346,608,073).

	Group 2019	Group 2018	Company 2019	Company 2018
	USD	USD	**USD**	USD
Opening Balance	**9,640,269**	5,379,515	**96,309**	845,550
Claims paid for other guarantees	**(3,181,174)**	(4,128,925)	**(750,000)**	(845,550)
Impact for adopting IFRS 9	-	11,310,457	-	796,629
Movement in other guarantees	**(973,616)**	(2,713,238)	**(1,283,638)**	(700,320)
FX movement	**(190,675)**	(207,540)		
Closing Balance	**5,294,804**	**9,640,269**	**(1,937,329)**	**96,309**

Movement in other guarantees is the change in the calculation of the expected credit loss for the guarantees classified as loan individual products and bank fundraising products.

As at 31 December 2019 USD 3M has been included as a provision for default. Provision of claim is treated in expected credit loss. We reassess our securities every year and adjust the LGD accordingly.

21. OTHER PROVISIONS

2019	Group	
	Pensions (i)	Total
	USD	USD
Balance 1 January,	108,002	108,002
Foreign exchange movement	(62,696)	(62,696)
Movement in the year		-
Balance 31 December	45,306	45,306

2018	Group		
	Pensions (i)	Other provisions(ii)	Total
	USD	USD	USD
Balance 1 January,	107,422	1,705,964	1,813,386
Foreign exchange movement	-	(81,483)	(80,903)
Movement in the year	580	(1,624,481)	(1,624,481)
Balance 31 December	108,002	-	108,002

(i) **Pensions:** This caption includes provisions and liabilities relating to employee benefits under defined benefit plans. The defined benefit plans are unfunded. Refer to Note 21 for additional details.

(ii) **Litigations and other provisions:** Since 2012 the subsidiary "AGF West Africa" has been assigned to Tribunal due to a dispute between a third party and the Fund. In 2015, the Court of Appeal delivered its verdict (decision n° 0500/2014) and the Fund was ordered to pay the complainant the amount of USD 835,454. In accordance with IFRS, the Fund booked a provision for the total amount claimed and definitively valued by the Court.

22. CLASSES OF SHARES

	Group and Company	
	2019	
	Number	USD
Class B shares	4,454	44,540,016
Class C shares	13,520	135,351,136
Class D shares	3	3
	17,977	179,891,155

	Group and Company	
	2018	
	Number	USD
Class B shares	2,400	24,000,000
Class C shares	11,749	117,641,152
Class D shares	3	3
	14,152	141,641,155

22. CLASSES OF SHARES (CONTINUED)

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

Share rights on dividend, on redemption, voting and liquidation are defined below:

Class A Share, Class B Share and Class C Share

Class A Share, Class B Share and Class C is redeemable at the option of the Shareholder or at the option of the Company.

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

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

Class D Share

Class D Share shall not be entitled to any dividend.

Class D Share shall not be redeemable.

Class D Share have no voting rights and have no right to receive notice of, attend or participate in any Shareholders Meeting for as long as there is any other Classes of Shares in issue. If at any time there is no other Classes of Shares in issue then each Class D Share shall confer on its holder the right to exercise one vote at any Shareholders Meeting at a poll.

In the event of the winding up of the Company, the holders of Class D Shares shall be entitled to US$ 1 for each Share held.

The percentage of the current shareholding is as below;

Shareholders	Paid in capital	Number of shares	Percentage
KFW	61,750,000	6,175	34.3%
DANIDA	36,500,001	3,651	20.3%
AECID	20,000,001	2,001	11.1%
NDF	17,101,136	1,695	9.5%
IFU	15,540,016	1,554	8.6%
AFD	14,000,001	1,400	7.8%
AFDB	15,000,000	1,501	8.3%
Total	179,891,155	17,977	100.0%

23. DEFERRED INCOME

	2019 Group USD	2018 Group USD	2019 Company USD	2018 Company USD
Deferred income-Land Grant (i)	**1,969,900**	2,097,378	-	-
Deferred income- Guarantee contracts at fair value through profit or loss (ii)	**16,604,594**	11,076,613	**12,276,111**	8,219,762
Year 1 Movement	**18,574,494**	13,173,991	**12,276,111**	8,219,762

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

	2019 Group	2018 Group
Asset	**2,184,769**	2,184,769
FX movement	**(40,087)**	-
Deferred income	**(1,969,900)**	(2,097,378)
Year 1 Movement	**174,782**	**87,391**

(i) Guarantee contracts at fair value through profit or loss

	Group USD	Company USD	Group USD	Company USD
Opening balance after IFRS 9 adjustments	11,076,613	10,503,214	8,219,762	10,503,214
Deferred income from new guarantee contracts	9,768,792	6,480,281	7,895,259	3,423,978
Deferred income recognized during the year	(4,240,811)	(3,451,613)	(3,838,910)	(3,252,161)
Reversal of deferred income from cancelled contracts	-	(2,455,269)	-	(2,455,269)
Closing balance	**16,604,594**	**11,076,613**	**12,276,111**	**8,219,762**

24. RELATED PARTY DISCLOSURES

During the year ended 31 December 2018 and 2017, the Company transacted with related entities. Details of the nature, volume of transactions and the balances with the related entities are as follows:

Transactions	**Relationship**	**Nature of transactions**	Group 2019 USD	Group 2018 USD	Company 2019 USD	Company 2018 USD
Directors of the Company	Directors	Remuneration and allowances	**290,331**	190,949	**290,331**	190,949
Capacity Development Trust	Common directorship	Administration fees	**1,009,614**	436,559	**1,009,614**	436,559
AGF West Africa	Subsidiary	Loans and Borrowings	-	-	**8,521,634**	9,304,704
Capacity Development Trust	Common directorship	Amount payable	-	2,517,457	-	2,517,457
Rogers Capital Fund Services Ltd	Administrator and Secretary	Administration and Secretarial fees	**43,200**	40,000	**43,200**	40,000

Directors' remuneration and allowances include board members flights and accommodation, and board members remuneration

Capacity development include administration fees owed to AGF and disbursements that have been done on behalf of the trust. Administration and secretarial fees in 2019 were paid to Rogers capital fund services.

24. RELATED PARTY DISCLOSURES (Continued)

During the year ended 31 December 2018 and 2017, the Company transacted with related entities. Details of the nature, volume of transactions and the balances with the related entities are as follows:

	2019 USD	2018 USD	2019 USD	2018 USD
Short term benefits	**33,319**	20,000	**33,319**	20,000
Long term benefits	**87,280**	79,800	**87,280**	79,800
Other Board expenses	**169,732**	91,149	**169,732**	91,149
	290,331	**190,949**	**290,331**	**190,949**

25. INVESTMENT IN SUBSIDIARY

Details of the Investment are as follows;

	2019 USD	2018 USD
Unquoted Investment At 1 January 2019 and 31 December 2019	**31,887,765**	31,887,765

Name of subsidiary company	Place of ncorporation	Business activity	2019 & 2018 Ownership	2019 USD	2018 USD
AGF West Africa	Togo	Guarantee Business		**31,887,765**	31,887,765

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

The directors have performed an impairment assessment over the investment in AGF West Africa and concluded that the recoverable amount of the investment is higher than its carrying amount. Thus, no provision for impairment is required (2018: no provision for impairment is required).

The profit for the year is attributable to the non-controlling interests at 19.44% of AGFWA's profit and is shown below:

	Group 2019	Group 2018	Subsidiary 2019	Subsidiary 2018
Profit for the year	**(43,449)**	3,694,863	**2,168,997**	7,228,161
Controlling Interest (80.56%)	**(465,103)**	2,704,643	**1,747,344**	5,823,007
Non-controlling interest (19.44%)	**421,654**	990,220	**421,653**	1,405,154

Non-controlling interest

Name	Country of incorporation and operation	2019	2018
African Guarantee Fund West Africa		**19.44%**	19.44%

African Guarantee Fund West Africa	2019 USD	2018 USD
Accumulated balances of material non-controlling interest	**8,775,287**	8,482,417
Profit allocated to material non-controlling interest	**292,870**	990,220

25. INVESTMENT IN SUBSIDIARY (CONTINUED)

Details of the Investment are as follows:

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations

Statement of profit or loss

African Guarantee Fund West Africa	**2019**	2018
	USD	USD
Income	**4,129,247**	6,609,290
Expenses	**(1,960,251)**	(1,515,569)
Net profit	**2,168,996**	5,093,721

Statement of financial position

African Guarantee Fund West Africa	**2019**	2018
	USD	USD
Total assets	**55,705,790**	58,944,867
Total liabilities	**(10,565,420)**	(15,111,580)
Net assets	**45,140,370**	43,833,288

Statement of cashflow position

African Guarantee Fund West Africa	**2019**	2018
	USD	USD
Operating activities	**(1,862,989)**	(180,871)
Financing activities	**226,959**	-
Investing activities	**2,912,271**	(270,624)

26. LOANS AND BORROWINGS

As at 31 December 2019, the Company held an outstanding amount of USD 8,557,665(2018: USD 9,304,704) for its subsidiary, "AGF West Africa". This amount is equivalent to an unsecured fixed deposit bearing interest at 2.5% per annum and maturing in 2020.

27. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Financial guarantees (live)	**682,490,833**	514,742,229	**379,580,216**	346,608,073
Financial guarantees re-guaranteed	**(136,189,000)**	(110,701,772)	**(64,336,650)**	(76,512,642)
Net Exposure	**546,301,833**	404,040,458	**315,243,566**	270,095,432
Re-guarantee fees	**(1,484,866)**	(712,836)	**(1,484,866)**	(712,836)

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

Custodian fees

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

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

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Custody fees	**98,107**	54,996	**85,325**	54,937

Operating lease commitments

African Guarantee Fund's branch in Nairobi's lease relating to office space is for a period of four years. Both branches have construction of offices in progress which shall be completed in financial year 2021.The rental lease for the current floor space shall be terminated within a period of less than 12 months.

The future minimum leave payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019 USD	2018 USD	**2019 USD**	2018 USD
Properties				
Within 1 year	**170,496**	162,302	**170,496**	162,302

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled respectively:

The Group

As at 31 December 2019	Within 12 months USD	After 12 months USD	Total USD
Assets			
Property and equipment	-	10,367,394	10,367,394
Intangible assets	-	2,840,628	2,840,628
Debt instrument at amortised cost	15,586,744	56,445,097	72,031,841
Guarantee at Fair value through profit or loss	-	22,024,327	22,024,327
Prepayments	603,623	931,197	1,534,820
Receivables and deposits	7,891,026	1,803,078	9,694,104
Other financial instruments	16,366,833	18,030,661	34,397,494
Cash and cash equivalent	43,967,051	-	43,967,051
Total assets	**84,415,277**	**112,442,382**	**196,857,659**
Liabilities			
Provision for Guarantees	-	5,294,804	5,294,804
Other provisions	-	45,306	45,306
Other liabilities	1,653,244	-	1,653,244
Loans and borrowings	-	-	-
Deferred income	174,782	1,795,118	1,969,900
Trade and other payables	419,691	48,099	467,790
Total Liabilities	**2,247,717**	**7,183,327**	**9,431,044**

As at 31 December 2018	Within 12 months USD	After 12 months USD	Total USD
Assets			
Property and equipment	-	8,020,149	8,020,149
Intangible assets	-	2,883,116	2,883,116
Debt instrument at amortised cost	4,168,947	28,680,697	32,849,644
Guarantee at Fair value through profit or loss	-	4,436,710	4,436,710
Prepayments	429,455	42,000	471,455
Receivables and deposits	3,425,234	4,932,112	8,357,346
Other financial instruments	7,418,528	27,911,789	35,330,317
Cash and cash equivalent	56,797,144	-	56,797,144
Total assets	**72,239,308**	**76,906,573**	**149,145,881**
Liabilities			
Provision for Guarantees	-	9,640,269	9,640,269
Other provisions	-	108,002	108,002
Other liabilities	2,517,457	1,204,660	3,722,117
Loans and borrowings	-	-	-
Deferred income	87,390	2,009,988	2097378
Trade and other payables	321,908	-	321,908
Total Liabilities	**2,926,755**	**12,962,919**	**15,889,674**

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

The Company

As at 31 December 2019	Within 12 months USD	After 12 months USD	Total USD
Assets			
Property and equipment	-	4,559,979	4,559,979
Intangible assets	-	2,736,590	2,736,590
Debt instrument at amortised cost	15,075,519	53,751,373	68,826,892
Guarantee at Fair value through profit or loss	-	19,329,526	19,329,526
Prepayments	603,623	931,197	1,534,820
Receivables and deposits	5,026,306	829,864	5,856,170
Other financial instruments	150,000	1,081,829	1,231,829
Cash and cash equivalent	43,109,808	-	43,109,808
Total assets	**63,965,256**	**83,220,358**	**147,185,614**
Liabilities			
Provision for Guarantees	-	-	-
Other provisions	-	-	-
Other liabilities	661,675	235,400	897,075
Loans and borrowings	-	8,557,665	8,557,665
Trade and other payables	318,609	48,099	366,708
Total Liabilities	**980,284**	**8,841,164**	**9,821,448**

As at 31 December 2018	Within 12 months USD	After 12 Months USD	Total USD
Assets			
Property and equipment	-	3,615,238	3,615,238
Intangible assets	-	2,828,939	2,828,939
Investment in subsidiary	-	31,887,765	31,887,765
Debt instrument at amortised cost	3,918,403	25,060,700	28,979,103
Guarantee at Fair value through profit or loss	-	4,237,258	4,237,258
Prepayments	429,455	42,000	471,455
Receivables and deposits	2,389,713	3,402,139	5,791,852
Other financial instruments	-	449,102	449,102
Cash and cash equivalent	56,354,228	-	56,354,228
Total assets	**63,091,799**	**71,523,141**	**134,614,940**
Liabilities			
Provision for Guarantees	-	96,309	96,309
Other provisions	-	-	-
Other liabilities	2,517,457	1,115,274	3,632,731
Loans and borrowings	-	9,304,704	9,304,704
Trade and other payables	270,513	-	270,513
Total Liabilities	**2,787,970**	**10,516,287**	**13,304,257**

29. EXPECTED CREDIT LOSS

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

	Group		Company	
	2019	2018	**2019**	2018
	USD	USD	**USD**	USD
Debt instruments at amortised costs	**14,832**	35,071	**23,030**	(1,648)
Other financial instruments, cash and cash equivalents	**(249,540)**	357,026	**16,824**	377,925
Receivables	**(855,651)**	(318,349)	**(491,384)**	(121,750)
Others	**-**	96,241	**-**	44,438
Charge/(Reversal)	**(1,090,359)**	169,989	**(451,530)**	298,965

(i) Debt instruments at amortised cost

The Group

2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 01 January 2019	-	32,849,644	-	32,849,644
Transfers between stages	-		-	
Other movement	-	39,251,026	-	39,251,026
ECL charged for the financial year	-	(68,829)	-	(68,829)
Gross carrying amount at 31 December 2019	-	**72,031,841**	-	**72,031,841**

2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL Charged at 01 January 2019	-	53,997	-	53,997
Transfers between stages	-		-	-
ECL charged for the financial year	-	14,832	-	14,832
ECL Charged at 31 December 2019	-	**68,829**	-	**68,829**

The Company

2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 01 January 2019	-	28,979,103	-	28,979,103
Transfers between stages	-		-	
Other movement	-	39,878,773	-	39,878,773
ECL charged for the financial year	-	(30,984)	-	(30,984)
Gross carrying amount at 31 December 2019	-	**68,826,892**	-	**68,826,892**

2019	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL Charged at 01 January 2019	-	7,955	-	7,955
Transfers between stages	-		-	-
ECL charged for the financial year	-	23,030	-	23,030
ECL Charged at 31 December 2019	-	**30,985**	-	**30,985**

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

29. EXPECTED CREDIT LOSS (CONTINUED)

(i) Debt instruments at amortised cost (Continued)

The Group

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	-	31,636,837	-	31,636,837
Transfers between stages	-	-	-	-
Other movement		1,266,804		1,266,804
ECL charged for the financial year	-	(53,997)	-	(53,997)
Gross carrying amount at 31 December 2018	**-**	**32,849,644**	**-**	**32,849,644**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	-	18,823	-	18,823
Transfers between stages	-	-	-	-
ECL charged for the financial year	-	35,174	-	35,174
ECL Charged at 31 December2018	**-**	**53,997**	**-**	**53,997**

The Company

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	-	30,700,088	-	30,700,088
Transfers between stages	-	-	-	-
Other movement		(1,713,030)		(1,713,030)
ECL charged for the financial year	-	(7,955)	-	(7,955)
Gross carrying amount at 31 December 2018	**-**	**28,979,103**	**-**	**28,979,103**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	-	9,603	-	9,603
Transfers between stages	-	-	-	-
ECL charged for the financial year	-	(1,648)	-	(1,648)
ECL Charged at 31 December2018	**-**	**7,955**	**-**	**7,955**

(ii) Other financial instruments, cash and cash equivalents

The Group

2019	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2019	306,941	35,023,376	-	35,330,317
Transfers between stages	(306,941)	306,941	-	
Movement	44,052,452	(510,040)	-	43,542,411
ECL charged for the financial year	(85,401)	(422,783)	-	(508,183)
Gross carrying amount at 31 December 2019	**43,967,051**	**34,397,494**	**-**	**78,364,545**

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2019	94,595	663,128	-	757,723
Transfers between stages	-	-	-	-
ECL charged for the financial year	(9,195)	(240,345)	-	(249,540)
ECL Charged at 31 December 2019	**85,400**	**422,783**	**-**	**508,183**

29. EXPECTED CREDIT LOSS (CONTINUED)

(ii) Other financial instruments, cash and cash equivalents (Continued)

The Company

2019	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2019	60,058	449,102	-	509,160
Transfers between stages	(60,058)	60,058	-	
Movement	43,184,434	757,211	-	43,941,644
ECL charged for the financial year	(74,626)	(34,541)	-	(109,167)
Gross carrying amount at 31 December 2019	43,109,808	1,231,830	-	44,341,637

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	84,389	7,955	-	92,343
Transfers between stages	-	-	-	-
ECL charged for the financial year	(9,763)	26,587	-	16,824
ECL Charged at 31 December 2019	74,626	34,542	-	109,167

The Group

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	400,698	41,236,375	-	41,637,073
Transfers between stages	-	-	-	-
Movement	-	(5,549,032)	-	(5,549,032)
ECL charged for the financial year	(93,757)	(663,967)	-	(757,724)
Gross carrying amount at 31 December 2018	306,941	35,023,376	-	35,330,317

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	3,223	397,475	-	400,698
Transfers between stages	-	-	-	-
ECL charged for the financial year	90,534	266,492	-	357,026
ECL Charged at 31 December2018	93,757	663,967	-	757,724

The Company

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	84,420	1,529,465	-	1,613,885
Movement	-	(786,858)	-	(786,858)
ECL charged for the financial year	(84,420)	(293,505)	-	(377,925)
Gross carrying amount at 31 December 2018	-	449,102	-	449,102

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	4,477	15,567	-	20,044
Transfers between stages	-	-	-	-
ECL charged for the financial year	79,942	277,939	-	357,881
ECL Charged at 31 December2018	84,419	293,506	-	377,925

29. EXPECTED CREDIT LOSS (CONTINUED)

(iii) Receivables

The Group

2019	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2019	-	8,357,346	-	8,357,346
Transfer between stages	-	(3,326,971)	3,326,971	-
Movement	-	5,453,928		5,453,928
ECL charged for the financial year	-	(1,118,255)	(2,998,916)	(4,117,170)
Gross carrying amount at 31 December 2019	-	**9,366,048**	**328,055**	**9,694,103**

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2019	-	333,314	4,639,507	4,972,821
Transfers between stages	-	499,826	(499,826)	-
ECL charged for the financial year	-	285,115	(1,140,765)	(855,651)
ECL Charged at 31 December 2019	-	**1,118,255**	**2,998,916**	**4,117,170**

The Company

2019	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2019	-	5,791,851	-	5,791,851
Transfer between stages	-	(2,971,393)	2,971,393	-
Movement	-	3,509,108	-	3,509,108
ECL charged for the financial year	-	(728,138)	(2,716,651)	(3,444,789)
Gross carrying amount at 31 December 2019	-	**5,601,428**	**254,742**	**5,856,170**

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2019	-	130,240	3,552,006	3,682,246
Transfers between stages	-	431,452	(431,452)	-
ECL charged for the financial year	-	166,446	(403,903)	(237,457)
ECL Charged at 31 December 2019	-	**728,138**	**2,716,651**	**3,444,789**

The Group

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	-	6,953,406	4,639,507	11,592,913
Movement	-	1,737,254	-	1,737,254
ECL charged for the financial year	-	(333,314)	(4,639,507)	(4,972,821)
Gross carrying amount at 31 December 2018	**-**	**8,357,346**	**-**	**8,357,346**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	-	589,017	4,606,015	5,195,032
Transfers between stages	-	-	-	-
ECL charged for the financial year	-	(255,703)	33,492	(222,211)
ECL Charged at 31 December2018	**-**	**333,314**	**4,639,507**	**4,972,821**

29. EXPECTED CREDIT LOSS (CONTINUED)

(iii) Receivables

The Company

2018	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 01 January 2018	-	3,658,244	3,552,006	7,210,250
Movement	-	2,263,848	-	2,263,848
ECL charged for the financial year	-	(130,241)	(3,552,006)	(3,682,246)
Gross carrying amount at 31 December 2018	-	**5,791,851**	**-**	**5,791,851**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	-	155,851	3,552,006	3,707,857
Transfers between stages	-	-	-	-
ECL charged for the financial year	-	(25,611)	-	(25,611)
ECL Charged at 31 December2018	-	**130,240**	**3,552,006**	**3,682,246**

(iv) Financial guarantee

The Group

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2019	845,213	6,648,995	8,171,164	15,665,372
NPV at 01 January 2019	3,514,828	1,045,207	78,063	4,638,098
Transfers between stages	-	-	-	-
ECL charged for the financial year	295,576	(1,706,904)	(3,701,750)	(5,113,077)
NPV for the financial year	1,224,776	(717,994)	(78,063)	428,718
NPV at 31 December 2019	**4,739,604**	**327,212**	**-**	**5,066,816**
ECL Charged at 31 December 2019	**1,140,789**	**4,942,091**	**4,469,415**	**10,552,295**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	800,924	8,409,303	7,991,682	17,201,908
NPV at 01 January 2018	2,160,411	1,913,610	95,935	4,169,956
ECL charged for the financial year	44,289	(1,760,308)	179,482	(1,536,536)
NPV for the financial year	1,354,417	(868,403)	(17,871)	468,142
NPV at 31 December 2018	**3,514,828**	**1,045,207**	**78,063**	**4,638,098**
ECL Charged at 31 December 2018	**845,213**	**6,648,995**	**8,171,164**	**15,665,372**

29. EXPECTED CREDIT LOSS (CONTINUED)

(iv) Financial guarantee (Continued)

The Company

2019	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2019	565,239	1,103,812	1,000,000	2,669,050
NPV at 01 January 2019	2,116,901	456,099	-	2,573,001
ECL charged for the financial year	(91,047)	(158,855)	(1,000,000)	(1,249,903)
NPV for the financial year	408,851	(456,254)	-	(47,403)
NPV at 31 December 2019	**2,525,753**	**(155)**	**-**	**2,525,598**
ECL Charged at 31 December 2019	**474,191**	**944,956**	**-**	**1,419,147**

2018	Stage 1	Stage 2	Stage 3	Total
ECL Charged at 01 January 2018	197,133	803,418	1,000,000	2,000,551
NPV at 01 January 2018	951,430	226,118	-	1,177,548
ECL charged for the financial year	368,105	300,394	-	668,499
NPV for the financial year	1,165,471	229,981	-	1,395,453
NPV at 31 December 2018	**2,116,901**	**456,099**	**-**	**2,573,001**
ECL Charged at 31 December 2018	**565,239**	**1,103,812**	**1,000,000**	**2,669,051**

30. POST BALANCE SHEET EVENTS AFTER THE REPORTING DATE

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

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